LUTHERAN CHURCH EXTENSION FUND—MISSOURI SYNOD

OHIO OFFERING CIRCULAR

$1,500,000,000

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St. Louis, Missouri 63127
Telephone: 800-843-5233
Current Interest Rates: 800-678-2285
or visit **lcef.org**

THESE SECURITIES ARE NOT BANK DEPOSITS OR OBLIGATIONS AND ARE NOT INSURED BY THE FDIC OR SIPC OR ANY OTHER FEDERAL OR STATE AGENCY.

THESE SECURITIES HAVE BEEN REGISTERED WITH THE DIVISION OF SECURITIES OF THE STATE OF OHIO. HOWEVER, THIS FACT DOES NOT IN ANY WAY CONSTITUTE AN ENDORSEMENT OR RECOMMENDATION BY THE COMMISSIONER, NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY, ADEQUACY OR VALUES CLAIMED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE FOREGOING STATEMENT AND CERTAIN OTHER PORTIONS OF THIS OFFERING CIRCULAR ARE USED BECAUSE STATE LAW REQUIRES SUCH OF ALL ISSUERS OF SECURITIES, AND THE LANGUAGE USED IS GENERALLY SIMILAR TO THAT USED BY ALL ISSUERS.

THIS OFFER IS SUBJECT TO CERTAIN RISK FACTORS DESCRIBED ON PAGES 9-10 HEREOF.

The date of this Offering Circular is October 1, 2023.

(This Offering Circular is intended to be used by investors from October 1, 2023, through September 30, 2024.)

The following investment obligations (the "Notes") of the Lutheran Church Extension Fund—Missouri Synod are offered under the terms set forth under "Description of Notes" on pages 26-30. Each of the following Notes is offered October 1, 2023.

NOTES

Young Investor ("Y.I.") Stamps
Investment stamps issued for $1.00.

Dedicated Certificate
A demand certificate with a multitiered minimum balance, and a variable interest rate.

Family StewardAccount® Certificate
A demand certificate with an initial minimum investment of $25, a variable interest rate, and required minimum additional direct investments through electronic transfer of $25 monthly.

StewardAccount Certificate
A demand certificate with a multitiered minimum balance, an initial minimum investment of $100, and a variable interest rate.

Gold Tier StewardAccount Certificate
A demand certificate with a multitiered minimum balance, an initial minimum investment of $50,000, and a variable interest rate.

Y.I. StewardAccount Certificate
A demand certificate for children (ages 0-18) with a multitiered minimum balance, an initial minimum investment of $25, and a blended variable interest rate.

FlexPlus Certificate
A demand certificate with a multitiered minimum balance and a variable interest rate used exclusively for Health Savings Accounts ("HSAs").

Fixed-Rate Term Note
A note having a term of 30, 60 or 90 days, or a term of months ranging between 4 and 120, as made available by LCEF from time to time; an initial minimum investment requirement, and a fixed interest rate.

Floating-Rate Term Note
A note having a term of months ranging between 12 and 120, as made available by LCEF from time to time; a multitiered minimum investment, and a variable interest rate.

Congregation Demand Certificate
A demand certificate with an initial minimum investment of $100 and a variable interest rate.

Congregation StewardAccount Certificate
A demand certificate with an initial minimum investment of $100, a variable interest rate, and jumbo multitiered rates.

TAX-DEFERRED INVESTMENTS
Certain Notes offered to individuals may be available as investments for Tax-Deferred Plans, such as IRAs, ESAs and HSAs, at such minimum investments to be determined by LCEF. The terms and minimums for such investments are described in the "Description of Notes" on pages 26-30.

The aggregate amounts of the Notes being offered may be sold in any one or more of the offered categories.

This offering is not underwritten, and no commissions or discounts will be paid. LCEF, therefore, will receive 100% of the proceeds from the sale of the Notes and will bear all of the expenses incurred in making this offering.

No sinking fund or trust indenture will be established by LCEF in connection with the issuance of the Notes. Investors, therefore, must rely solely upon the financial condition of LCEF for repayment. All of the Notes are unsecured debts of LCEF, and at this time, LCEF does not contemplate issuing Notes having a higher priority to its assets. However, LCEF reserves the right to do so in the future and LCEF periodically draws upon a line of credit secured by a first lien on its assets, provided that the total amount of senior or secured indebtedness does not exceed ten percent (10%) of LCEF's tangible assets. See "Lines of Credit" on page 23. The Notes are nonnegotiable and may be assigned only upon LCEF's written consent. See "Plan of Distribution" on page 30.

THE OFFER AND SALE OF THE NOTES IS LIMITED TO i) PERSONS WHO, PRIOR TO RECEIPT OF THIS CIRCULAR, WERE MEMBERS OF, CONTRIBUTORS TO, OR PARTICIPANTS IN THE LUTHERAN CHURCH—MISSOURI SYNOD, INCLUDING ANY DISTRICT OR OTHER PROGRAM, ACTIVITY OR ORGANIZATION WHICH CONSTITUTES A PART OF THE SYNOD OR ANY OF ITS DISTRICTS, OR ANY CONGREGATION OF THE SYNOD, OR OTHER PERSONS WHO ARE ANCESTORS, DESCENDANTS, OR SUCCESSORS IN INTEREST TO SUCH PERSONS ("INDIVIDUAL INVESTORS") AND ii) CONGREGATIONS, ASSOCIATIONS OF MEMBER CONGREGATIONS, EARLY CHILDHOOD CENTERS, ELEMENTARY AND SECONDARY SCHOOLS, RECOGNIZED SERVICE ORGANIZATIONS, AND OTHER ORGANIZATIONS AFFILIATED WITH THE SYNOD OTHER THAN SYNODICAL CORPORATIONS, AND OTHER ORGANIZATIONS WHOSE PURPOSES INCLUDE SERVING MEMBERS OF THE LUTHERAN FAITH OR TO CARRY OUT THE PURPOSES OF THE LUTHERAN CHURCH—MISSOURI SYNOD ("ORGANIZATIONAL INVESTORS"). INDIVIDUAL INVESTORS AND ORGANIZATIONAL INVESTORS ARE HEREINAFTER COLLECTIVELY REFERRED TO AS ("INVESTORS"). ANY FIDUCIARY FOR AN INDIVIDUAL INVESTOR SHALL BE DEEMED TO BE AN INDIVIDUAL INVESTOR.

THE NOTES ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, ANY STATE BANK INSURANCE FUND, OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE NOTES IS DEPENDENT UPON LCEF'S FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW LCEF'S FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE NOTES ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY THE LUTHERAN CHURCH—MISSOURI SYNOD OR BY ANY CHURCH, CONFERENCE, INSTITUTION OR AGENCY AFFILIATED WITH THE LUTHERAN CHURCH—MISSOURI SYNOD.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN MADE OR AUTHORIZED BY LCEF.

THE OFFER AND SALE OF THESE SECURITIES HAS NOT BEEN REGISTERED WITH, NOR HAS THIS OFFERING CIRCULAR BEEN SUBMITTED TO OR REVIEWED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION CONTAINED IN SECTION 3(a)(4) OF THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED.

INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF NOTES THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.

STATE-SPECIFIC INFORMATION

The following states require these additional disclosures:

ALABAMA RESIDENTS **- THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE ALABAMA SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION. THE COMMISSION DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

FLORIDA RESIDENTS **- THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE STATE OF FLORIDA. THE SECURITIES ARE BEING SOLD PURSUANT TO THE EXEMPTION IN SECTION 517.015(9), F.S. LCEF IS REGISTERED AS AN ISSUER-DEALER IN THE STATE OF FLORIDA, AND ONLY THOSE PERSONS WHO ARE REGISTERED WITH THE DIVISION OF SECURITIES AND FINANCE MAY DISCUSS, OFFER OR SELL THESE SECURITIES.**

INDIANA RESIDENTS **- THE INDIANA SECURITIES DIVISION HAS NOT IN ANY WAY PASSED UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, THE SECURITIES HEREBY OFFERED, OR PASSED UPON THE ACCURACY OR ADEQUACY OF THE OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

KENTUCKY RESIDENTS **- THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION KRS 292.400(9) OF THE KENTUCKY SECURITIES ACT.**

LOUISIANA RESIDENTS **- THESE SECURITIES HAVE BEEN REGISTERED WITH THE SECURITIES COMMISSIONER OF THE STATE OF LOUISIANA. THE SECURITIES COMMISSIONER, BY ACCEPTING REGISTRATION, DOES NOT IN ANY WAY ENDORSE THE PURCHASE OF ANY OF THESE SECURITIES.**

MICHIGAN RESIDENTS **- A CLAIM OF EXEMPTION RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS, CORPORATIONS, SECURITIES AND COMMERCIAL LICENSING BUREAU (CSCL). NEITHER THE OFIR NOR THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.**

MISSOURI RESIDENTS **- THE MISSOURI SECURITIES DIVISION HAS NOT IN ANY WAY PASSED UPON THE MERITS OR QUALIFICATIONS OF THE SECURITIES HEREBY OFFERED, OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MISSOURI SECURITIES ACT UNDER THE EXEMPTION PROVIDED BY SECTION 409.2-201(7)(B) OF THE REVISED STATUTES OF MISSOURI. NO APPROVAL HAS BEEN GIVEN TO THE ISSUER, THESE SECURITIES, OR THE OFFER OR SALE THEREOF IN CONNECTION TO ANY MISSOURI RESIDENTS.**

NEW HAMPSHIRE AND WISCONSIN RESIDENTS **- IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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OHIO RESIDENTS **- ALL INVESTORS RECEIVE PERIODIC STATEMENTS AND OTHER PIECES OF MAIL SENT BY LCEF PERTAINING TO A NOTE. WHEN MAIL IS RETURNED AS "UNDELIVERABLE" TWICE, THE NOTE STATUS IS CHANGED FROM ACTIVE TO DORMANT, AND LCEF IS REQUIRED TO TURN OVER DORMANT INVESTMENTS AFTER A SPECIFIED PERIOD OF TIME TO THE APPLICABLE STATE AGENCY, BOTH AS SPECIFIED IN OHIO REVISED CODE, CHAPTER 169.**

OREGON RESIDENTS **- THESE SECURITIES HAVE BEEN REGISTERED WITH THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES, DIVISION OF FINANCE AND CORPORATE SECURITIES. HOWEVER, THIS FACT DOES NOT IN ANY WAY CONSTITUTE AN ENDORSEMENT OR RECOMMENDATION BY THE DIRECTOR, NOR HAS THE DIRECTOR PASSED UPON THE ACCURACY, ADEQUACY OR VALUES CLAIMED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. AUTOMATIC RENEWAL UPON MATURITY OF A TERM NOTE IS NOT AVAILABLE TO INVESTORS IN OREGON. LCEF MUST RECEIVE AN AFFIRMATIVE REQUEST TO RENEW ANY INVESTMENT IN OREGON FOR A TERM GREATER THAN SIX MONTHS. LCEF WILL RETAIN AND PAY THE TERM NOTE OF AN INVESTOR THAT DOES NOT ELECT TO REINVEST OR REDEEM PRIOR TO THE MATURITY DATE AT THE LOWEST TIER INTEREST RATE OFFERED FOR DEDICATED CERTIFICATES WHICH ARE AVAILABLE FOR REINVESTMENT OR REDEMPTION UPON DEMAND. AS OF THE DATE OF THIS OFFERING CIRCULAR, LCEF HAS REGISTERED $75,000,000 IN NOTES FOR OFFER AND SALE IN OREGON PURSUANT TO REGISTRATION.**

PENNSYLVANIA RESIDENTS **- THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES, NOR HAS THE DEPARTMENT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

A Registration Statement with respect to the securities offered by this Offering Circular has been filed in the offices of the Pennsylvania Department of Banking and Securities at 17 North 2nd Street, Suite 1300, Harrisburg, Pennsylvania 17101. The telephone number for the Department is 717-787-8059. The Registration Statement includes certain exhibits only summarized or alluded to in this Offering Circular.

These documents are available for inspection at the offices of the Department during regular business hours. The maximum amount of Notes that may be sold in Pennsylvania is $15,000,000.

Notice of Right to Withdraw

Any Investor who accepts an offer to purchase Notes shall have the right for a period of two (2) business days after such Investor receives a copy of this Offering Circular to withdraw from his/her purchase agreement pursuant to Section 207(m) of the Pennsylvania Securities Act of 1972 and receive a full refund of all monies paid, without interest. Such withdrawal shall be without the Investor incurring any further liability to any person. To accomplish this withdrawal, an Investor need only send a written notice prior to the end of the second business day to LCEF at the address listed on the cover of the Offering Circular, indicating an intent to withdraw. If an Investor chooses to withdraw by letter, it is prudent to send it by registered mail, return receipt requested, to ensure that the letter is received and to evidence the time of mailing. An Investor making an oral request for withdrawal should ask for written confirmation that the request has been received.

SOUTH DAKOTA RESIDENTS **- THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SDCL 47-31B-201(7)(B) OF THE SOUTH DAKOTA SECURITIES ACT. NEITHER THE SOUTH DAKOTA DIVISION OF INSURANCE (DIVISION) NOR THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.**

VERMONT RESIDENTS **- ANYTHING IN THIS OFFERING CIRCULAR TO THE CONTRARY NOTWITHSTANDING, VERMONT INVESTORS IN LCEF NOTES MAY NOT BE ENROLLED IN AN AUTOMATIC REINVESTMENT, RENEWAL, OR ROLLOVER PLAN UNLESS THE INVESTOR AFFIRMATIVELY AND IN WRITING "OPTS-IN" TO PARTICIPATE IN SUCH PLAN. IF THE INVESTOR DOES NOT NOTIFY LCEF OF THE INVESTOR'S ELECTION TO EITHER REINVEST OR REDEEM THE REMAINING BALANCE IN THE NOTE WITHIN 20 DAYS AFTER MATURITY, INTEREST WILL ACCRUE ON THE NOTE FOLLOWING MATURITY AT THE LOWEST TIER INTEREST RATE OFFERED ON DEDICATED CERTIFICATES UNTIL SUCH TIME AS THE INVESTOR NOTIFIES LCEF OF THE INVESTOR'S ELECTION TO REINVEST OR REDEEM THE BALANCE IN THE NOTE, AT WHICH TIME SUCH BALANCE WILL BE REINVESTED OR PROMPTLY PAID TO THE INVESTOR, AS APPLICABLE.**

WASHINGTON RESIDENTS **- THESE SECURITIES HAVE BEEN REGISTERED WITH THE WASHINGTON STATE SECURITIES DIVISION. HOWEVER, THIS FACT DOES NOT IN ANY WAY CONSTITUTE AN ENDORSEMENT OR RECOMMENDATION BY THE SECURITIES DIVISION, NOR HAS THE SECURITIES DIVISION PASSED UPON THE ACCURACY, ADEQUACY OR VALUES CLAIMED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. AUTOMATIC RENEWAL UPON MATURITY OF A TERM NOTE IS NOT AVAILABLE TO INVESTORS IN WASHINGTON. WASHINGTON INVESTORS WILL BE SENT A MATURITY NOTICE AND A CURRENT OFFERING CIRCULAR AT LEAST 30 DAYS PRIOR TO EACH MATURITY DATE, AND WASHINGTON INVESTORS WILL HAVE THE OPPORTUNITY TO NOTIFY LCEF IF THEY INTEND TO RENEW THEIR INVESTMENTS. IF RENEWAL IS NOT REQUESTED, INVESTOR'S FUNDS WILL BE PROMPTLY RETURNED. AS OF THE DATE OF THIS OFFERING CIRCULAR, LCEF HAS REGISTERED $40,000,000 IN NOTES FOR OFFER AND SALE IN WASHINGTON PURSUANT TO REGISTRATION.**

FORWARD-LOOKING STATEMENTS

Investment in the securities to be issued by LCEF involves certain risks. Prospective Investors are encouraged to review all the materials contained in this Offering Circular and to consult their own attorneys and financial advisors.

This Offering Circular includes "forward-looking statements" within the meaning of the federal and state securities laws. Statements about LCEF and its expected financial position, business and financing plans are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "pro forma," "anticipates," "intends," "projects," or other variations or comparable terminology, or by discussions of strategy or intentions. Although LCEF believes that the expectations reflected in its forward-looking statements are reasonable, LCEF cannot assure any Investor that LCEF's expectations will prove to be correct. Forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks, uncertainties and other factors. Accordingly, prospective Investors should not consider LCEF's forward-looking statements as predictions of future events or circumstances. A number of factors could cause LCEF's actual results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by LCEF's forward-looking statements. These factors include, but are not limited to: changes in economic conditions in general and in LCEF's business; changes in prevailing interest rates and the availability of and terms of financing to fund LCEF's business; changes in LCEF's capital expenditure plans; and other factors discussed in this Offering Circular. Given these uncertainties, prospective Investors should not rely on LCEF's forward-looking statements in making an investment decision. LCEF disclaims any obligation to update Investors on any factors that may affect the likelihood of realization of LCEF's expectations. All written and oral forward-looking statements attributable to LCEF, including statements before and after the date of this Offering Circular, are deemed to be supplements to this Offering Circular and are incorporated herein and are expressly qualified by these cautionary statements. Although LCEF believes that the forward-looking statements are reasonable, prospective Investors should not place undue reliance on any forward-looking statements, which speak only as of the date made. Prospective Investors should understand that the factors discussed under **"RISK FACTORS"** could affect LCEF's future results and performance. This could cause those results to differ materially from those expressed in the forward-looking statements.

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DEFINITIONS

Term (and abbreviation, if any)	Explanation
Annual Percentage Yield ("APY")	This is a method of calculating an interest rate established by the Federal Reserve Board Regulation DD. Although not required, LCEF calculates and discloses this rate for each of its Notes as a convenience to its Investors.
Association of Member Congregations	An incorporated association of member congregations of The Lutheran Church—Missouri Synod, which is formed to pursue mutual goals. Examples include high school or elementary school associations and early childhood centers.
Auxiliary Organization	A separately incorporated organization, national in scope, voluntary in membership and participation, formally recognized in the Synod's bylaws, as an official auxiliary to extend its mission and ministry. Each Auxiliary Organization establishes and develops its own objectives, activities, and programs.
Church Extension Activities	To provide financing and services for the acquisition of sites, the construction of facilities, the purchase of buildings and equipment; operating expenses; rostered church worker education; the residential housing needs of rostered church workers; promoting strategic ministry planning and assisting in capital campaigns; and other purposes approved by LCEF's Board consistent with the ministry and mission of the Synod under policies approved by the Synod's Board of Directors and to provide financing for LCEF's own operations and for distribution of its operating results to its Member Districts, congregations and Corporate Synod, as determined by LCEF's Board of Directors.
Concordia University System ("CUS")	A Missouri nonprofit corporation formed to further the purposes of the Synod in providing for the education of ministers, teachers, and other rostered church workers and to coordinate the activities of the Synod's colleges and universities as a unified synodical system.
Corporate Synod	The Lutheran Church—Missouri Synod, the Missouri nonprofit corporation, including the mission boards, commissions, and all other departments operating under the supervision of the Board of Directors of Corporate Synod. "Corporate Synod" is a term to define that portion of the Synod for which Corporate Synod's Board of Directors has direct responsibility and is not an agency of the Synod.
Cost of Funds ("COF")	The weighted average annual rate of interest, determined by LCEF, based upon the interest and other costs payable on or with respect to its Notes, Support Dollars, and other borrowings (e.g., line of credit agreements) as shall be determined by LCEF pursuant to its procedures as in effect from time to time.
District	A nonprofit corporation established by the Synod to more effectively achieve its objectives and carry on its activities, usually within a defined geographic area.
District CEF	An organizational unit of a District that offers and sells investment obligations primarily to provide funding for loans for construction and other related capital improvements to congregations and related organizations within the District.
Existing Congregation	Used in the "Lending Activities" section, refers to an LCMS congregation that has previously constructed or purchased its first facility for ministry.
Health Savings Account ("HSA")	An IRS-approved Tax-Deferred Plan that may be opened by an individual Investor who has purchased a high-deductible health insurance plan as defined by those laws and regulations governing Health Savings Accounts.
High School Association	An Association of Member Congregations formed to administer and support an LCMS high school.
Investors	Persons who purchase LCEF Notes who meet the eligibility requirements described on page 2.

Lutheran Church Extension Fund—Missouri Synod ("LCEF")	A Missouri nonprofit corporation established to further the Church Extension Activities of the Synod on a national basis. See page 11 for a further description.
Lutheran Church—Missouri Synod ("LCMS") or ("Synod")	A national religious denomination that functions through its affiliated corporations in support of its member congregations. See page 10 for a further explanation.
Member District	A District that has transferred its Church Extension Activities to LCEF.
New Start Congregation	Used in the "Lending Activities" section, refers to an LCMS congregation that has not constructed or purchased its first facility for ministry.
Nonmember District	A District that has not transferred its Church Extension Activities to LCEF.
Notes	Demand or term investment obligations (certificates, stamps and notes) issued by LCEF as described in "Description of Notes" beginning on page 26.
Person	An individual, a corporation, a limited liability company, a partnership, an association, a joint-stock company, a trust, an unincorporated organization, or other legal entity.
Plan of Consolidation ("Plan")	A Plan adopted by LCEF's Board of Directors that provides for the consolidation of District CEFs with LCEF. This consolidation includes the transfer of each designated District CEF's assets and liabilities to LCEF.
Recognized Service Organization ("RSO")	A separately incorporated service organization (other than an Auxiliary Organization) formally recognized by the Synod that extends the mission and ministry of the Synod, but which is not part of the Synod's constitutional structure. Each RSO establishes and develops its own objectives, activities and programs.
Rostered Church Workers ("RCWs")	Ordained and Commissioned Ministers of the Synod.
Support Dollars	Demand and term obligations issued by LCEF and held by Synodical Corporations.
Synod CEF	A former department of the Synod, which performed Church Extension Activities on a national basis prior to the formation of LCEF.
Synodical Corporations	A number of separately incorporated entities affiliated with the Synod including LCMS Districts, LCEF, Concordia University System, colleges, universities and seminaries, a publishing house, the archives, The Lutheran Church—Missouri Synod Foundation and Corporate Synod.
Tax-Deferred Plan	Any IRS-approved arrangement by which the Investor may lawfully defer or not pay federal income taxes on the earnings of an investment. Examples include IRAs, Coverdell Education Savings Accounts ("ESAs") and HSAs and any other IRS-qualified savings plan that allows individual participants to select their own investment vehicle.
Weighted Average Interest Rates	This is a method of calculating average interest rates whereby each rate used is weighted or emphasized in direct proportion to its corresponding principal balance.

SUMMARY OF OFFERING

This summary is being provided for the convenience of potential Investors and contains selected information. It does not contain all the information a Person should consider before investing. Therefore, this should be read in conjunction with the more complete information in the Offering Circular, including the audited financial statements.

Operational Summary

1. LCEF is a Missouri nonprofit corporation and is an organization described in Section 501(c)(3) of the Internal Revenue Code, as amended. LCEF is a separately incorporated affiliate of Corporate Synod, and the continuation of the Corporate Synod Department of Church Extension that began in 1902 and was responsible for carrying out the Church Extension Activities of the Synod on a national basis.

2. LCEF offers and sells its Notes to eligible Investors to make funds available for loans that are primarily made to various LCMS ministries for the construction and purchase of buildings and equipment and to rostered church workers for residential housing.

3. Notes offered through this Offering Circular bear either fixed or floating interest rates and are either payable on demand or have maturities ranging from thirty (30) days to ten (10) years. Interest payable on such Notes is taxable to the Investor (other than for Tax-Deferred Plans) in the year in which paid or credited to the Investor's account. As more fully described in the "Description of Notes," upon the expiration of the Note's term, Investors may provide for any fixed- or floating-rate term note to be extended for a term equal to the original term (if then offered) at the then current interest rate.

4. Notes issued by LCEF are unsecured, and they are not bank deposit accounts and are not insured by the FDIC, the SIPC, or any other federal or state agency, and Investors will be dependent upon the general financial condition of LCEF for repayment of principal and interest.

5. LCEF has a substantial portion of its loans outstanding to congregations and other LCMS member-based organizations.

   The ability of each such borrower to repay its loan will generally depend on the amount of contributions it receives from its members. The number of members of each such organization and the per capita contribution has fluctuated in the past and will continue to fluctuate. The collateral value of such loans generally consists of properties used for church, charitable, or educational purposes and may not have a market value equal to the loan amounts.

6. Because LCEF has a unique relationship with its borrowers, efforts to resolve delinquencies are more flexible than those applied by a typical lending institution. The primary means utilized by the LCEF to resolve delinquencies consists of restructuring the delinquent loans in a manner that provides a period of time with reduced payment requirements to provide opportunity to resolve the issues causing the delinquencies.

7. LCEF maintains investment portfolios until funds are disbursed for new loans and to provide resources for operations and for Notes and Support Dollar payments. LCEF's assets invested in readily marketable securities are subject to various market risks. The value of the investments is based on quoted market prices, and investment losses will result from a drop in market prices.

8. LCEF will use the proceeds from the sale of its Notes primarily to carry on Church Extension Activities within the Synod. Additional information about LCEF's Use of Proceeds is presented on page 12.

Financial Summary

Information about certain LCEF selected financial data for the most recent five fiscal years is presented on page 21. For the most recent fiscal year ended June 30, 2023, the financial data is as follows:

(Dollars in Thousands)

Cash, Cash Equivalents and Investments	Loans Receivable	Not Guaranteed or Secured Loans Receivable Amount	Percent	Percentage of Loan Delinquencies in Excess of 90 days	Impaired Loans	Total Assets	Total Notes Payable	Redeemed Notes Payable Exclusive of Demand Notes	Support Dollars Payable	Total Net Assets	Change in Net Assets
$452,103	$1,530,226	$28,847	1.9%	0.5%	$51,817	$1,987,889	$1,621,335	$114,388	$135,997	$220,923	$734

RISK FACTORS

1. *Unsecured Nonnegotiable Notes.* The Notes will be unsecured obligations of LCEF, and they are not bank deposit accounts and are not insured by the FDIC, the SIPC, or any other federal or state agency, and Investors will be wholly dependent upon the general financial condition of LCEF for repayment of principal and interest. No sinking fund or trust indenture has been or will be established. Currently, LCEF does not have secured Investor obligations. However, LCEF reserves the right to issue secured Investor obligations in the future and periodically to draw upon a line of credit secured by a first lien on its assets. See "Lines of Credit" on page 23. No public market exists for the Notes, and none will develop. The Notes are nonnegotiable and may be assigned only by LCEF's written consent.

2. *Note Redemption.* Interest and principal payments on all of LCEF's Notes are made primarily from the amounts received from the principal and interest payments on its outstanding loans. LCEF's past experience has been that Investors have renewed or reinvested more than 80% of the amounts invested in LCEF Notes at maturity. If future repayment demands exceed the historical average, LCEF may have to rely on other sources of funds. The need to utilize such alternative funds to meet principal payments on outstanding Notes payable over an extended period could affect LCEF's financial condition.

3. *Interest Rate Decrease.* Upon maturity of a Note, if the Investor does not elect to redeem the Note, the Note generally will be renewed automatically upon the interest terms set out in a notice provided by LCEF. If LCEF's offered interest rates have declined from the date of the original Note through the maturity date, an Investor will receive a lesser interest rate return on the renewed Note.

4. *Charitable Deduction/Taxable Interest.* The purchase of a Note will not entitle the Investor to a charitable deduction for federal or state income tax purposes. Interest paid or payable on the Notes will be taxable as ordinary income to an Investor, regardless of whether the interest is paid out or retained and compounded. See "Tax Aspects" on page 30.

5. *Changes in Laws.* Changes in the laws of the various states in which LCEF offers its Notes may make it more difficult or costly for LCEF to offer and sell such Notes in the future. LCEF does not believe that the continued sale of its Notes will be necessary to service its Notes. However, a decrease in the sales of its Notes could affect LCEF's ability to meet such obligations if it did become necessary to rely on these sales.

6. *Unique Borrowers.* The relationship of LCEF to its borrowers cannot be compared to that of a normal commercial lender. Because of the unique relationship to its borrowers, LCEF's loan eligibility and approval criteria may be more flexible than might be applied by a typical lending institution. In view of its relationship to its borrowers, LCEF also may be willing to accept partial, deferred, or late payments as well as extend the original terms of the loans. See "Delinquent and Impaired Loans" on page 18.

7. *Loan Repayments.* LCEF has a substantial portion of its loan portfolio outstanding to congregations and Associations of Member Congregations. The ability of each borrowing congregation or Association to repay its loan will generally depend upon the amount of contributions it receives from its members. Accordingly, a primary factor in LCEF's loan approval process is the history of contributions to the borrowing entity. The number of members of each congregation and the per capita contribution has fluctuated in the past and will continue to fluctuate. Contributions may decline for a variety of reasons, including but not limited to the general impact of a softening economy, increased job losses or other economic difficulties encountered by church members, and/or a decline in the business prospects of donors. These factors are reflected in the June 30, 2023 amount of impaired loans. See page 18 for additional details. To the extent that a congregation or Association granted a loan experiences a decrease in revenues, payments on that loan may be affected adversely. A secondary factor in loan approvals is the value of the collateral security for the loan, it being understood that while loans are generally secured by first mortgages on the borrowers' properties, such properties are improved for church, charitable or educational uses and may or may not have a market value equal to the amounts loaned. At June 30, 2023, loans to congregations and High School Associations totaled $977,597,000 representing 63.9% of total outstanding loans receivable. For material loans to a single borrower in this category, refer to "Material Loans" on page 17.

8. *RCW Loans*. RCW loans are made primarily for residential housing needs. As of June 30, 2023, the amount of these loans totaled $216,122,000, representing 14.1% of total outstanding loans receivable. Residential housing loans are secured by real estate and at June 30, 2023, totaled $212,222,000, representing 98.2% of total RCW loans. If the loans secured by real estate are made on high loan-to-value ratios and/or housing prices decline, in the event of foreclosure, the real estate securing the loans may not be sold in amounts sufficient to cover the loan balances.

9. *Concordia University System, Seminaries and Colleges*. Corporate Synod guarantees approximately 82.4% of LCEF's loans to the Concordia University System, which totaled $12,137,000 at June 30, 2023. Therefore, repayment of this amount is dependent upon the financial condition of Concordia University System and Corporate Synod. Corporate Synod no longer extends its guaranty to the LCEF related debt of the colleges and universities. Therefore, repayment of these amounts is dependent upon the financial condition of each institution. At June 30, 2023, loans to Concordia University System, its universities, and the seminaries totaled $93,118,000, representing 6.1% of total outstanding loans receivable. For material loans to a single borrower in this category, refer to "Material Loans" on page 17.

10. *Guarantees*. LCEF has guaranteed in various forms the indebtedness of one entity related to the Synod. LCEF accounts for these guarantees as off-balance sheet transactions. Such guarantees as of June 30, 2023, are described in Note I in the audited financial

statements. The borrowing institutions are required to repay the principal and interest to the outstanding creditors, primarily banks providing letters of credit to the tax-exempt bondholders. The ability of these institutions to repay depends on their managements' capability to effectively and efficiently manage their operations. To the extent that one or more of these institutions are not able to make their debt service payments when due per the terms of the guarantees, LCEF will be required to pay the banks to meet these obligations. These borrowings are primarily supported by annually renewable letters of credit. If the financial institutions decline to renew these letters of credit, and the borrower is unable to obtain a replacement letter of credit from another financial institution, or, if the holders of the outstanding bonds tender them for redemption and the bonds are unable to be re-marketed, LCEF may be required to pay the financial institutions for amounts drawn on the letters of credit to repay the holders of the currently outstanding tax-exempt bonds. The maximum undiscounted payments of these outstanding guarantees as of June 30, 2023, totaled $4,400,000. For additional information, including information relating to the security for the repayment of these obligations, refer to Note I in the audited financial statements.

11. *District Loans.* A portion of the loans are to congregations subsidized by the Districts. Therefore, LCEF is dependent on the financial condition of the Districts for repayment of loans to subsidized congregations and loans to Districts. At June 30, 2023, 5.6% of the loans to Districts were unsecured and totaled $102,593, representing 0.01% of total outstanding loans receivable.

12. *Social Agency Loans.* A portion of the loans are to social agencies in which the ability to repay depends on their managements' capability to effectively and efficiently manage their operations. In addition, certain of these social agencies may be dependent on various governmental agencies for a portion of their revenue. To the extent such funding is reduced, payments on loans may be adversely affected. At June 30, 2023, loans to social agencies totaled $186,687,000, representing 12.2% of total outstanding loans receivable. For material loans to a single borrower in this category, refer to "Material Loans" on page 17.

13. *Variable Interest Rate Notes.* The interest rate may be changed on a daily basis on all Notes issued with variable interest rates. LCEF reserves the right upon 30 days' written notice without the need to issue a supplement to the Offering Circular to change the method of calculating the interest rate on all such Notes having a variable interest rate.

14. *Pre-Maturity Redemptions.* LCEF is not required to redeem any Note prior to its maturity. However, as a matter of policy and practice, it has redeemed Notes at the request of Investors upon a showing of need. LCEF anticipates that it will continue to do so, although there can be no assurance that it will continue this practice. When LCEF agrees to redeem a Note, interest penalties may apply as described on page 27.

15. *Market Risk.* LCEF's assets invested in readily marketable securities are subject to various market risks. The value of the investments is based on a quoted market price, and investment losses will result from a drop in market values.

16. *Litigation.* LCEF is the defendant in litigation. Please see the "Litigation" section on page 31 for additional information.

HISTORY

Introduction

LCEF was formed to finance the acquisition of sites and the building of facilities, which expand programs of ministry, witness, outreach, and service of the Synod.

The Lutheran Church—Missouri Synod

Founded in 1847, the Synod consists of approximately 5,774 member congregations that have joined together to carry out their commonly adopted objectives. The Synod, by baptized membership, is the 11th largest Protestant denomination and the second largest Lutheran denomination in the United States. It is served by 9,395 clergy and 15,985 educators.

The Synod functions through a number of separately incorporated Synodical Corporations to support the member congregations in local ministries. For this purpose, the Synod has authorized the formation of 35 districts as separate legal entities. It also has formed, as separate nonprofit corporations, eight educational institutions, Concordia University System, a publishing house, a foundation, church extension programs and its archives. The Synod does not consolidate the financial information of these separate corporations into its financial statements.

Throughout the history of the Synod, an active and growing mission program has been one of its principal purposes. As the congregations of the Synod became involved in mission expansion, financial resources were necessary to permit acquisition of sites and construction of church facilities. To meet this need, the Synod established a Board for Church Extension that was responsible for both conducting Church Extension Activities on behalf of the Synod through the operation of the Synod CEF and establishing policies for, reviewing the operations of, and providing assistance and support to Districts undertaking their own Church Extension Activities.

Lutheran Church Extension Fund—Missouri Synod

LCEF was incorporated on June 15, 1978, as a Missouri nonprofit corporation. LCEF's principal office is located at 10733 Sunset Office Drive, Suite 300, St. Louis, Missouri 63127. LCEF is the incorporated continuation of the Synod CEF that began in 1902. LCEF is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and is exempt from federal income tax on its related exempt activities under code Section 501(a). LCEF is specifically included in the group exemption ruling issued by the Internal Revenue Service to LCMS.

In the past, each District had operated its own CEF, and together with the Synod CEF, they collectively met the Church Extension needs of the Synod. As of June 30, 2023, 31 of the 35 Districts have consolidated their Church Extension Activities with LCEF in accordance with the Plan. Each of these Member Districts has a designated representative who is an LCEF Vice President who in turn is responsible for coordinating LCEF activities within his or her District. This includes the approval for certain congregations, groups, and projects to receive loans. This activity also consists of arranging for LCEF to provide a current Offering Circular and other information to persons interested in acquiring Notes issued by LCEF.

OPERATIONS

The Offering

LCEF anticipates that it will issue up to $1,500,000,000 of its Notes throughout the 50 states and the District of Columbia during the 12-month period ending September 30, 2024. The Notes will not be specifically secured by particular loans to specific borrowing entities or by any other LCEF assets. The maximum amount that may be sold in the District of Columbia and each state other than Pennsylvania and Washington is $75,000,000. The maximum amount that may be sold in Pennsylvania is $15,000,000 and Washington is $40,000,000.

Organization

As a Synodical Corporation, LCEF is subject to the constitution and bylaws of the Synod and is governed by LCEF's articles of incorporation and bylaws. See "Management" on page 32 for more information.

Principal Activities

Lending

LCEF's primary purpose is to make funds available for Church Extension Activities and to provide services in support of these activities to aid in the expansion of ministry, witness, and outreach of the LCMS. Currently, these Church Extension Activities include providing financing and services for operations, the acquisition of sites, the construction of facilities, the purchase of buildings and equipment, and the residential housing needs of Rostered Church Workers. LCEF makes loans to congregations, Associations of Member Congregations, RSOs, RCWs, CUS and other Synodical Corporations, Auxiliary Organizations, and to LCMS-recognized foreign partner church denominations.

Ministry Solutions

LCEF, as part of its Church Extension Activities, offers a range of ministry services and planning processes to its borrowers, District CEFs and other Synod-related entities. Available services include assistance with ministry expansion, fund-raising, stewardship education, annual pledge processes, establishing development office functions, board governance coaching, worker wellness workshops/retreats and a range of processes related to visioning, ministry planning, facilities and financial planning. For more information regarding services, please visit **lcef.org.**

USE OF PROCEEDS

LCEF will use the proceeds from the sale of its Notes primarily to carry on Church Extension Activities within the Synod. LCEF also uses a portion of the proceeds to provide an amount of cash and investments to fund operating expenses and loan disbursements for the next twelve (12) months and to provide financial resources in the event higher than historical demand for redemption of investor payables occurs. See "Liquidity" on page 23. Loans are made to congregations, Associations of Member Congregations, RSOs, CUS and other Synodical Corporations, Auxiliary Organizations of the Synod, to Rostered Church Workers, and to LCMS-recognized foreign partner church denominations. Funds not immediately used by LCEF for loans or operating expenses may be invested in short-, intermediate- and long- term interest-bearing obligations, equity and other investments.

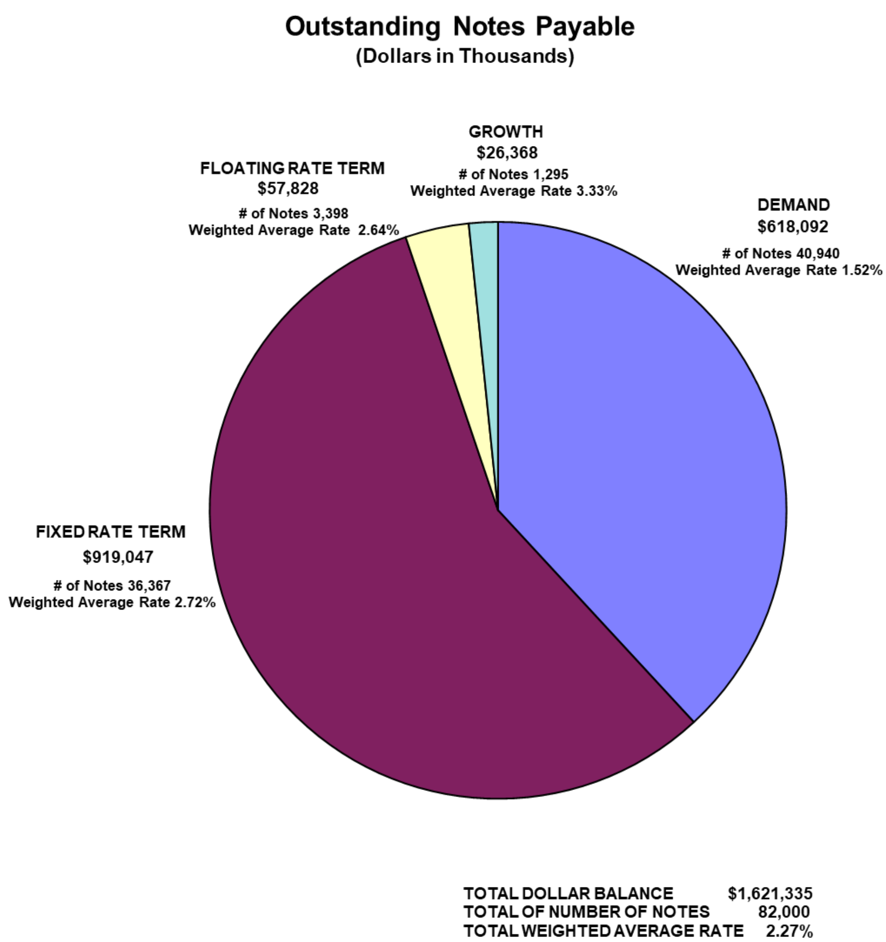
LCEF does not anticipate that it will require the proceeds of this offering to meet interest or principal payments on the outstanding term Notes and term Support Dollar Notes payables. However, if payments from LCEF's loan receivables are less than anticipated, it may be necessary to use a portion of the proceeds to meet these requirements. In addition, LCEF does not anticipate that it will require the proceeds of this offering to make payments, if required, on any of its guarantees to third parties. However, if such payments cannot be made from net cash provided by operating activities, it may be necessary to use a portion of the proceeds.

Upon approval of LCEF management, a distribution of earnings may be paid as grants to Corporate Synod and its congregations and Member Districts for church extension-related activities. Additional grants may also be paid by LCEF's management as a distribution of earnings or a distribution of gifts received by LCEF, to other nonprofit entities affiliated with the Synod and RSOs. Any such distributions or grants are paid from earnings or gifts received only, if any, and are not paid out of the proceeds from the sale of Notes.

FINANCING AND OPERATIONAL ACTIVITIES

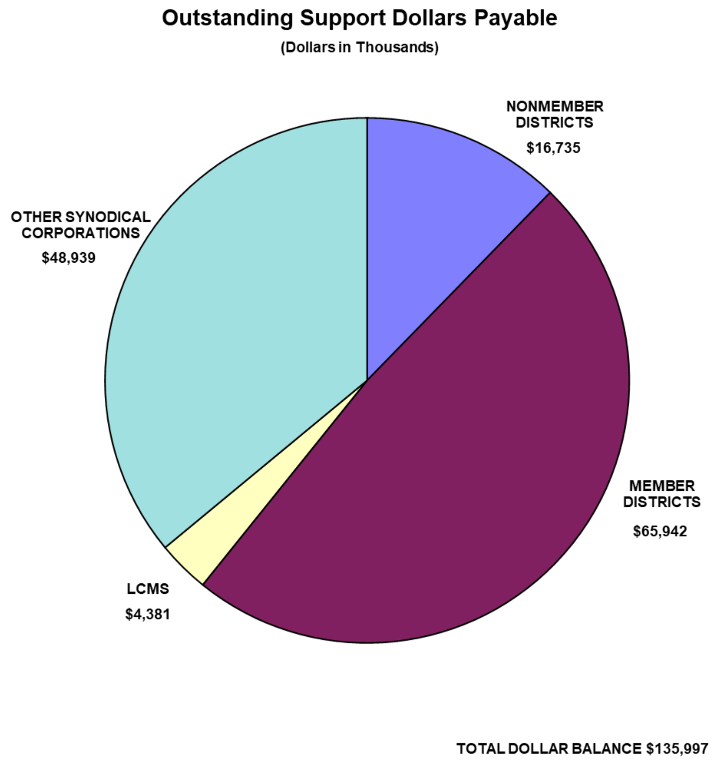
Outstanding Notes Payable

LCEF's primary means of generating funds for Church Extension Activities is through the sale of its Notes. The following pie chart sets forth for each class of Note grouping its principal balance in thousands of dollars, number of Notes outstanding, and Weighted Average Interest Rates at June 30, 2023:



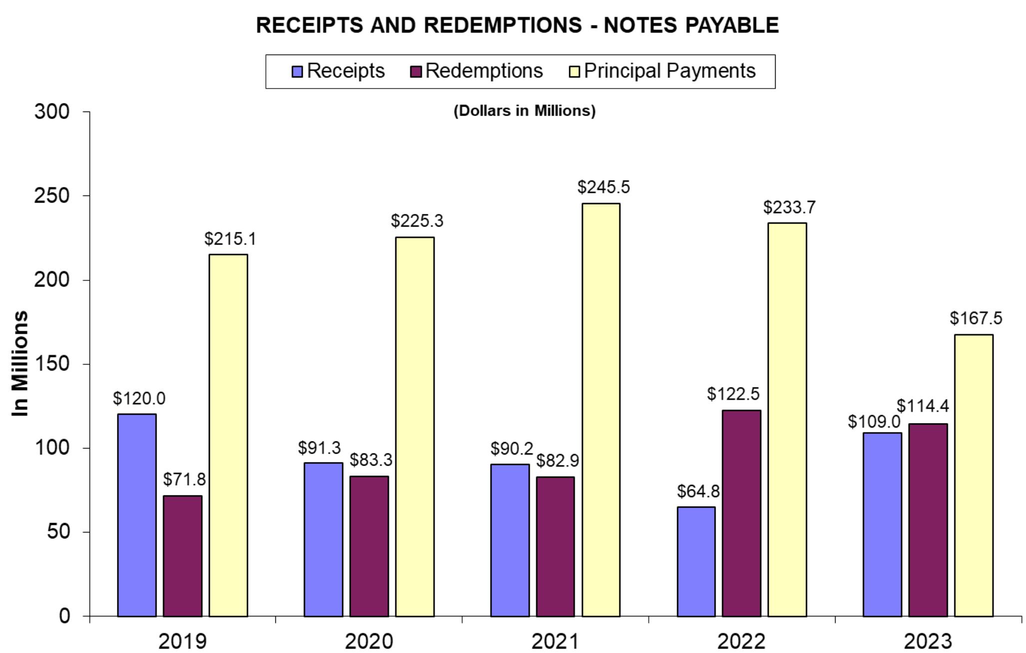
Outstanding Support Dollars Payable

Additionally, LCEF maintains account balances for Synodical Corporations, which are entitled Support Dollars. These Support Dollars are held on either a demand or term basis, and the Weighted Average Interest Rate payable on the total was 2.63% as of June 30, 2023. The following pie chart describes in thousands of dollars how much was held by each type of Synodical Corporation as of June 30, 2023:



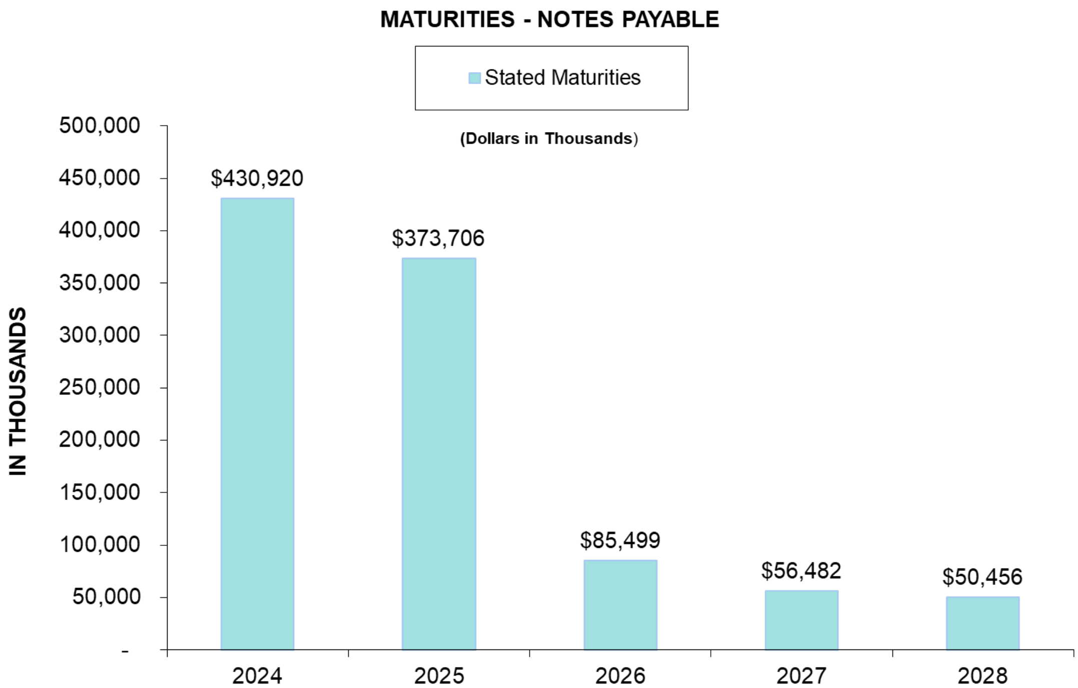
Receipts and Redemptions—Notes Payable

The following bar graph provides a history, exclusive of demand Notes, of receipts (sales) and redemptions of Notes payable for the most recent five fiscal years. Also included for each fiscal year are the principal payment amounts received on the Loans receivable, which historically have been the primary source of funding redemptions of term Notes.



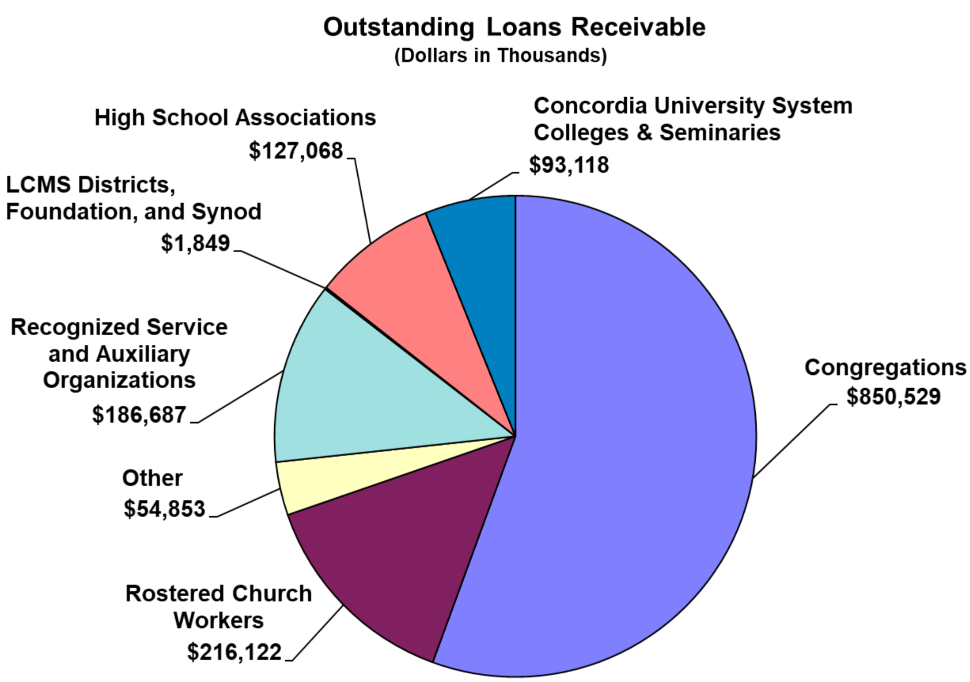
Maturities—Notes Payable

The following graph displays for the next five (5) fiscal years, exclusive of demand, the stated maturities of Notes payable at June 30, 2023. LCEF anticipates that the actual cash redemptions from these maturities will be close to its five-year average historical experience, which is 35.0%. If so, LCEF believes that it will be able to pay these redemptions primarily from repayments of loan principal expected to be received for the same periods. However, past experience does not predict future performance. See "Risk Factor 2" on page 9. The graph below does not take into account maturities of Notes issued after June 30, 2023. See Note H in the audited financial statements for the Notes payable schedule of maturities.

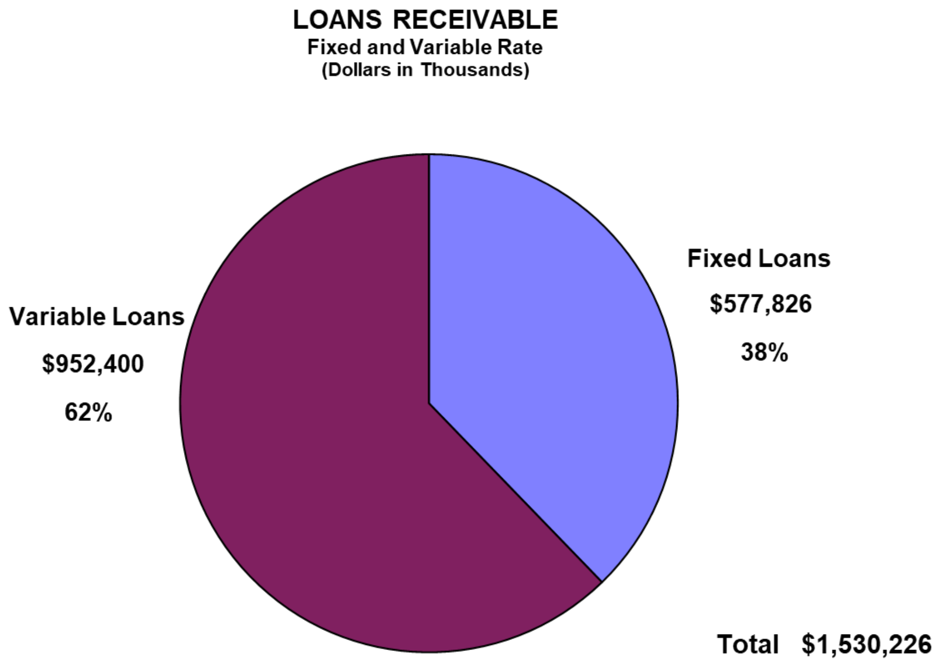


Outstanding Loans Receivable

The Weighted Average Interest Rate on LCEF's loan portfolio as of June 30, 2023 was 3.90%. The amount of LCEF's total loans receivable as of June 30, 2023, was $1,530,226,000, and the primary types of borrowers and their respective balances in thousands of dollars are presented in the following pie chart:



LCEF's loan portfolio consists of loans that are written on interest rate terms that are either variable or fixed. Variable rate loans adjust monthly, quarterly, or annually. The remaining loans are written on a fixed-rate basis primarily for terms of five or ten years. The amount of LCEF loans that are written on a variable versus a fixed rate of interest as of June 30, 2023, are presented in the following pie chart:



LENDING ACTIVITIES

Introduction

Loans are made to congregations, Associations of Member Congregations, RSOs, CUS, other Synodical Corporations, Auxiliary Organizations of the Synod ("Organizational Borrowers"), to Rostered Church Workers, and to LCMS-recognized foreign partner church denominations. Loans to Organizational Borrowers are made to provide financing for operations, real estate acquisition, construction, renovation and relocation. Such loans also may include lines of credit and short-term loans for project start-up and soft-cost expenses. LCEF also may provide Organizational Borrowers a portion of the loan amount in participation with other lenders. Loans made to Rostered Church Workers are for residential housing needs, home equity loans or other short-term unsecured loans. LCEF may also assist eligible borrowers in obtaining access to tax-exempt funding sources for qualified capital projects. For a description of these activities, refer to "Access to Tax-Exempt Funding Sources" on page 18.

Underwriting

Organizational Borrowers

In determining eligibility for loans, LCEF considers a borrower's outstanding indebtedness, prior and projected financial performance, and comparison of anticipated revenues to debt repayment requirements. Currently, LCEF reviews at a minimum, the following factors of congregations that apply for loans: (i) operating income to debt service, (ii) projected debt to current giving units, (iii) operating income to projected debt service, (iv) projected total debt to projected revenue, (v) operating cash reserve, (vi) expenses met, (vii) loan-to-value, (viii) debt service coverage ratio and (ix) organizational, pastoral and lay leadership. In addition, LCEF reviews the following guidelines of school associations that apply for loans: (i) percent of income generated by tuition and congregation support, (ii) loan-to-value, (iii) current ratio, (iv) percentage of total revenue allocated for debt service, (v) percentage of total project cost available in cash on hand or equity in pledged collateral, (vi) operating margin, (vii) debt capacity as percentage of guaranteed revenue and total revenue and (viii) debt service coverage ratio.

Loans made to congregations, Associations of Member Congregations, RSOs, and Auxiliary Organizations of the Synod generally require a first lien on the property of the borrower, title insurance, real estate evaluations and surveys, appropriate resolutions of the borrowers, and fire and extended coverage insurance. Loans made to Synodical Corporations are made under one of three different terms. First, loans made to those Synodical Corporations that are colleges, universities, and seminaries are written on the above-described terms. Second, loans made to the Synodical Corporation known as CUS may be unsecured and may be made under the terms of a letter agreement. Third, loans made to Synodical Corporations other than CUS, colleges, universities and seminaries may be unsecured and may be made under the terms of a letter agreement that provides for repayment or may provide the ability to obtain a security interest on the property of the borrower. In certain events of default, LCEF's mortgage security interest in the assets of certain organizations that have borrowed the proceeds of tax-exempt bonds issued through state agencies is subordinate to the credit bank's mortgage.

Rostered Church Workers

In determining eligibility for loans to Rostered Church Workers, LCEF considerations include the borrowers' income, outstanding indebtedness, average credit bureau score, and past credit history. Residential loans are made on either a first mortgage or home equity basis. First mortgage loans require a first lien, while home equity loans require a first or secondary lien on the borrower's property. In addition, both of these residential loan types require title insurance or title guarantee, and homeowner's insurance. Rostered Church Worker loans are available only in those states where permitted by law.

Terms of New Loans

Organizational Borrowers

Currently, the loans are written at a fixed or an adjustable interest rate based on LCEF's Cost of Funds. The rate of interest charged on adjustable loans will typically be based on LCEF's Cost of Funds plus up to 3.0%, depending on the type of loan. (RSOs, Universities, Seminaries and high schools may be charged interest using the U.S. five-year treasury note yield or Wall Street Journal Prime index.) The Wall Street Journal Prime index uses the U.S. Prime rate as published in the Wall Street Journal. The U.S. five-year treasury yield is published by the Federal Reserve Board based on the average yield of a range of Treasury securities. Loans associated with these rates are priced at a margin (spread) above or below the index. Typically, this rate will be defined as the highest prime rate on the last business day of the previous month as published in the Wall Street Journal. If no rate is published, the previous published rate will apply. If these indices become unavailable during the term of a loan, LCEF may designate a substitute index after notifying the borrower.

Loans will typically be written on either a five-year or 10-year fixed rate or at an interest rate that will adjust monthly, quarterly or annually. Monthly payments are required on substantially all loans with the principal typically amortized over 20 to 30 years except for unsecured loans which are typically written for terms of 15 years or less. Fixed-rate loans are written at an interest rate above LCEF's Cost of Funds determined monthly ("Monthly Rate") and typically for a five or 10-year term with a two percent (2%) prepayment penalty. Late payments may result in a late payment penalty being charged. The terms and availability of loans have been established and may be changed by LCEF's management.

Rostered Church Workers

Currently, the loans are written at a fixed rate term or an adjustable interest rate based on the One Year Treasury Constant Maturity or other index as determined by LCEF or as state law may require plus up to three percent. First mortgage loans are currently written on either an adjustable or fixed rate basis for up to 30 years. Adjustable rate mortgages have a lifetime cap of five percent over the initial rate and a floor of three percent. Home equity loans will be written on a fixed rate basis for up to 15 years. Each of these loans has the principal amortized over its respective term. Late payments on any loans may result in a late payment penalty being charged. However, no prepayment penalty exists on any of these loans. The terms and availability of these loans have been established and may be changed by LCEF management. LCEF, at its discretion, may hold its loans to maturity or may sell its loans. The table below provides the current Index-based interest rate formula and loan fees on new secured loans. These terms are subject to change by LCEF management.

Loan Type	Index-Based Formula	Origination/Loan Fee
Fixed Rate First Mortgage………………………………………	Market	Up to 0.5%
Adjustable Rate First Mortgage……………………………………	Index + Up to 5.0%	Up to 0.5%
Home Equity…………………………………………………….	N/A	None

Loans by Region

At June 30, 2023, the amount of LCEF loans outstanding among the eight economic regions identified by U.S. Bureau of Economic Analysis ("BEA"), and those made to Lutheran ministries outside the United States, and their respective percentage of LCEF's total loans are as follows:

BEA Regions	Loan Amount (In Thousands)	% of Total
New England	$ 7,024	0.46%
Great Lakes	343,373	22.44
Southeast	209,520	13.69
Farwest	253,028	16.54
Mideast	115,485	7.55
Rocky Mountain	74,448	4.86
Plains	302,241	19.75
Southwest	197,634	12.91
	1,502,753	98.20
Outside United States	27,473	1.80
Total	$ 1,530,226	100.00%

Material Loans

At June 30, 2023, the principal balances of loans in excess of one percent (1%) of the adjusted loan portfolio of $1,510,657,000 (see Note D in the audited financial statements) are as follows:

	Number of Loans	Balance at June 30, 2023 (In Thousands)
Service Organizations		
Kingspath Senior Ministries, Milwaukee, WI	3	29,730
Liberty Lutheran Services, Ambler, PA	4	25,845
Compass Facilities, Waukesha, WI	6	22,746
Lutheran Senior Citizens, Oklahoma City, OK	2	20,388
Lutheran Social Services of Metro NY	3	17,567
Wartburg, Mount Vernon, NY	2	16,687
Concordia University System, Colleges and Seminaries		
Concordia University—Irvine, CA	1	42,389
High School Associations		
Lutheran High School Association—Milwaukee, WI	3	20,379

Access to Tax-exempt Funding Sources

LCEF assists eligible borrowers such as high schools, colleges, congregational elementary schools, and recognized service organizations in obtaining access to tax-exempt funding sources for qualified capital projects such as the acquisition, construction, equipping, furnishing, and improvement or refinancing of educational or health facilities. See Note I in the audited financial statements.

As compensation for its participation in assisting these entities in obtaining access to tax-exempt funding, LCEF receives fees based on the amounts of the guarantees or loans outstanding.

Delinquent & Impaired Loans

Delinquencies

During the 2008-2009 economic downturn, LCEF, like most financial institutions, experienced an increase in the number of borrowers encountering financial difficulties. The primary means utilized by the LCEF to resolve delinquencies consists of restructuring the delinquent loans in a manner that provides a period of time with reduced payment requirements to provide opportunity to resolve the issues causing the delinquencies. Upon restructuring, the loan is removed from the delinquent category but retained in the impaired category until such time as the restructured loan is no longer deemed impaired.

As of June 30, 2023, the total recorded investment of loans more than 90 days past due totaled $8,127,000, which represents 0.5% of the total loans receivable. For further information relating to the loan delinquencies, see Note D in the audited financial statements.

Troubled Debt Restructures

A loan is classified as troubled debt restructuring when, due to the borrower's financial difficulties, LCEF grants a concession to the borrower. Such concessions usually include a modification of loan terms, such as a reduction of the rate to below-market terms, adding past-due interest to the loan balance, extending the maturity date or foregoing payments on a portion of the loan.

During the years ended June 30, 2023 and 2022, LCEF restructured troubled debt in the amount of $9,674,000 and $2,927,000, respectively, or 0.7% and 0.2% of the loan portfolio at the beginning of the respective fiscal years. The principal balances of loans classified as troubled debt restructures as of June 30, 2023 and 2022, are $49,964,000 and $57,871,000, respectively. Of these amounts, i) $5,678,000 and $12,644,000, respectively, require monthly principal payments, $2,978,000 and $7,973,000, respectively, require interest only payments, and $41,308,000 and $37,254,000, respectively, require no payments until maturity; and ii) $44,783,000 and $52,093,000, respectively, were on non-performing status under which LCEF recognizes interest income on a cash method.

Loans returned to accrual status as of June 30, 2023 and 2022, under which status LCEF records income as it is earned, totaled $5,181,000 and $5,778,000, respectively. These borrowers demonstrated the ability to comply with the restructured repayment terms through a sustained period of repayment performance, generally a period of six months.

The gross amount of interest income that would have been earned under the original terms of restructured loans was $2,114,000 and $2,829,000 for the years ended June 30, 2023 and 2022, respectively. The actual amount of interest income recognized under the restructured terms totaled $603,000 and $1,109,000 respectively.

Each of the restructured loans required the ministry to formulate an operating plan outlining the steps to be taken to address its financial issues. The term of these restructured loans is normally no longer than three years, at which time the financial condition of the ministries will be reevaluated. LCEF has established specific reserves for these loans based on the present value of the projected cash flows as outlined by the terms of the restructure. The specific reserves of $14,846,000 for this type of loan restructuring are included in the loan loss allowance amounting to $21,309,000 as of June 30, 2023. For further information about troubled debt restructures, see Note D in the audited financial statements.

The balances of the troubled debt restructures are included in the balances of impaired loans described below.

Impaired Loans

LCEF considers a loan impaired when it is placed on nonaccrual status or restructured. A loan is also considered impaired when, based on current information and events, it is probable that LCEF will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

As outlined in Note D in the audited financial statements, during the fiscal year 2023, impaired loans decreased from $70,528,000 to $51,817,000. LCEF continues to work with these ministries, often providing modified loan terms to provide reduced cash flow obligations for a period of time to allow the ministries time to address the causes for the delinquency.

Loan Loss Allowance

LCEF utilizes a loan credit rating system to estimate its loan loss allowance for probable loan losses applying loss percentages based on historical experience and other factors to the various rating categories of the loans. In addition, LCEF reserves specific amounts for impaired loans that have been restructured and for loans that are considered collateral dependent.

During the fiscal years ending June 30, 2023 and 2022, LCEF recorded release for loan losses of $(2,536,000) and $(616,000) respectively to the loan loss allowance to provide specific reserves for impaired loans and general reserves for the loans classified by credit ratings. During the fiscal years ending June 30, 2023 and 2022, LCEF charged $3,607,000 and $58,000 respectively against the loan loss allowance to reflect losses on loans, primarily deeds accepted in lieu of foreclosure.

It is management's opinion that the $21,309,000 reserved as of June 30, 2023, for LCEF's loan portfolio is appropriate to provide for probable loan losses and that the past due amounts will not affect LCEF's ability to satisfy its obligations. For further information relating to the loan reserve, see Note D in the audited financial statements.

Real Estate

LCEF utilizes an experienced real estate management firm to oversee its real estate properties. The management company performs property assessment, property management and real estate brokerage services for LCEF as needed. At June 30, 2023, LCEF had three real estate sites with a book value, net of the associated reserves, of $11,459,000. For additional information relating to real estate, please see Note E in the audited financial statements.

INVESTING ACTIVITIES

Investment Policies

LCEF maintains investment portfolios until funds are disbursed for new loans and to provide resources for operations and for Notes and Support Dollar payments. LCEF's policy is to maintain operating resources sufficient for the next twelve months. This is determined by adding expected loan disbursements based on outstanding loan commitments and guarantees, subtracting anticipated loan repayments, and taking into consideration anticipated Notes and Support Dollars payable activity.

LCEF's investment committee, a sub-committee of the Board, assists the Board in fulfilling its investment oversight responsibility by establishing LCEF's investment guidelines, engaging and reviewing the performance of LCEF's investment advisers, and monitoring LCEF's investment performance to ensure it meets the specified guidance. The policies for the short-term, intermediate laddered, long-term reserves, and limited liquidity categories of the portfolio are described below.

LCEF maintains a short-term category invested in cash and cash equivalents normally representing 5% -10% of the total portfolio to provide for immediate cash requirements. LCEF invests 20% - 85% of the investment portfolio in a laddered intermediate term high quality fixed-income portfolio emphasizing security of principal, yield, and a secondary source of liquidity. The laddered maturities of these investments mitigate the need to sell securities to generate liquidity. The balance of cash equivalents and the laddered portfolio will equal at least 10% of LCEF's investor payable portfolio.

LCEF maintains a long-term reserves portion of the investment portfolio normally representing 5% - 30% of its investment portfolio. Within this category, LCEF may invest in a combination of fixed income, equity and other alternative investments.

LCEF maintains a limited liquidity portion of the investment portfolio normally representing 5% - 20% of its investment portfolio. Within this category, LCEF may invest in a combination of liquid and limited liquid private equity, venture capital, private commercial real estate, and other hedge funds. These investments are not readily marketable and may not be considered as cash equivalent investments.

The long-term reserves and limited liquidity portions of the investments are not directly correlated with fixed-income investments and are selected to offset potential fixed income losses associated with rising interest rates and inflation and to generate a higher total return and yield. The amount of allocation to the long-term and limited liquidity portfolios and the makeup of the investments within these portfolios are highly dependent upon the results of a risk evaluation which takes into consideration the financial metrics of the organization and the projected financial results given forecasted changes in interest rates. Graystone Consulting, a business of Morgan Stanley, serves as an adviser for these portfolios.

LCEF utilizes a consultant bank, UMB Bank, n.a., to assist with the management of the intermediate investment portfolio and interest rate risk. An asset liability committee consisting of members of LCEF's management team meets monthly to review the performance of the investment portfolio and compliance with its investment policies. On a day-to-day basis, the Senior Vice President of Investments/ALCO and the Chief Financial Officer are responsible for the management of the investment process, making investment decisions and interaction with the various advisers.

Investment Holdings

A description of LCEF's outstanding investments as of June 30, 2023, is as follows:

Type of Investment	Balance at June 30, 2023 (In Thousands)	% of Total
Fixed Income:		
Agency, Asset and Mortgage-Backed Securities....	$231,370	53.2%
Corporate Bonds and Debentures..........................	72,045	16.5
Taxable Municipal Bonds	37,444	8.6
Mutual Bond Funds...	10,758	2.5
Equities	59,291	13.6
Real Estate Investment Trusts	2,486	0.6
Fund of Funds – Private Equity	6,916	1.6
Fund of Funds – Hedge Equity	4,996	1.1
Other	9,869	2.3
Total	$435,175	100.0%

Investment Performance

Exclusive of donor-restricted investments totaling $4,716,000, LCEF's average weighted yield and total return for the fiscal year ended June 30, 2023, for its fixed-income, other, and total portfolios are listed below:

	Yield	Total Return
Fixed-Income Investments	2.14%	(0.03%)
Equity & Other Investments	2.68%	8.74%
Total Portfolio	2.26%	1.99%

The aggregate realized and unrealized gains and losses from investments for the last three fiscal years are as follows:

	(Dollars in Thousands) Year Ended June 30		
	2023	2022	2021
Realized (Loss) Gain	$ (1,254)	$ 3,104	$ 770
Unrealized (Loss) Gain	(265)	(62,930)	14,745
Net (Loss) Gain	$ (1,519)	$(59,826)	$ 15,515

More information about LCEF's investments may be found in Note C in the audited financial statements.

SELECTED FINANCIAL DATA

Financial Data

The table below sets forth certain selected financial data with respect to LCEF and its operations for the most recent five (5) fiscal years. Management has compiled this data from LCEF's audited financial statements, and it should be read in conjunction with LCEF's current audited financial statements including notes thereto, which begin on page 35.

	(Dollars In Thousands) Year Ended June 30				
Description	2023	2022	2021	2020	2019
Total assets	$1,987,889	$2,068,056	$2,126,350	$2,014,189	$1,888,458
Cash, cash equivalents, and investments	452,103	649,716	573,429	368,227	290,437
Loans receivable	1,530,226	1,418,219	1,506,447	1,640,772	1,590,099
Loans receivable, not guaranteed or secured	28,847	27,942	33,225	35,233	19,308
Percentage—loans receivable, not guaranteed or secured	1.9%	2.0%	2.2%	2.1%	1.2%
Percentage of loan delinquencies in excess of 90 days	0.5%	0.4%	0.4%	0.6%	0.6%
Impaired Loans	51,817	70,528	119,992	107,014	76,350
Notes Payable	1,621,335	1,654,865	1,682,039	1,607,649	1,480,755
Note redemptions (exclusive of demand notes)	114,388	122,504	82,912	83,337	71,766
Support Dollars Payable	135,997	181,776	173,018	159,414	163,160
Net assets	220,923	220,189	260,887	239,353	235,726
Changes in net assets	734	(40,698)	21,534	3,627	13,135
Net income (loss)	2,898	(40,022)	26,321	3,619	16,794
Number of investor accounts	82,428	84,949	89,489	91,900	94,173
Number of loans	3,011	2,852	3,000	3,162	3,154

Financial Review

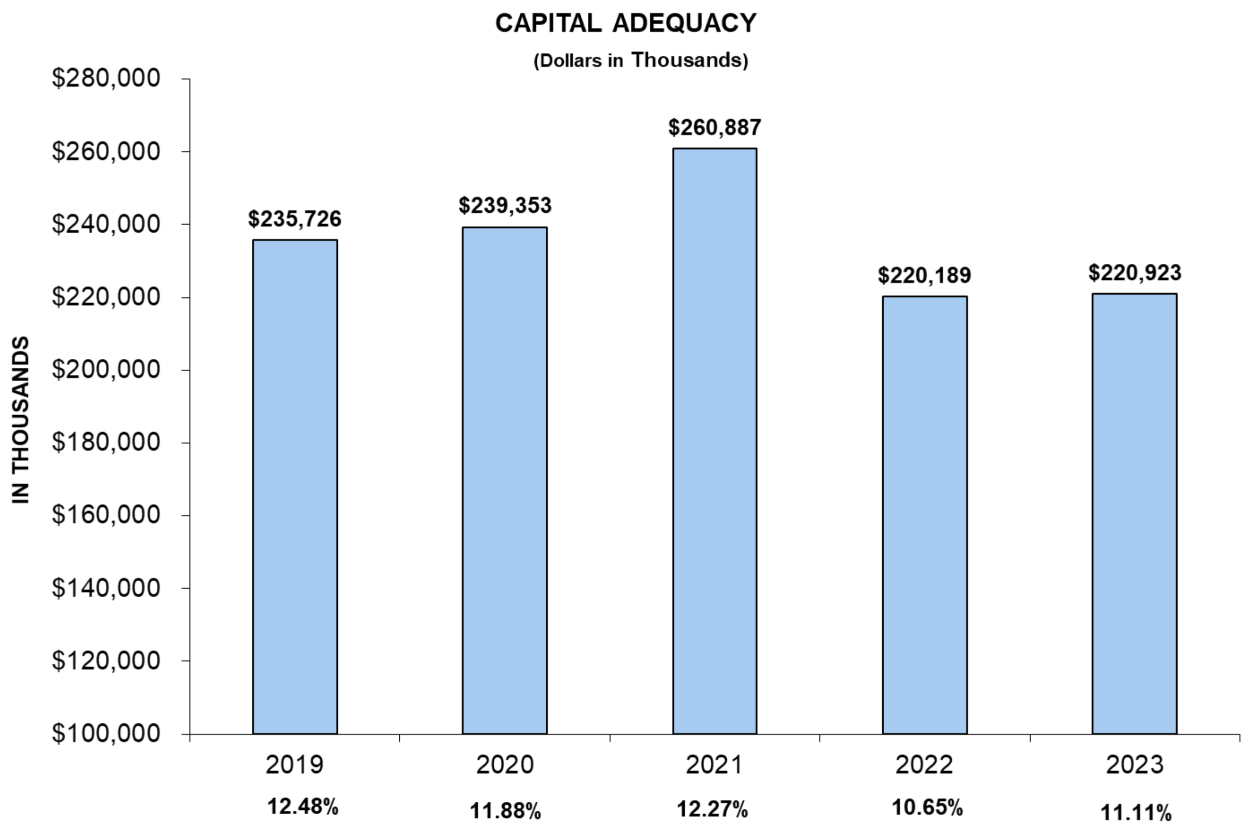
Management regularly reviews LCEF's overall financial condition. This is done in part by reviewing past and expected performance in certain key areas. The following discussion presents seven such areas:

1. *Source of Funds for Payment of Notes*

Historically, interest and principal payments on LCEF's term Notes have been made primarily from the amounts received as principal and interest payments on LCEF's outstanding loans. LCEF demand note redemptions have historically been made from demand note investments. LCEF anticipates that it will continue to experience similar results in the future, although past performance is no guarantee of future performance. The graph in the section entitled "Receipts and Redemptions—Notes Payable" on page 13 demonstrates that historically repayments of Loans receivable have been sufficient to fund redemptions of term Notes.

2. *Capital Adequacy*

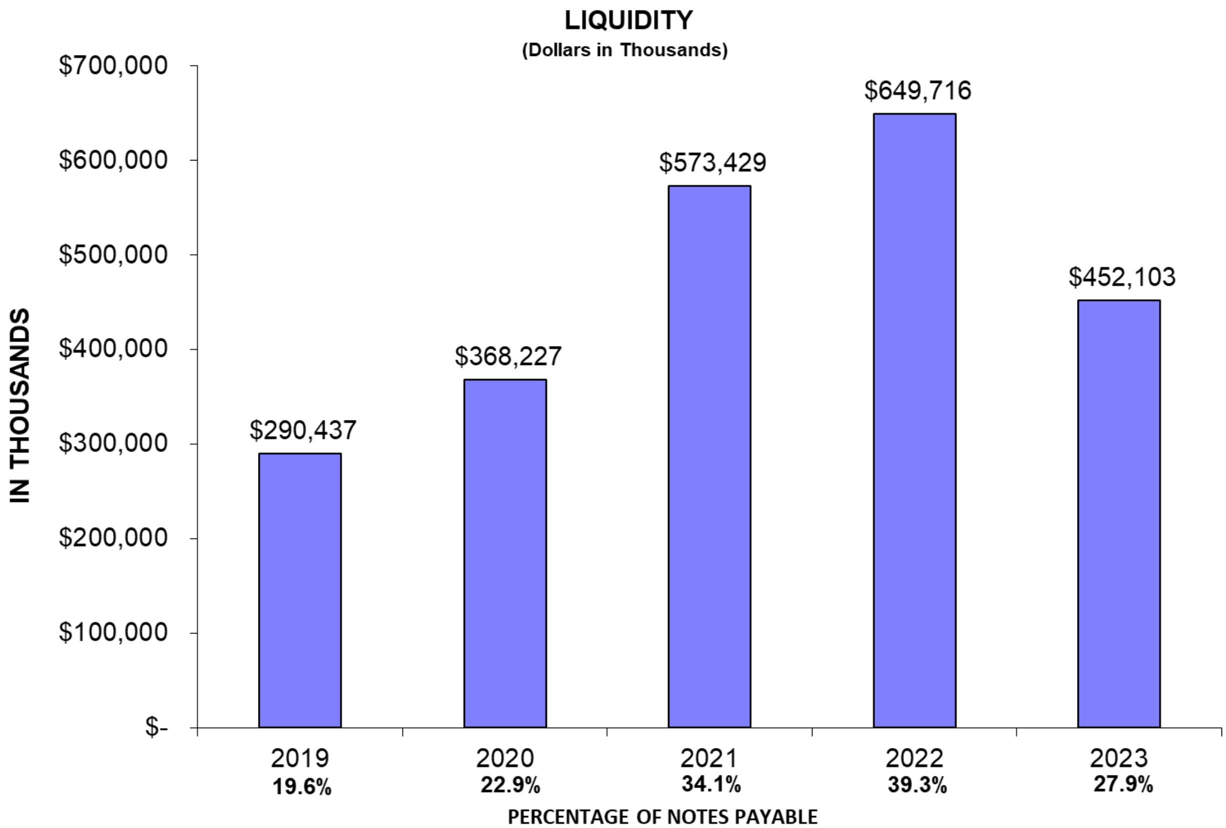
For fiscal year June 30, 2023, LCEF's capital adequacy ratio was 11.11%. This ratio is derived by dividing net assets by total assets and is depicted in the table below. LCEF strives to maintain a capital position to support its growth and operations. Management recognizes the need to maintain a strong capital position and carefully monitors its capital position as LCEF sells additional Notes to meet the capital financing needs of the Synod.



3. Liquidity

LCEF's policy is to maintain resource requirements sufficient for the next twelve months. These resource requirements are defined as forecasted loan disbursements less estimated loan principal repayments; plus, anticipated redemptions of maturing term and demand Notes and Support Dollars during the next twelve months.

For the fiscal year ended June 30, 2023, LCEF's cash, cash equivalents, and readily marketable assets had a market value equal to 27.9% of its outstanding Notes. In addition to the $452 million in cash and investments as of June 30, 2023, LCEF had an unused line of credit totaling $150 million. The following graph displays the amount of such liquid assets and its relationship to outstanding Notes for each of the five most recent fiscal years.

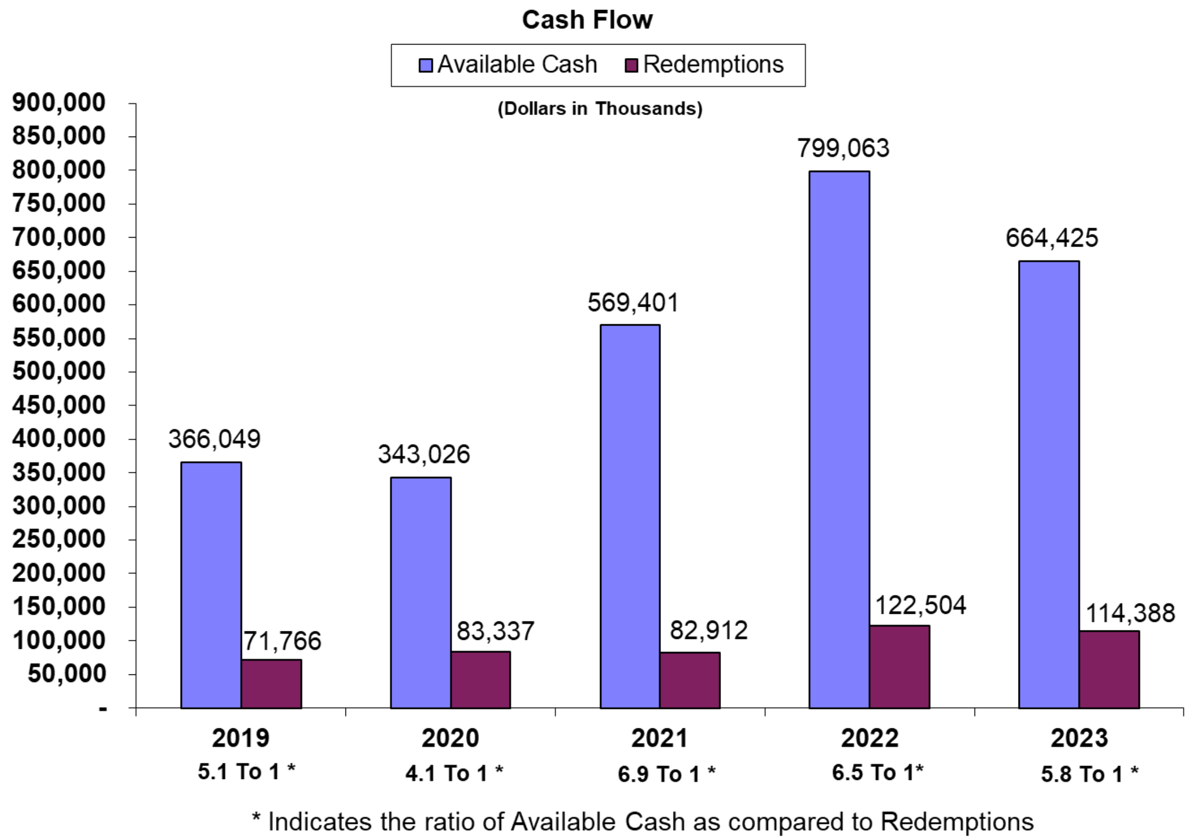


4. Lines of Credit

LCEF has maintained a line-of-credit agreement, which is secured by certain investments, in the amount of $150 million with UMB Bank that expires on December 31, 2023. LCEF expects to either renew or replace the agreement as it expires. At June 30, 2023 and 2022, LCEF had no outstanding balance drawn against this line of credit.

5. Cash Flow

Management considers cash flow performance and examines the amount of available cash as compared to cash redemptions, exclusive of LCEF Support Dollars. Historically, LCEF has been able to meet demand for redemption of its term Notes from principal repayments from its loan receivable portfolio. Generally, redemption activity from LCEF's demand Notes has historically been funded from investments in these same instruments. The gross amount of sales and redemptions of Notes and Support Dollars Payable is reported in the "Statements of Cash Flows" on page 39. The amount of available cash primarily consists of the liquid assets at the beginning of the year, plus the applicable year's sale of term Notes and loan principal payments less loan disbursements. The following bar graph compares LCEF's available cash exclusive of cash generated from demand accounts to the actual cash redemptions (exclusive of demand accounts) for the five (5) most recent fiscal years.



6. *Loan Delinquencies*

At June 30, 2023, and 2022, the recorded investment of LCEF's loans with payments greater than ninety days past due amounted to 0.5% and 0.4% respectively of total loans receivable. See delinquency discussion on page 18 for more information. It is management's opinion that this level of delinquencies will not significantly impair LCEF's liquidity, cash flow or net assets.

7. *Profitability*

LCEF reported net operating income of $3.6 million and net income of $2.9 million for the fiscal year ended June 30, 2023. Details of LCEF's profitability for the five most recent fiscal years appears in the table below:

	(Dollars in Thousands) Year Ended June 30				
Description	**2023**	**2022**	**2021**	**2020**	**2019**
Net interest income after (release) provision	$ 36,080	$ 38,545	$ 33,470	$ 30,089	$ 35,872
Consulting fee income	813	760	643	829	858
Operating expenses	33,250	32,405	28,671	29,105	29,038
Net operating income	3,643	6,900	5,442	1,813	7,692
Other (loss) income					
Net (loss) gain on investments	(1,519)	(59,826)	15,515	2,417	7,329
Bequests and other gifts	1,601	2,754	1,968	1,146	1,369
Net (loss) gain on real estate and foreclosed assets	(321)	10,212	3,298	285	1,845
Grant expense	(837)	(277)	(212)	(2,324)	(1,512)
Other	331	215	310	282	71
Total	(745)	(46,922)	20,879	1,806	9,102
Net income (loss)	$ 2,898	$(40,022)	$ 26,321	$ 3,619	$ 16,794

DESCRIPTION OF NOTES

Introduction

LCEF offers its Notes to eligible Individual and Organizational Investors. LCEF accepts payment for the purchase of these Notes via cash, cashier's check, personal check, money order, Young Investor ("Y.I.") Stamps, wire transfer, or through Automated Clearinghouse (ACH) transfer. LCEF's Notes are general obligation debt securities. The Notes are unsecured obligations, and they are not bank deposit accounts and are not insured by the FDIC, the SIPC, or any other federal or state agency, and Investors will be wholly dependent upon the general financial condition of LCEF for repayment of principal and interest. No sinking fund or trust indenture has been or will be established.

UMB Bank provides check writing, Visa debit card, and electronic funds transfer. A third-party information technology firm that specializes in core processes of financial institutions provides the Internet financial services through agreements with investors selecting these options and LCEF. Investors may use the Internet financial services and the audio response system (a telephone- based system) to access their investment accounts, including the ability to transfer funds among existing LCEF Notes. The Internet services also allow Investors to request a one-time wire transfer from their LCEF Notes and to initiate ACH transfers to or from existing LCEF Notes, as well as transfers to and from accounts held at commercial institutions. The third-party information technology firm also provides a Bill Pay service to LCEF investors invested in the StewardAccount Certificates. LCEF permits on-line account opening and has a mobile application that allows an investor to access his or her account information and as permitted, make additional investments to Notes via a mobile device. References to these services are made throughout this section describing LCEF's investment options.

All Investors are provided statements at least annually, with Dedicated and Congregation Demand Certificate Investors receiving statements semi-annually and StewardAccount Certificate Investors receiving statements monthly. LCEF reserves the right to assess maintenance fees on Notes that become inactive for a period of twelve months or more. If maintenance fees are applied, 30 days' written notice will be sent prior to their assessment indicating the amount and frequency of such fees and what action can be taken to avoid the assessment.

LCEF Notes may qualify as unclaimed property if the date from the last investor-initiated contact exceeds the applicable state defined dormancy period. Dormancy periods range from three to five years. To comply with unclaimed property law, LCEF is required to perform certain due diligence procedures.

Certain Dedicated Certificates, Fixed-Rate Term Notes and Floating Rate Term Notes may be available as investments for IRAs and ESAs, at minimum investments to be determined by LCEF. All Notes offered to individuals for IRAs and ESAs may be at interest rates that are higher or lower than those offered for other Notes. Individuals who wish to invest in LCEF Notes through an IRA, ESA or HSA with LCEF may do so through custodial agreements with UMB Bank of Kansas City, Missouri. Because IRAs, ESAs and HSAs are subject to specific requirements under the Internal Revenue Code, an individual Investor should consult with his or her tax advisor before directing a purchase of a Note for his or her IRA, ESA or HSA.

LCEF reserves the right to call the Notes for redemption at any time upon 60 days' written notice and to discontinue offering any Notes described herein without the need to supplement this Offering Circular. LCEF also reserves the right to offer additional Notes with different terms from the Notes described herein. The Notes are nonnegotiable and may be assigned only upon LCEF's written consent.

All of the outstanding Notes are unsecured debts of LCEF, and LCEF has not issued Notes which by their terms have a higher priority to payment. However, at June 30, 2023, LCEF had a line of credit with a financial organization in the amount of $150 million secured by LCEF investments (see "Lines of Credit" on page 23).

If required by government regulations, LCEF may require additional information to verify an Investor's identity.

Interest

The interest rate offered for any newly issued Note may be changed on a daily basis without issuing a supplement to the Offering Circular. The interest rate for each Note is established within a defined interest rate range. LCEF establishes each range by first computing its midpoint and then applying up to four percentage points both above and below the midpoint (the "Limits").

The midpoint is based on rates published on the Bank Rate Monitor® (BRM) website for comparable investments having similar terms. The percentage Limits for Notes issued for a Tax-Deferred Plan are equal to those described above plus 1%.

The interest rates for Fixed-Rate Term Notes, other than those issued with a stepped interest rate or a tier that may be subject to interest rate adjustments, will remain in effect for their entire terms. All other Notes pay a floating interest rate which may be adjusted on a daily basis.

LCEF may offer interest rate step-ups for selected periods of time for selected term(s) of newly issued Fixed-Rate Term Notes. Fixed-Rate Term Notes issued with an interest rate step-up permit the Investor(s) to exercise a one-time option to adjust the interest rate on the Note to the fixed rate of interest then payable on a newly issued Note of that same type and term. Such Notes issued with an interest rate step-up will earn the fixed rate of interest as specified in the initial investment certification during their entire initial term unless and until the Investor(s) notify(ies) LCEF of their intent to exercise the one-time interest rate step-up option. Upon LCEF's receipt of such notice, such Note shall earn the fixed rate of interest then payable on newly issued Notes of that same type and term during the entire remaining portion of such Note's initial term. LCEF may also offer newly issued Fixed-Rate Term Notes that have interest rates that are fixed for their entire terms with respect to an investment tier amount and also have a fixed or adjustable interest rate that is applicable to investment amounts that exceed the first fixed rate investment tier.

LCEF reserves the right to change the method by which the interest rate is calculated and to change the Limits for all issued variable interest rate Notes, upon 30 days' written notice without issuance of a supplement to the Offering Circular. Such interest rate changes include modifying the number of interest rate tiers and the minimum balances associated with them, modifying the frequency and method by which the interest rate is calculated and how frequently interest is paid to the Investor or added to the Notes. In the event of such changes, the holders of these Notes will receive written notification describing the changes in the method of determining rates. If upon receiving such notice Investors wish to make a complete redemption, they may do so within thirty days of receiving the written notice. For the final interest payment only, they also may be paid interest at the rates in effect for those Notes during the preceding quarter, provided they notify LCEF of this election within the same 30-day period.

LCEF also reserves the right to change the interest rate on all StewardAccount products, Floating-Rate Term Notes, Dedicated Certificates, Congregation Demand Certificates, FlexPlus Certificates and any adjustable rate tier of a Fixed-Rate Term Note. LCEF also reserves the right to modify at any time, with respect to newly issued Notes, the current minimum initial investment amount, the amount of additional investments, the maximum investment amount, the number of interest rate tiers and the minimum redemption amounts, which items will be disclosed to Investors by means other than a supplement to the Offering Circular.

Funds received for the purchase of Notes earn interest from the date of receipt. Interest on all StewardAccount products and FlexPlus Certificates will be compounded and paid monthly. Interest on all other Notes will be compounded and paid no less frequently than every three months. Interest shall be added to the principal, unless the Investor elects to have the interest paid directly to the Investor. This election may be changed at any time through written notice to LCEF. Interest, however, is required to be added to the balances of FlexPlus Certificates and Y.I. StewardAccount Certificates. Investors may, subject to a 30-day notice requirement reserved by LCEF, request payment of any amount of interest previously added to their term Notes during the current Note's term, without redeeming the principal of the Notes or being subject to any penalty on any Note.

LCEF is not required to redeem any Note prior to its maturity date. As a matter of policy and practice, however, LCEF has redeemed Notes at the request of Investors upon a showing of need. LCEF anticipates that it will continue to do so, although there can be no assurance that it will continue this practice. When LCEF agrees to redeem a Note, prior to maturity, interest penalties may apply. Penalties are computed on the amount redeemed less accumulated interest using the current interest rate for a specified number of days, which is between 30 and 365 depending on the term length of the Note. Currently (subject to change), the penalty days associated with various terms of Notes are as follows: i) up to 90 day term = 30 day penalty, ii) 4 month to 24 month term = 90 day penalty, iii) 25 month term to 47 month term = 120 day penalty, iv) 48 month to 84 month term = 180 day penalty, and v) 85 month to 120 month term = 365 day penalty. LCEF reserves the right to assess fees and/or change existing fees on all notes upon 30 days' written notice.

The current rate of interest and the APY for all LCEF Notes offered October 1, 2023, are available by contacting LCEF or visiting LCEF's website at **lcef.org**. The APY is calculated in accordance with Federal Reserve Board Regulation DD using LCEF's current stated rate of interest, the frequency of compounding, and based on no redemption of principal or interest.

LCEF offers a club for young Investors (up to 18 years of age) called the Young Investors Club or Y.I. Club. Members of the Y.I. Club may receive minor cash awards as additional investments in the Y.I. StewardAccount or other Note for certain achievements such as earning an "A" grade or completing a service project or winning a contest. LCEF may also issue a limited number of larger awards to support the education of young Investors.

Notes Offered to Investors

All of the Notes described below are offered as of October 1, 2023. Notes showing a term ranging in days or months are as made available by LCEF from time to time. The current name of each Note LCEF offers and certain of its terms are set out below:

Notes Offered to Individual Investors

Y.I. Stamps

Y.I. Stamps are primarily offered to children and youth through LCMS Sunday Schools and parochial day schools. Stamps have cash values of $1.00. Stamps may be accumulated in stamp books and transferred to Y.I. StewardAccount Certificates or Dedicated Certificates for the face value of all stamps accumulated in the books.

Dedicated Certificates

A demand investment requiring a $100 minimum initial investment ($25 for Y.I. Stamps and certificates opened under a Uniform Gift/Transfers to Minors Act), offering:

- Floating interest rates that may adjust daily.
- Progressive, tiered interest rate schedule; rates rise as balance grows.
- Unlimited number of investments; penalty-free redemptions.
- Principal and accumulated interest is redeemable at any time upon 30-days' written notice.
- *For IRA and ESA Notes only—tiered interest rate schedule that pays interest rates tied to LCEF's StewardAccount®.*

Family StewardAccount Certificate

A demand investment requiring a minimum $25 initial investment, offering:

- Floating interest rates that may adjust daily.
- Limited check writing access for partial or total redemptions.
- Required minimum additional direct investment through electronic transfer on a monthly basis of at least $25 until the account balance reaches a minimum of $10,000.
- Account balances of $10,000 or greater are exempt from the monthly direct investment through electronic transfer requirement.

StewardAccount® Certificate

A demand investment requiring a $100 minimum initial investment, offering:

- Floating interest rates that may adjust daily.
- Progressive, tiered interest rate schedule; rates rise as balance grows.
- Check writing access for partial and total redemptions.
- Optional Visa debit card access and electronic transfer capabilities.
- Optional Bill Pay service.

Gold Tier StewardAccount Certificate

A demand investment requiring a $50,000 minimum initial investment, offering:

- Floating interest rates that may adjust daily.
- Progressive, tiered interest rate schedule; rates rise as balance grows.
- Check writing access for partial and total redemptions.
- Optional Visa debit card access and electronic transfer capabilities.
- Optional Bill Pay service.

Y.I. StewardAccount Certificate

A demand investment requiring a $25 minimum initial investment, offering:

- Floating interest rates that may adjust daily.
- Higher interest rate on balance in first tier.
- Rate for second tier is applicable to that portion of the account that exceeds the maximum amount of first tier.
- Check writing access to Custodian for partial and total redemptions.
- Optional Visa debit card access for Custodian and Minor 16-18 years of age.
- Electronic transfer capabilities.

Note Offered to Individual Investors for Health Savings Accounts

FlexPlus Certificate

A demand investment requiring a $1 minimum initial investment, offering:

- Floating interest rates that may adjust daily.
- Progressive, tiered interest rate schedule; rates rise as balance grows.
- Check writing access for partial and total redemptions.
- Visa debit card access and electronic transfer capabilities.

Notes Offered to Individual and Organizational Investors

Fixed-Rate Term Notes

A term investment offering:

- Interest rates that, except for those Notes offered with an interest rate step-up or Notes that contain a tier that may be subject to interest rate adjustments, remain unchanged for the duration of the Note.
- A $500 minimum investment for a term of months ranging between 4 and 120.
- A $25,000 minimum investment for a term of 30, 60 or 90 days.

Floating-Rate Term Notes

A term investment requiring a $100 minimum initial investment, offering:

- Interest rates that adjust on the first day of each month for the duration of the Note.
- Additional investments of $25 or greater.
- A term of months ranging between 12 and 120.

Notes Offered to Organizational Investors

Congregations and other eligible entities (as described on page 2) may invest in the Notes described above except the FlexPlus, Y.I. StewardAccount and Family StewardAccount Certificates, and in addition, LCEF offers the following Notes only to Organizational Investors:

Congregation Demand Certificate

A demand investment requiring a $100 minimum initial investment, offering:

- Floating interest rates that may adjust daily.
- Unlimited number of investments; penalty-free redemptions.
- Principal and accumulated interest payable at any time upon 30 days' written notice.

Congregation StewardAccount® Certificate

A demand investment requiring a $100 minimum initial investment, offering:

- Floating interest rates that may adjust daily.
- Progressive, tiered interest rate schedule; rates rise for stated investment tiers.
- Monthly compounding and payment of interest.
- Check writing access for partial or total redemptions.
- Optional Visa debit card access and electronic transfer capabilities.

LCEF may also offer any of its Notes with an additional stipulation that, during the terms of such Notes, the proceeds of such Notes will be used to make particular types of loans (e.g., loans to Rostered Church Workers) ("Special-Purpose Notes"). However, the proceeds of Special-Purpose Notes may not be allocated for a loan to any specific borrower. Further, Special-Purpose Notes may be issued with lower interest rates than if the Notes were issued other than as Special-Purpose Notes. The amount that LCEF is required to use, from time to time, to make the particular type of loan specified in connection with the issuance of Special-Purpose Notes will not be more than the then current outstanding principal balance of such Special-Purpose Notes. LCEF may, at any time, discontinue the particular type of loan for which a Special-Purpose Note has been issued. If LCEF discontinues the type of loan for which a Special-Purpose Note has been issued, then from and after the date of such discontinuance, such Note will no longer be treated as a Special-Purpose Note and the interest rate on such Note will convert to the then-current interest rate that would otherwise be applicable to such Note if it had not been issued as a Special-Purpose Note.

INVESTMENT APPLICATIONS FOR ALL NOTES CAN BE FOUND AT LCEF.ORG OR BY CALLING LCEF AT 800-843-5233.

Maturities

LCEF shall mail maturity notices to Investors holding Notes with specified terms and maturity dates at least thirty days prior to the maturity of the Notes. LCEF reserves the right (upon notice of maturity) to change the term of the Note, the frequency and method by which the interest rate is calculated, and how frequently interest is paid to the Investor or added to the Note (the "Interest Terms"). LCEF will provide a current Offering Circular to each Investor with each maturity notice, unless a current Offering Circular has previously been provided to the Investor. The Investor may elect to redeem any accrued interest and invest the remaining principal balance in the Note described in the maturity notice or in any other qualified LCEF Note. The Investor may indicate this election by sending to LCEF either a signed and dated investment application or "Exchange Option" that is provided on the reverse side of the maturity notice. If the Investor elects to have the Note redeemed, payment will be made promptly by LCEF. If the Investor does not notify LCEF of the Investor's election to either reinvest or redeem the remaining balance in the Note within 20 days after maturity, interest will accrue on the Note following maturity at the lowest tier interest rate offered on Dedicated Certificates until such time as the Investor notifies LCEF of the Investor's election to reinvest or redeem the balance in the Note, at which time such balance will be reinvested or promptly paid to the Investor, as applicable.

PLAN OF DISTRIBUTION

LCEF's offering of the Notes is made solely by the Offering Circular. The Offering Circular contains LCEF's audited financial statements and is distributed to each Synod congregation and sent directly to current Investors within 120 days of each fiscal year-end. The audited financial statements are also available upon written request. Promotional material is also published in national and regional publications of the Synod. In addition, promotional material is mailed to prospective Investors and distributed at churches, church conferences, conventions, retreats, and seminars. The promotional material used by LCEF contains a toll-free telephone number, which a prospective Investor may use to call and request an Offering Circular. An LCEF home page for the Internet contains its Offering Circular, Application Form, and promotional information for existing and prospective Investors at **lcef.org**. No underwriting or selling agreement exists and no direct or indirect commission or other remuneration will be paid to any individuals or organizations in connection with the offer and sale of LCEF Notes. No offers to purchase will be accepted prior to the time that an Investor has signed an Application Form acknowledging receipt of an Offering Circular.

Individuals who wish to hold their Notes in an IRA, ESA or an HSA may do so as a result of an arrangement that LCEF has made with UMB Bank, n.a., in Kansas City, Missouri. UMB Bank, as the custodian of an IRA, ESA or HSA, invests funds with LCEF as directed by the Investor. A Nonmember District may promote the sale of LCEF Notes to IRAs, ESAs or HSAs using these arrangements. This District, through its officials, will use this Offering Circular and other written material to promote such sales.

TAX ASPECTS

Investors will not receive a charitable deduction upon the purchase of a Note. The interest paid or payable on the Notes which includes any new investments added to new Investor accounts by LCEF as described on page 27, and Y.I. Club awards as described on page 27, will be taxable as ordinary income to the holder in the year it is paid or accrued (except that awards paid as a scholarship may be wholly or partially non-taxable depending on the expenses for which they are used). As to interest accrued over the life of a Note to be paid at the maturity date, all Investors must report such interest as income on their federal income tax returns and state income tax returns, if applicable, ratably over the term of the Note as interest accrues. Investors also may be liable for other state and local taxes in the state or locality in which they reside. Since the tax laws of each state and locality may differ, each Investor should consult a competent tax advisor about the tax consequences. Transferability of the Notes is limited, and it is unlikely that there would be a sale or exchange of a Note. See "Description of Notes" on page 26. Upon a transfer, however, the seller generally would report either short-term or long-term gain or loss, depending upon the length of time held, the gain or loss being equal to the difference between the purchase price and the amount received upon sale or exchange, less previously accrued interest. Purchasers who hold Notes until their maturity will not be taxed on the return of the principal purchase price or on the payment of previously accrued and taxed interest. Any excess will be interest income.

An individual Investor (or a husband and wife together) who has (have) invested or loaned more than $250,000 in aggregate with or to Synodical Corporations (Districts, District CEFs, colleges and seminaries, LCEF, and other synodically controlled organizations) may be deemed to receive additional taxable interest under Section 7872 of the Code. Such Investors should consult their tax advisors to be informed of the special income tax rules applicable to loans and investments, in the aggregate, greater than $250,000.

Federal law requires LCEF to withhold the current backup withholding percentage from any interest payment paid by LCEF if the Investor has not properly furnished a certified Taxpayer Identification Number ("TIN") and has not certified that withholding does not apply. If the Internal Revenue Service ("IRS") has notified LCEF that the TIN listed on an Investor's account is incorrect according to its records, LCEF is required by the IRS to withhold 24% of any interest payment. Amounts withheld are applied to the Investor's federal tax liability, and a refund may be obtained from the IRS if withholding results in overpayment of taxes.

LCEF will notify individual Investors of interest earned on Notes by sending them an IRS Substitute Tax Form 1099 by January 31 of each year. Investors who choose to contribute their earnings for certain operating programs of the Synod also will receive IRS Substitute Form 1099, which will report all earnings, including any amounts contributed for certain operating programs of the Synod. Contributed amounts, however, would constitute a charitable contribution for those Investors who are able to itemize deductions. Except with respect to awards paid as scholarships, LCEF will notify individual Investors of any award granted as part of the Y.I. Club that equals or exceeds $600 by sending them an IRS Form 1099-MISC by January 31 of each year.

LITIGATION

Except as follows, to the best of its knowledge, LCEF is not aware of any pending or threatened action, proceeding, inquiry, or investigation at law or in equity, in which an adverse determination would have an adverse material impact on LCEF. For the prior three fiscal years, there has been no material litigation involving any LCEF director or officer pertaining to his/her duties as an LCEF director or officer.

On February 7, 2020, Concordia University Portland ("CUP"), by action of its Board of Regents, voted to close its operations at the end of the then current academic year, due to financial shortfalls. CUP was a major borrower of LCEF, with outstanding loans having total balances at that time in excess of $37,000,000. LCEF's loans to CUP were secured by first deed of trust liens on CUP's campus properties in Portland, Oregon and Boise, Idaho. LCEF took title to those properties through foreclosure proceedings and the properties were subsequently sold.

Following CUP's announced closure, Hotchalk, Inc. a provider of online education services to CUP, filed suit in the Circuit Court of Multnomah County, Oregon (Hotchalk, Inc. vs. Lutheran Church-Missouri Synod, et.al - Case No. 20CV15620) on April 17, 2020 against CUP, CUP's Regents, its interim President and Chief Financial Officer, LCEF, The Lutheran Church—Missouri Synod, Concordia University System and Concordia University St. Paul. The lawsuit seeks in excess of $300,000,000 in damages from the named defendants, including LCEF. Hotchalk Inc.'s lawsuit, as amended, alleges the following against LCEF: Fraud, Intentional Fraudulent Transfer, Constructive Fraudulent Transfer, Breach of Contract, Liability for the obligations of CUP under an "alter ego" theory, and Intentional Interference with Contractual Relations. LCEF's position in the lawsuit is that Hotchalk Inc.'s claims against it are spurious and LCEF intends to vigorously defend against them.

MANAGEMENT

Organizational Structure

LCEF is a Missouri nonprofit membership corporation. The 150 members of LCEF consist of 135 persons selected by LCEF Member Districts and 13 persons selected by Corporate Synod's Board of Directors, plus the President and Chief Financial Officer of the Synod. LCEF's members elect eight of the Directors and LCMS's voting members elect three of the directors during their triennial conventions. The Board of Directors of the Synod designates the nonvoting twelfth member of the LCEF Board.

Directors

LCEF's affairs are managed by its Board of Directors, which establishes and monitors LCEF's policies and also separately serves as the Church Extension Board of the Synod, which coordinates the Church Extension functions of the Nonmember Districts. Each Board member's term of office is three years, with a maximum of four consecutive terms. The Board meets at regularly scheduled meetings not less often than quarterly and at special meetings as necessary. The following persons presently serve as the Board of Directors of LCEF:

1. Rev. Max Phillips, Chairperson, serves as senior pastor of the combined Christ-Zion Lutheran Parish of Bouton & Ogden, Iowa. He is a retired State President of Qwest Corporation and current CEO of The Perry Lutheran Home in Perry, Iowa and is the Executive Director of Lutheran Family Service. He has an Executive MBA from the University of Iowa and is a graduate of Concordia Seminary, St. Louis, Missouri. His term expires in November 2025.

2. Mrs. Julie Johnson is a self-employed accountant who, with her husband, owns and manages multiple businesses in Southern Illinois related to industrial transportation. These include marine towing, towboat construction, rail, barge and truck terminals and railroad construction and repair. She has served in a financial capacity at various levels in her church, schools, daycare and district board of directors. She is a retired CPA who received a Bachelor of Science degree in Accounting from Southern Illinois University Carbondale and an MBA from Washington University, St. Louis. Her term expires in September 2026.

3. Ms. Linda K. Barnes is an Executive Vice President/Manager of Retail Banking Division of Independent Bank, a community bank in Memphis, Tennessee. Linda has a Bachelor of Science degree in Economics from Memphis State University. Her term expires in November 2025.

4. Mr. Donald W. Scifres is President of Mergers, Acquisitions, Investments & Strategy for Kerauno, LLC, an intelligent workflow and text engagement software firm located in Indianapolis, Indiana, and currently serves on the board of directors for VisionTech Partners, a private equity firm. Don earned a Bachelor of Science degree in Technology from Purdue University and has completed executive education coursework at Cornell University and the University of Virginia. His term expires in November 2024.

5. Mr. Mark L. Pieper is a Partner of the certified public accounting firm BerganKDV in Minneapolis, Minnesota. Mark has a Bachelor's degree in Accounting from Concordia University Wisconsin. His term expires in November 2023.

6. Mr. Bruce J. Winter is President of FSG Capital, Inc., a commercial equipment financing company headquartered in Maryland which he founded in 1991. He serves on various boards and serves as the Treasurer of The Lutheran Church of St. Andrew in Silver Spring, Maryland. Bruce has a Bachelor of Science degree in Finance from the University of Maryland, College Park. His term expires in November 2023.

7. Mr. Jonathan H. Kramer is a retired System Director of Budgeting and Financial Analysis for the DCH Health System in Tuscaloosa, Alabama. He also held positions of Director, Controller, Assistant Administrator/Finance and VP of Finance during his 39 years with various hospitals. He has an AA degree from Concordia Lutheran Jr. College, a BBA with a major in Accounting from Eastern Michigan University and an MBA from Pittsburg State University. His term expires in September 2026.

8. Mr. Ron Wheeler is President of MKI, Inc. and CEO of First Financial Security (FFS). MKI, Inc. is a licensed insurance brokerage that markets insurance and annuity products through financial institutions and independent agents. Ron started MKI, located in Independence, Missouri, in October 1990 and is licensed in all 50 states. FFS distributes insurance through Multicultural Markets throughout the United States. He has been in the business 42 years. His term expires in November 2024.

9. Mr. Dale Wagner is a retired Senior Vice President-Finance and Administration of Rifkin & Associates, Inc., a cable television management company in Denver, Colorado. Dale has a Bachelor's degree in Finance and Accounting from Wichita State University. His term expires in November 2023.

10. Rev. Jason Braaten is pastor of Immanuel Lutheran Church in Tuscola, Illinois. He serves as the logic instructor for Wittenberg Academy and as a contributing editor to Gottesdienst: The Journal of Lutheran Liturgy. He has served on the Board of Directors for the Central Illinois District of The Lutheran Church–Missouri Synod and as a major-gifts fundraiser for Concordia Theological Seminary, Fort Wayne, Indiana. He has a Bachelor of Art degree from Concordia University Chicago and a Master of Divinity degree from Concordia Theological Seminary, Fort Wayne, Indiana. His term expires in September 2026.

11. Mr. Christopher Soyke has spent his career in banking, currently serving on the executive team for a bank-owned technology outfitter serving the needs of community banks nationally. Chris has a Bachelor of Science degree in Finance from Trinity University and an MBA from Marquette University. His term expires in November 2024.

Senior Officers

President/CEO

Rev. Bart Day began serving as LCEF President and CEO in October 2017. Prior to joining LCEF, Bart served as Executive Director of the LCMS Office of National Mission. Prior to joining the Synod, Bart served as parish pastor and headmaster of Memorial Lutheran Church and School, Houston, Texas. He holds a Bachelor's degree from Concordia University, Nebraska, a M.Div. from Concordia Seminary, St. Louis, and an MBA from Washington University, St. Louis.

Chief Financial Officer

Mr. Kevin D. Bremer has served LCEF since 1993. Kevin served as Manager of Financial Planning, Assistant Vice President and Vice President of Finance before being named to his current position. Before joining LCEF, Kevin served in the LCMS Internal Audit Department for seven years. Kevin has his CPA certificate and a Bachelor of Science in Business Administration from Southeast Missouri State University.

Chief Credit & Administration Officer

Mr. Gerald Kirk has served LCEF since 2015. Prior to joining LCEF, Gerald served as Vice President, Credit Officer-Credit Administration at PNC Bank in St. Louis. He has substantial senior-level experience in the financial services industry involving commercial and investment banking as well as consulting. He earned a Bachelor's degree from the University of Missouri-St. Louis, and his MBA from Washington University, St. Louis.

Chief Legal Officer

Mr. Tim Ramberger has served LCEF since 2012. Prior to joining LCEF, he was in private legal practice for 17 years and was a Senior Contracts & Pricing Administrator for various combat aircraft programs at McDonnell Douglas Corporation. Tim earned a Bachelor of Science degree in Accounting from Indiana University and his Juris Doctor degree, *magna cum laude*, from St. Louis University School of Law.

Chief Growth Officer

Mr. Joe Russo has served LCEF since January 2017, where he has played key roles in the marketing department. Prior to joining LCEF, Joe led the marketing department for Staples and worked on the marketing team at James Hardie Building Products. He earned a Bachelor's degree from Concordia University, Nebraska and a Master's degree from Webster University, St. Louis.

Chief Operating Officer

Mr. Jim O'Brien has served with LCEF since January 2022. Prior to joining LCEF, Jim served as COO of Rabo Diversified Services and CTO of Rabo Agrifinance. He has a wide array of experience in financial services and banking, as well as senior leadership roles in healthcare, manufacturing, distribution, and as a lead technology and operations consultant. He earned his Bachelor's degree in Business and Master's degree in Organizational Leadership and Effectiveness from Charter Oak College in Connecticut. Jim is currently a doctoral candidate in the DBA program at Concordia University, Wisconsin.

Senior Vice President, Human Capital & Organizational Effectiveness

Mrs. Yvonne Schone has served LCEF since 2019 in Human Resources and Organizational Development roles. Early in her career, Yvonne spent 12 years in the banking industry. She then spent 17 years in the insurance industry. In 2015, she started serving the LCMS community, working at Lutheran Senior Services and Concordia Plan Services before joining LCEF. Most of Yvonne's career has focused on developing and leading high performing individuals and teams. She earned a Bachelor's degree in Marketing from Maryville University in St. Louis.

Senior Officer Remuneration

Members of the LCEF Board of Directors do not receive compensation for their services but are reimbursed for expenses incurred in attending board meetings. The President and the Chiefs and Senior Vice Presidents reporting to the President are full-time salaried employees of LCEF. During the fiscal year ending June 30, 2023, the persons then serving in those positions received the following remuneration in aggregate, and individually for those person(s) who received total remuneration of $150,000 or more:

Payee(s)	Salary	Medical Insurance	Disability Insurance	Retirement	Total Remuneration
Aggregate	$ 1,824,390	$ 162,518	$ 30,041	$ 142,384	$2,159,333
Rev. Bart Day	$ 325,238	$ 27,091	$ 5,259	$ 22,749	$ 380,337
Mr. Jim O'Brien	$ 283,098	$ 9,331	$ 3,094	$ 25,018	$ 320,541
Mr. Tim Ramberger	$ 257,067	$ 27,091	$ 4,269	$ 19,005	$ 307,432
Mr. Kevin Bremer	$ 263,056	$ 18,828	$ 4,723	$ 20,416	$ 307,023
Mr. Joe Russo	$ 254,890	$ 25,995	$ 4,629	$ 20,412	$ 305,926
Mr. Gerald Kirk	$ 241,808	$ 27,091	$ 4,287	$ 18,936	$ 292,122
Ms. Yvonne Schone	$ 199,233	$ 27,091	$ 3,780	$ 15,848	$ 245,952

As of June 30, 2023, LCEF's directors and officers owned Notes aggregating $2,052,270, which is less than two-tenths of 1% of LCEF's total outstanding Notes payable.

Certain officers may receive compensation under an executive deferred compensation plan. However, all full-time employees of LCEF and of Member Districts are eligible to participate in the Synod's Concordia Plan Services, including the Concordia Retirement Plan and the Concordia Retirement Savings Plan. The amount paid for each employee is 8.7% of compensation. LCEF makes contributions to the Concordia Retirement Savings Plan only on behalf of those employees contributing to this plan.

LEGAL MATTERS

Spencer Fane LLP, 1 North Brentwood Boulevard, Suite 1200, St. Louis, MO, has given its opinion that the Notes, when issued, will be valid and binding obligations of LCEF in accordance with their terms.

FURTHER INFORMATION

LCEF has filed certain documents with the appropriate agencies of the various states including certain exhibits and amendments thereto for the offer and sale of the Notes offered hereby. The Offering Circular may not contain all the information so filed, and reference is hereby made to the information so filed for further information, with respect to LCEF and its Notes. Such additional documents are available for inspection at the offices of the applicable state agencies. This Offering Circular speaks as of its date and is subject to change without notice.

INDEPENDENT AUDITORS

The statements of financial position of LCEF as of June 30, 2023, and 2022, and the related statements of activities and changes in net assets and cash flows for each of the years in the three-year period ended June 30, 2023, included in this Offering Circular, have been audited by KPMG LLP, independent auditors, as stated in their report appearing herein.

KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1761

Independent Auditors' Report

The Board of Directors
Lutheran Church Extension Fund - Missouri Synod:

Opinion

We have audited the financial statements of Lutheran Church Extension Fund - Missouri Synod (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, and cash flows for each of the years in the three-year period ended June 30, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended June 30, 2023 in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

St. Louis, Missouri
August 18, 2023

LUTHERAN CHURCH EXTENSION FUND—MISSOURI SYNOD

STATEMENTS OF FINANCIAL POSITION
(In Thousands)

ASSETS

	June 30	
	2023	**2022**
Cash and cash equivalents	$ 16,928	$ 63,940
Investments, at fair value – Note C	435,175	585,776
Accrued interest receivable (net of reserve of $892 and $830, respectively)	4,411	4,259
Loans receivable (net of allowance for loan losses of $21,309 and $27,452, respectively) – Note D	1,510,657	1,391,219
Real estate (net of valuation allowance of $2,182 and $3,072, respectively) – Note E	11,459	13,099
Deferred charges, leases, and other assets – Note F	9,259	9,763
Total assets	$ 1,987,889	$ 2,068,056

LIABILITIES AND NET ASSETS

	2023	2022
Liabilities		
Accounts payable	$ 9,634	$ 11,226
Notes and support dollars payable – Note H:		
Notes payable:		
Demand	618,092	718,420
Term	1,003,243	936,445
Total notes payable	1,621,335	1,654,865
Support dollars payable:		
Demand	52,109	119,271
Term	83,888	62,505
Total support dollars payable	135,997	181,776
Total notes and support dollars payable	1,757,332	1,836,641
Total liabilities	1,766,966	1,847,867
Net assets – Note B:		
Net assets without donor restrictions	217,975	217,525
Net assets with donor restrictions	2,948	2,664
Total net assets	220,923	220,189
Total liabilities and net assets	$ 1,987,889	$ 2,068,056

See notes to financial statements.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
(In Thousands)

	For the Year Ended June 30		
	2023	2022	2021
Interest and dividend income:			
Loans, including fees	$ 54,178	$ 54,127	$ 58,188
Loan interest rebates	(23)	(27)	(29)
Net loan interest income	54,155	54,100	58,159
Investments	12,062	10,211	7,140
Total interest and dividend income	66,217	64,311	65,299
Interest expense:			
Notes and support dollars payable	32,189	26,381	30,858
Other	484	1	2
Total interest expense	32,673	26,382	30,860
Net interest income	33,544	37,929	34,439
(Release of) provision for loan loss	(2,536)	(616)	969
Net interest income after (release) provision	36,080	38,545	33,470
Consulting fee income	813	760	643
Operating expenses:			
Employee compensation and benefits	23,550	21,724	19,623
Technology and communications	2,226	1,939	1,627
Legal and professional services	1,650	2,933	2,443
Investor and loan support services	1,142	1,085	1,106
Marketing and research	995	1,076	897
Travel and meetings	1,319	1,120	386
Occupancy and equipment	1,129	1,260	1,489
Other	1,239	1,268	1,100
Total operating expenses	33,250	32,405	28,671
Net operating income	3,643	6,900	5,442
Other noninterest (loss) income:			
Net (loss) gain on investments	(1,519)	(59,826)	15,515
Net rental income – Sunset office building	217	200	291
Net (loss) gain on real estate and foreclosed assets	(321)	10,212	3,298
Bequests and other gifts	1,601	2,754	1,968
Grant expense	(837)	(277)	(212)
Other revenue	114	15	19
Total noninterest (loss) income	(745)	(46,922)	20,879
Net income (loss)	2,898	(40,022)	26,321
Net assets at beginning of year	220,189	260,887	239,353
Acquisition - Grace Place Retreat Ministries	-	1,891	-
Distribution of earnings	(2,164)	(2,567)	(4,787)
Net assets at end of year	$ 220,923	$ 220,189	$ 260,887

See notes to financial statements.

LUTHERAN CHURCH EXTENSION FUND—MISSOURI SYNOD

STATEMENTS OF CASH FLOWS
(In Thousands)

	For the Year Ended June 30		
	2023	2022	2021
Cash flows from operating activities:			
Net income (loss)	$ 2,898	$ (40,022)	$ 26,321
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
(Release of) provision for loan loss	(2,536)	(616)	969
Provision for depreciation and amortization	976	878	845
Net loss (gain) on investments	1,519	59,826	(15,515)
Net loss (gain) on real estate and foreclosed assets	321	(10,212)	(3,298)
Net increase in accrued interest receivable	(152)	(753)	(101)
Net decrease (increase) in deferred charges and other assets	263	828	(1,325)
Net decrease in accounts payable	(3,756)	(1,760)	(2,154)
Net amortization of securities	1,774	1,947	1,663
Amortization of deferred loan fees, net	(412)	(709)	(792)
Other, net	43	8	(149)
Net cash provided by operating activities	938	9,415	6,464
Cash flows from investing activities:			
Proceeds from sales of investment securities	190,246	46,686	66,345
Proceeds from maturities of investment securities	45,300	76,967	67,494
Purchases of investment securities	(88,238)	(299,967)	(298,508)
Proceeds from payments on loans	167,480	233,700	245,538
Purchases of loans	(19,884)	(5,291)	(7,367)
Disbursements on loans	(264,087)	(139,964)	(146,666)
Proceeds from sale of real estate and foreclosed assets	1,340	57,652	5,620
Purchases of premises and equipment	(798)	(798)	(234)
Net cash provided by (used in) investing activities	31,359	(31,015)	(67,778)
Cash flows from financing activities:			
Proceeds from sales of notes and support dollars payable	562,144	564,081	621,889
Redemption of notes and support dollars payable	(671,233)	(606,512)	(562,092)
Reinvested interest on notes and support dollars payable	29,780	24,015	28,198
Net cash (used in) provided by financing activities	(79,309)	(18,416)	87,995
Net change in cash and cash equivalents	(47,012)	(40,016)	26,681
Cash and cash equivalents at beginning of year	63,940	103,956	77,275
Cash and cash equivalents at end of year	$ 16,928	$ 63,940	$ 103,956

See notes to financial statements.

Note A — Organization

The Lutheran Church Extension Fund—Missouri Synod (LCEF) was organized on October 1, 1978, as part of an overall plan to restructure the national and district church extension activities within The Lutheran Church—Missouri Synod (LCMS). LCEF was formed for religious, educational, and charitable purposes, including financing the acquisition of sites and the construction of facilities to aid expansion for effective programs of ministry, witness, outreach, and service. During the year ended June 30, 1981, the church extension funds of LCMS districts operating within the United States were first given the opportunity to transfer into LCEF.

LCEF is managed by a 12-member Board of Directors (Board) that establishes and monitors LCEF's policies. Members of LCEF elect eight of the directors, and LCMS's voting members elect three of the directors during their triennial conventions. The LCMS's Board of Directors designates the nonvoting twelfth Board member. Each Board member's term of office is three years, with a maximum of four consecutive terms. The President of LCMS, or a representative, may attend any Board meeting. A chairman, vice chairman, and secretary are elected annually. The President, as the Chief Executive Officer, has general management and supervision of LCEF's business and is elected annually by the Board. Each of the 31 LCMS districts that have transferred into LCEF (Member Districts) is represented by a Vice-President who is nominated by the district and elected by a vote of the Board.

LCEF is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and is exempt from federal income tax on its related exempt activities under Code Section 501(a). LCEF is specifically included in the group exemption ruling issued by the Internal Revenue Service to LCMS.

Note B — Significant Accounting Policies

Basis of Presentation: The financial statements have been prepared on the accrual basis of accounting. For administrative purposes, Board-designated funds have been established to internally account for certain types of transactions; however, for reporting purposes, the assets, liabilities, and operations have been combined.

Revenue Recognition: Contributions are recognized as revenue when they are received or unconditionally pledged. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as revenue when the conditions upon which they depend are substantially met. LCEF earns consulting fees from its contracts with ministries. These fees are primarily earned over time as LCEF provides the contracted services. Sales of real estate property are generally recognized, and any associated gain or loss, when control of the property transfers.

Net Assets Without Donor Restrictions: Net assets and contributions not subject to donor-imposed stipulations are classified as net assets without donor restrictions. This classification includes Board-designated funds, net realized gains (losses) on investments, and interest and dividend income on restricted endowments that are not stipulated by the donor or law for permanent reinvestment.

Net Assets With Donor Restrictions: Net assets and contributions subject to donor-imposed stipulations.

Administrative Services: Certain administrative services totaling \$61,000, \$219,000, and \$226,000 for the years ended June 30, 2023, 2022, and 2021, respectively, were purchased from LCMS and LCMS Foundation.

Building, Equipment, and Computer Software: Building, equipment, and computer software are included in deferred charges and other assets at cost, less accumulated depreciation and amortization. Depreciation is provided over the estimated useful lives of the respective assets, which range from 2 to 30 years, by the straight-line method. Purchased software costs are amortized over their estimated useful lives, which range from two to five years by the straight-line method.

Investment Securities: As required of not-for-profit entities under Accounting Standards Codification (ASC) 958, investment securities are carried at fair value with gains and losses recognized in the statements of activities and changes in net assets as net gain or loss on investments. Interest and dividends net of related fees are accrued and credited to income when earned.

Operating Results: Portions of each year's operating results are distributed as grants to Member Districts and LCMS for activities related to church extension. Distributions are treated as net asset transactions rather than operating expenses. In addition, operating results, a portion of unrestricted gifts, and all gifts so designated are allocated to the Kaleidoscope Grant Fund which has been established to make grants to the LCMS, LCMS congregations, and Member Districts. Grants from the Kaleidoscope Grant Fund are recorded as an expense during the year in which specific grants are approved.

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Interest on Loans: Interest income is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. Refer to Note D, *Loans Receivable and Allowance for Loan Losses*, for summaries of LCEF's accounting policies regarding impaired loans and the related recognition of interest income, troubled debt restructurings and the allowance for loan losses.

Deferred Loan Fees and Costs: Loan fees and certain direct loan origination costs are deferred, and the net fee or cost is recognized as an adjustment to interest income using the interest method over the contractual life of the loans.

Loan Sales and Related Servicing Rights: Gains or losses on loan sales are recognized at the time of sale and are determined by the difference between net sales proceeds and the principal balance of the loans sold, adjusted for net deferred loan fees or costs. LCEF retains the servicing rights of sold loans. Loan servicing income is recorded on the accrual basis and includes servicing fees received from investors and certain charges collected from borrowers.

Real Estate: Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less estimated selling costs at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically obtained by management from third-party sources and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net gain or loss on real estate and foreclosed assets.

Leases: In February 2016, the FASB issued ASU No. 2016-02, "Leases" – ASC Topic 842. In January, July, and December 2018 and March 2019, the FASB issued implementation amendments to the February 2016 ASU (collectively, the amended guidance). The amended guidance changed the accounting treatment of leases, in that lessees recognize most leases on-balance sheet. This increased reported assets and liabilities, as lessees are required to recognize a right-of-use asset along with a lease liability, measured on a discounted basis. The amended guidance allows an entity to choose either the effective date, or the beginning of the earliest comparative period presented in the financial statements, as its date of initial application. LCEF adopted the amended guidance on July 1, 2022, using the effective date as the date of initial application. Adoption of the amended guidance resulted in the recording of right-of-use assets of $232,000 and lease liabilities of $232,000 to its Statements of Financial Position as of July 1, 2022. The most significant effects of the adoption of the amended guidance are additional financial statement disclosures. See Note F, "Deferred charges, leases, and other assets" for related disclosures.

Cash Equivalents: For the purposes of the statements of cash flows, highly liquid investments with a maturity of three months or less at the date of acquisition generally are considered to be cash equivalents.

Guarantees: At the inception of a guarantee, LCEF recognizes a liability for the fair value of the obligation undertaken. LCEF amortizes this initial liability over the term of the guarantee on a straight-line basis.

Use of Estimates: The presentation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* The ASU requires measurement and recognition of expected credit losses for financial assets held and holding an allowance equal to the expected life-of-loan losses on the loan portfolio. The standard, as amended by ASU 2019-10, *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates,* is effective for fiscal periods beginning after January 2023. The impact of the adoption of this ASU is currently being evaluated.

(continued)

Note C — Investments

Investment securities at June 30, 2023 and 2022 are summarized as follows:

	(In Thousands) June 30	
	2023	**2022**
Fixed income:		
Agency, Asset- and Mortgage-Backed Securities	$ 231,370	$ 306,114
Corporate Bonds and Debentures	72,045	131,026
Taxable Municipal Bonds	37,444	41,121
Mutual Bond Funds	10,758	14,369
Equities	59,291	63,299
Other:		
Real Estate Investment Trusts	2,486	10,534
Fund of Funds – Private Equity	6,916	6,599
Fund of Funds – Hedge Equity	4,996	5,031
Other	9,869	7,683
Total	$ 435,175	$ 585,776

(continued)

Note D — Loans Receivable and Allowance for Loan Losses

Loans receivable at June 30, 2023 and 2022 are summarized as follows:

	(In Thousands) June 30 2023	2022
Congregation:		
General	$ 849,216	$ 893,611
Specialized Ministry	1,313	2,470
Recognized Service Organizations:		
High Schools	127,068	114,247
Social Agencies	186,687	160,728
Synodical Entities:		
Synod and District	1,849	2,245
Higher Education	93,118	47,551
International	26,759	27,085
Rostered Church Workers:		
Housing	212,222	140,081
Consolidation	2,675	2,865
Home Equity	1,225	821
Other	28,094	26,515
	1,530,226	1,418,219
Add (less):		
Deferred loan costs, net	1,740	452
Allowance for loan losses	(21,309)	(27,452)
Total	$ 1,510,657	$ 1,391,219

Generally, loans are written with a 20-year amortization period and have either a fixed interest rate for a 5-year or 10-year term or an adjustable rate for a 20-year term. Adjustable rate loans adjust either monthly, quarterly or annually. The interest rate is based on LCEF's cost of funds plus a margin of up to 3%, depending on the type of loan. As of June 30, 2023 and 2022, 98% of total loans receivable were secured by collateral.

At June 30, 2023, 2022, and 2021, LCEF was servicing loans for others totaling $7,048,000, $7,334,000, and $7,609,000, respectively. Servicing loans for others generally consists of collecting mortgage payments, disbursing payments to investors, and foreclosure processing.

Allowance for Loan Losses: The allowance for loan losses reflects management's judgment of probable loan losses inherent in the portfolio at the balance sheet date. To determine the total allowance for loan losses, management takes into consideration the current economic conditions, changes in the character and size of the portfolio, past loan loss experience, unrealized losses incurred on loans to specific borrowers, changes to the credit rating assigned to each loan, the financial condition of the borrower and other pertinent factors that management believes require current recognition in estimating probable loan losses. The allowance for loan losses is increased by provisions for losses charged to expense and by the transfer of interest reserves when interest is capitalized as part of a troubled debt restructure and reduced by loans charged off, net of recoveries.

Estimation Process: Management has an established methodology to determine the allowance for loan losses that assesses the risks and losses inherent in the loan portfolio. For purposes of determining the allowance, LCEF has segmented loans in the portfolio into the following pools: Congregation, Recognized Service Organization (RSO), Synodical Entities, International, Rostered Church Worker (RCW), and Other. LCEF further divides these segments into classes based on the associated risks within those segments. Congregation loans are divided into the following two classes: General and Specialized Ministry loans. RSO loans are divided into two classes: High Schools and Social Agencies. Synodical Entity loans are divided into two classes: Synod and District, and Higher Education. RCW loans are divided into three classes: Housing, Consolidation, and Home Equity.

(continued)

In determining the allowance and the related provision for loan losses for each segment of the portfolio, LCEF utilizes percentage loss allocations assigned to the various categories of loans and the specific allowance calculated for any impaired loan for which the recorded investment in the loan exceeds the estimated recoverable amount of the loan. LCEF considers recorded investment in loans to include accrued interest and deferred loan costs, net.

To establish the loss percentages applied to the credit categories for the various loan segments and classes, management monitors historical loan charge-offs and the loss emergence and pre-emergence periods, and utilizes this information, along with other factors, to establish and evaluate the allowance percentages applied to the various credit categories. To estimate the impairment loss for impaired loans for which the stated recorded investment in the loan exceeds the estimated recoverable amount of the loan, management establishes specific reserves on a loan-by-loan basis based primarily on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral if the loan is considered collateral dependent.

The following table presents by portfolio segment the changes in the allowance for loan losses and recorded investment in loans for the year ended June 30, 2023:

	(In Thousands) June 30, 2023						
	Congregation	RSO	Synodical	International	RCW	Other	Total
Activity in allowance for loan losses:							
Beginning balance	$ 22,962	$ 756	$ 105	$ 3,464	$ 117	$ 48	$ 27,452
Charge-offs	(3,585)	-	-	-	(22)	-	(3,607)
Provision (release)	(6,311)	3,335	95	339	9	(3)	(2,536)
Interest reserve transfer	-	-	-	-	-	-	-
Ending balance	$ 13,066	$ 4,091	$ 200	$ 3,803	$ 104	$ 45	$ 21,309
Allowance balance at end of period based on:							
Loans individually evaluated for impairment	$ 11,412	$ 30	$ -	$ 3,766	$ 73	$ -	$ 15,281
Loans collectively evaluated for impairment	1,654	4,061	200	37	31	45	6,028
Total balance end of period	$ 13,066	$ 4,091	$ 200	$ 3,803	$ 104	$ 45	$ 21,309

In addition to the allowance for loan losses shown above, a reserve for accrued interest receivable of $892,000 at June 30, 2023 has been established. This reserve is netted against accrued interest receivable on the statements of financial position.

Recorded investment in loans receivable at June 30, 2023:

	(In Thousands) June 30, 2023						
	Congregation	RSO	Synodical	International	RCW	Other	Total
Total loans receivable	$ 852,589	$ 314,280	$ 95,319	$ 27,102	$ 216,135	$ 28,175	$ 1,533,600
Loans receivable individually evaluated for impairment	37,903	9,778	-	4,062	74	-	51,817
Loans receivable collectively evaluated for impairment	814,686	304,502	95,319	23,040	216,061	28,175	1,481,783

(continued)

The following table presents by portfolio segment the changes in the allowance for loan losses and recorded investment in loans for the year ended June 30, 2022:

	(In Thousands) June 30, 2022						
	Congregation	RSO	Synodical	International	RCW	Other	Total
Activity in allowance for loan losses:							
Beginning balance	$ 22,564	$ 1,534	$ 117	$ 3,519	$ 158	$ 234	$ 28,126
Charge-offs	-	-	-	-	(58)	-	(58)
Provision (release)	398	(778)	(12)	(55)	17	(186)	(616)
Interest reserve transfer	-	-	-	-	-	-	-
Ending balance	$ 22,962	$ 756	$ 105	$ 3,464	$ 117	$ 48	$ 27,452
Allowance balance at end of period based on:							
Loans individually evaluated for impairment	$ 21,485	$ 115	$ -	$ 3,423	$ 50	$ -	$ 25,073
Loans collectively evaluated for impairment	1,477	641	105	41	67	48	2,379
Total balance end of period	$ 22,962	$ 756	$ 105	$ 3,464	$ 117	$ 48	$ 27,452

In addition to the allowance for loan losses shown above, a reserve for accrued interest receivable of $830,000 at June 30, 2022 has been established. This reserve is netted against accrued interest receivable on the statements of financial position.

Recorded investment in loans receivable at June 30, 2022:

	(In Thousands) June 30, 2022						
	Congregation	RSO	Synodical	International	RCW	Other	Total
Total loans receivable	$ 897,983	$ 275,467	$ 49,857	$ 27,377	$ 143,776	$ 26,551	$ 1,421,011
Loans receivable individually evaluated for impairment	64,172	2,074	-	4,049	233	-	70,528
Loans receivable collectively evaluated for impairment	833,811	273,393	49,857	23,328	143,543	26,551	1,350,483

The activity in the allowance for loan loss was as follows:

	(In Thousands) June 30		
	2023	2022	2021
Beginning balance	$ 27,452	$ 28,126	$ 27,429
(Release of) provision for loan losses	(2,536)	(616)	969
Loans charged-off	(3,607)	(58)	(468)
Transfer from accrued interest reserve	-	-	196
Ending balance	$ 21,309	$ 27,452	$ 28,126

(continued)

Credit Quality Information: The credit quality of the loan portfolio is monitored using an internal rating system that reflects management's risk assessment based on an analysis of the borrower's financial condition, the condition of the ministry, cash flows and the delinquency status of the loan. The internal system assigns one of the following four risk gradings: Pass, Special Mention (or Watch), Substandard, and Impaired. A description of the risk grading categories is listed below:

Pass – Reflects acceptable risk.

Special Mention (or Watch) – Considered a watch rating rather than an "adverse" rating and is assigned to loans where the borrower exhibits trends that, if left uncorrected, may threaten their capacity to perform.

Substandard – Assigned to loans where the borrower exhibits well-defined weaknesses that jeopardize its continued performance and are of a severity that the distinct possibility of default exists.

Impaired – Loan has been placed on nonaccrual status, has been restructured, or it has been determined that LCEF will not be able to collect all amounts due according to the loan contract.

The following table summarizes the recorded investment of the loan portfolio by credit rating within segments and classes as of June 30, 2023:

		(In Thousands) June 30, 2023				
Segment	**Class**	**Pass**	**Special Mention**	**Substandard**	**Impaired**	**Total**
Congregation	General......................	$ 683,259	$ 107,765	$ 22,347	$ 37,903	$ 851,274
	Specialized Ministry .	712	603	-	-	1,315
RSO	High Schools.............	120,393	4,568	923	1,419	127,303
	Social Agencies.........	84,721	76,291	17,606	8,359	186,977
Synodical	Synod and District.....	1,853	-	-	-	1,853
	Higher Education	93,466	-	-	-	93,466
International	....	14,922	8,088	30	4,062	27,102
RCW	Housing.....................	208,498	2,966	758	-	212,222
	Consolidation	2,493	108	10	74	2,685
	Home Equity	1,122	106	-	-	1,228
Other	....	25,541	2,634	-	-	28,175
Total	....	$ 1,236,980	$ 203,129	$ 41,674	$ 51,817	$ 1,533,600

The following table summarizes the recorded investment of the loan portfolio by credit rating within segments and classes as of June 30, 2022:

		(In Thousands) June 30, 2022				
Segment	**Class**	**Pass**	**Special Mention**	**Substandard**	**Impaired**	**Total**
Congregation	General......................	$ 667,487	$ 140,593	$ 23,258	$ 64,172	$ 895,510
	Specialized Ministry .	1,854	619	-	-	2,473
RSO	High Schools.............	105,813	4,886	1,649	2,074	114,422
	Social Agencies.........	82,751	77,347	947	-	161,045
Synodical	Synod and District.....	2,251	-	-	-	2,251
	Higher Education	47,606	-	-	-	47,606
International	....	15,738	7,572	18	4,049	27,377
RCW	Housing.....................	138,509	851	538	183	140,081
	Consolidation	2,724	64	34	50	2,872
	Home Equity	822	1	-	-	823
Other	....	22,345	4,206	-	-	26,551
Total	....	$ 1,087,900	$ 236,139	$ 26,444	$ 70,528	$ 1,421,011

Age Analysis of Past-Due Financing Receivables by Class: For all classes of loans, LCEF considers the entire balance of a loan contractually delinquent if the minimum payment is not received by the specified due date. Interest and fees continue to accrue on past-due loans until the date the loan goes into nonaccrual status. In general, LCEF places loans on nonaccrual status when, in the

(continued)

opinion of management, the ultimate collection of interest or principal is no longer probable or the loans reach a certain number of days past due, which vary among the segments of loans as follows:

Congregation loans are placed on nonaccrual status when they become 365 days past due.

RSO, Synodical Entity, International and Other loans are placed on nonaccrual status when they become 180 days past due.

RCW loans are placed on nonaccrual status when they become 90 days past due.

When management places a loan on nonaccrual status, previously accrued but unpaid interest is charged against interest income and the loan is accounted on the cash method until it qualifies for return to accrual status.

Nonaccrual loans are returned to accrual status when, in the opinion of management, the financial position of the borrower indicates that the timely collection of principal and interest is probable and the borrower demonstrates the ability to pay under the terms of the note through a sustained period of repayment performance, which is generally a period of six months.

Nonaccrual/nonperforming loans at June 30, 2023 and 2022 represented 3.0% and 3.9% of the loan portfolio, respectively.

The table below provides an aging analysis of the recorded investment in loans receivable by class that were more than 30 days past due as of June 30, 2023:

(In Thousands)
June 30, 2023

Segment	Class	31—60 Days Past Due	61—90 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Total Portfolio	90 Days or More and Still Accruing	Non Accrual Status
Congregation	General	$ 160	$ 41	$ 3,100	$ 3,301	$ 847,973	$ 851,274	$ 2,469	$ 32,187
	Specialized Ministry	-	-	-	-	1,315	1,315	-	-
RSO	High Schools	-	-	729	729	126,574	127,303	-	1,382
	Social Agencies	413	-	-	413	186,564	186,977	-	8,321
Synodical	Synod and District	-	-	-	-	1,853	1,853	-	-
	Higher Education	-	-	-	-	93,466	93,466	-	-
International		-	-	3,747	3,747	23,355	27,102	-	3,767
RCW	Housing	-	-	-	-	212,222	212,222	-	-
	Consolidation	6	-	40	46	2,639	2,685	-	73
	Home Equity	-	-	-	-	1,228	1,228	-	-
Other		-	-	511	511	27,664	28,175	511	-
Total		$ 579	$ 41	$ 8,127	$ 8,747	$ 1,524,853	$ 1,533,600	$ 2,980	$ 45,730

The table below provides an aging analysis of the recorded investment in loans receivable by class that were more than 30 days past due as of June 30, 2022:

(In Thousands)
June 30, 2022

Segment	Class	31—60 Days Past Due	61—90 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Total Portfolio	90 Days or More and Still Accruing	Non Accrual Status
Congregation	General	$ 599	$ -	$ 865	$ 1,464	$ 894,046	$ 895,510	$ 26	$ 49,892
	Specialized Ministry	-	-	-	-	2,473	2,473	-	-
RSO	High Schools	-	-	703	703	113,719	114,422	703	2,072
	Social Agencies	-	-	-	-	161,045	161,045	-	-
Synodical	Synod and District	-	-	-	-	2,251	2,251	-	-
	Higher Education	-	-	-	-	47,606	47,606	-	-
International		-	-	4,067	4,067	23,310	27,377	-	3,791
RCW	Housing	-	-	178	178	139,903	140,081	-	179
	Consolidation	-	-	4	4	2,868	2,872	-	50
	Home Equity	-	-	-	-	823	823	-	-
Other		-	-	-	-	26,551	26,551	-	-
Total		$ 599	$ -	$ 5,817	$ 6,416	$ 1,414,595	$ 1,421,011	$ 729	$ 55,984

Impaired Loans: Management considers a loan to be impaired when it is placed on nonaccrual status, is restructured or when, based on current information and events, it is determined that LCEF will not be able to collect all amounts due according to the loan contract, including scheduled interest payments. When management identifies a loan as impaired, the amount of impairment is measured based on the present value of expected future cash flows, discounted at the loan's effective interest rate, except when the sole

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(remaining) source of repayment for the loan is the operation or liquidation of the collateral making the collateral the best source of reliable information for which to base the reserve. In these cases, management uses the current fair value of the collateral, less selling costs when foreclosure is probable. If management determines that the value of the impaired loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees or costs, and unamortized premium or discount), an impairment charge is recognized through a provision for loan losses.

When the ultimate collection of the total principal of an impaired loan is not in doubt and the loan is on nonaccrual status, contractual interest is credited to interest income when received, under the cash basis method.

The following tables include the recorded investment and unpaid principal balances for impaired loans with the associated allowance. Also presented are the average recorded investments in the impaired loans and the related amount of interest recognized within the period that the loans were impaired. The average balances are calculated based on the month-end balances of the financing receivables of the period reported.

(In Thousands)

		June 30, 2023			Year Ended June 30, 2023	
Segment	Class	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Congregation	General	$ 37,903	$ 37,368	$ 11,412	$ 39,184	$ 218
	Specialized Ministry	-	-	-	-	-
RSO	High Schools	1,419	1,382	30	1,409	2
	Social Agencies	8,359	8,321	-	8,295	174
Synodical	Synod and District	-	-	-	-	-
	Higher Education	-	-	-	-	-
International		4,062	3,766	3,766	4,051	6
RCW	Housing	-	-	-	-	-
	Consolidation	74	73	73	79	2
	Home Equity	-	-	-	-	-
Other		-	-	-	-	-
Total		$ 51,817	$ 50,910	$ 15,281	$ 53,018	$ 402

The Related Allowance above is exclusive of the accrued interest reserve of $892,000 at June 30, 2023.

(In Thousands)

		June 30, 2022			Year Ended June 30, 2022	
Segment	Class	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Congregation	General	$ 64,172	$ 63,573	$ 21,485	$ 64,467	$ 468
	Specialized Ministry	-	-	-	-	-
RSO	High Schools	2,074	2,072	115	2,014	32
	Social Agencies	-	-	-	-	-
Synodical	Synod and District	-	-	-	-	-
	Higher Education	-	-	-	-	-
International		4,049	3,791	3,423	4,050	25
RCW	Housing	183	179	-	183	2
	Consolidation	50	50	50	56	1
	Home Equity	-	-	-	-	-
Other		-	-	-	-	-
Total		$ 70,528	$ 69,665	$ 25,073	$ 70,770	$ 528

The Related Allowance above is exclusive of the accrued interest reserve of $830,000 at June 30, 2022.

(continued)

Loan Charge-off Policies: Loans are generally fully or partially charged down to the fair value of the collateral securing the loan when:

- Management judges the loan or a portion thereof to be uncollectible.
- The borrower has filed bankruptcy and the loss becomes evident.
- The borrower has legally dissolved and the remaining assets are insufficient to fully repay the loan.

The primary means utilized by the LCEF to resolve delinquencies consists of restructuring the delinquent loan in a manner that provides a period of time with reduced payment requirements to provide opportunity to resolve the issues causing the delinquencies. The mission of LCEF and its relationship with its borrowers is unlike that of a traditional lender. Therefore, LCEF may be more willing to accept partial, deferred or late payments; and may agree to modify loan terms as part of a loan restructuring in lieu of exercising its right to foreclose.

When a delinquent loan is restructured, outstanding accrued interest is capitalized to the principal balance of the loan, and the interest reserves associated with the delinquent loan are transferred to the specific allowance for loan losses associated with the restructured loan.

Troubled Debt Restructurings: The following is a summary of the unpaid principal balance and recorded investment of troubled debt restructurings as of June 30, 2023 and 2022. The recorded investment of certain loan categories exceeds the unpaid principal balance of such categories due to the inclusion of accrued interest.

	(In Thousands)			
	June 30, 2023		June 30, 2022	
	Unpaid Principal Balance Net of Charge-Offs	Recorded Investment	Unpaid Principal Balance Net of Charge-Offs	Recorded Investment
Classified as Non-performing Loans:				
Current Under Restructured Terms.....	$ 40,655	$ 41,156	$ 48,670	$ 49,160
Past Due Under Restructured Terms ..	4,128	4,460	3,423	3,659
Total Non-performing.........................	44,783	45,616	52,093	52,819
Returned to Accrual Status	5,181	5,195	5,778	5,791
Total Troubled Debt Restructurings ...	$ 49,964	$ 50,811	$ 57,871	$ 58,610

Of the total troubled debt restructurings of $49,964,000 and $57,871,000 at June 30, 2023 and 2022, respectively; $5,678,000 and $12,644,000, respectively, require monthly principal payments; $2,978,000 and $7,973,000, respectively, require interest only payments; and $41,308,000 and $37,254,000, respectively, require no payments prior to maturity.

A loan is classified as troubled debt restructuring if LCEF, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. Such concessions usually include a modification of loan terms, such as a reduction of the rate to below-market terms, adding past-due interest to the loan balance or extending the maturity date.

A loan classified as troubled debt restructuring will generally retain such classification until the loan returns to a market rate or has been paid in full. Interest income on restructured loans is accrued at the reduced rate and the loan is returned to performing status once the borrower demonstrates the ability to pay under the terms of the restructured note through a sustained period of repayment performance, which is generally six months.

(continued)

Accruing loans that were restructured and classified as a troubled debt restructuring for the years ended June 30, 2023 and 2022 and restructured loans that qualify as a troubled debt restructuring that defaulted during the years ended June 30, 2023 and 2022, are presented in the table below. LCEF considers a loan to have defaulted when it becomes 90 or more days delinquent under the modified terms, has been transferred to nonaccrual status, has been charged off or has been acquired through or in lieu of foreclosure.

	(In Thousands)			
	Total TDR Additions During Year Ended June 30,		Defaulted During Year Ended June 30,	
	2023	2022	2023	2022
Congregations – General	$ 648	$ 2,622	$ -	$ -
International	-	-	-	3,423
RSO – High Schools	688	305	688	-
RSO – Social Agencies	8,321	-	-	-
RCW Consolidation	17	-	17	-
Total	$ 9,674	$ 2,927	$ 705	$ 3,423

The financial impact of troubled debt restructurings can include loss of interest due to reductions in interest rates and increases in the provision for losses. The gross amount of interest that would have been recognized under the original terms of renegotiated loans was $2,114,000 and $2,829,000 for the years ended June 30, 2023 and 2022, respectively. The actual amount of interest income recognized under the restructured terms totaled $603,000 and $1,109,000 for the years ended June 30, 2023 and 2022, respectively.

Included in impaired loans at June 30, 2023 and 2022 were $49,964,000 and $57,871,000, respectively, of loans that were modified and are classified as troubled debt restructurings because of the borrower's financial difficulties. The restructured terms of the loans generally included a reduction of the interest rates and the addition of past-due interest to the principal balance of the loans. At June 30, 2023, $45,836,000, or 91.7%, of these loans were performing as agreed under the modified terms of the loans compared to $54,448,000, or 94.1%, at June 30, 2022. Specific loan loss allowances related to troubled debt restructurings at June 30, 2023 and 2022 were $14,846,000 and $24,599,000, respectively.

Note E — Real Estate

Real estate at June 30, 2023 and 2022, net of valuation allowance, is summarized below:

	(In Thousands) June 30	
	2023	2022
Beginning balance	$ 13,099	$ 60,545
Additions	-	-
Sales	(1,170)	(47,446)
Valuation adjustments	(470)	-
Ending balance	$ 11,459	$ 13,099

Activity in the real estate valuation allowance for the years ended June 30, 2023, 2022, and 2021 is summarized as follows:

	(In Thousands) June 30		
	2023	2022	2021
Beginning balance	$ 3,072	$ 3,072	$ 3,421
Reduction for valuation adjustments	(470)	-	(64)
Charge-offs	(1,361)	-	(285)
Ending balance	$ 2,182	$ 3,072	$ 3,072

(continued)

Note F — Deferred Charges, Leases, and Other Assets

	(In Thousands) June 30 2023	2022
Sunset office building (net of accumulated depreciation of $14,981,000 and $14,300,000, respectively)	$ 3,123	$ 3,406
Pledges receivable	2,999	2,899
Prepaid expense	917	1,063
Sunset office land	829	829
Other	1,391	1,566
	$ 9,259	$ 9,763

Depreciation and amortization expense aggregated to $976,000, $878,000, and $845,000, for fiscal years 2023, 2022, and 2021, respectively.

LCEF has historically entered into a number of lease arrangements under which it is the lessee. Additionally, there is one office lease that has a related sub-lease. LCEF is also party to five finance leases for office equipment. LCEF has elected the short-term lease practical expedient related to leases of various equipment. Net amounts recognized as right-of-use assets are included in deferred charges, leases, and other assets in the accompanying statements of financial position while related lease liabilities are included in accounts payable. As of June 30, 2023, right-of-use assets and lease liabilities were $210,000 and $217,000, respectively.

During fiscal year 2023, LCEF recognized lease costs as follows:

	(In Thousands) Year Ended June 30 2023
Operating lease cost	$ 53
Finance lease cost:	
Amortization of right-of-use assets	115
Interest on lease liabilities	5
Sublease income	44
Total lease cost	$ 129

(continued)

Other information related to leases:

	(In Thousands) Year Ended June 30
	2023
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 53
Operating cash flows from finance leases	107
Financing cash flows from finance leases	5
Additions to right-of-use assets	-
Weighted-average remaining lease term – finance leases	1.7 years
Weighted-average remaining lease term – operating leases	1.0 years
Weighted-average discount rate – finance leases	2.36 %
Weighted-average discount rate – operating leases	2.25 %

The future payments due under operating and finance leases as of June 30, 2023, are as follows:

	(In Thousands)	
	Operating	**Finance**
Year Ending June 30,		
2024	$ 53	$ 107
2025	-	57
2026	-	5
Total lease payments	53	169
Less: Present value adjustment	1	4
Present value of lease liabilities	$ 52	$ 165

Note G — Short-term Debt

LCEF has maintained a line-of-credit agreement, which is secured by certain investments, in the amount of $150,000,000 with UMB Bank that expires on December 31, 2023. LCEF expects to either renew or replace the agreement as it expires. At June 30, 2023 and 2022, no balance was outstanding.

Note H — Notes and Support Dollars Payable

Demand notes payable primarily consist of demand and StewardAccount™ certificates. Interest is paid either periodically or accumulates and is accrued at a variable interest rate.

Term notes payable consist of certificates with various maturities ranging from 90 days to 20 years. Interest is paid either periodically or accumulates and is accrued at either a fixed interest rate or a variable interest rate.

The interest rate for each note or certificate is established within a certain interest rate range for comparable investments having similar terms, as described in the LCEF Offering Circular.

Support Dollars are an arrangement for LCMS corporations to invest funds with LCEF on a demand or term basis.

(continued)

The Support Dollars payable balances of nonmember districts, Member Districts, and other LCMS entities were as follows:

	(In Thousands) June 30 2023	2022
Member districts	$ 65,942	$ 63,442
LCMS entities	53,320	93,376
Nonmember districts	16,735	24,958
	$ 135,997	$ 181,776

Scheduled maturities of notes and support dollars payable, as of June 30, 2023, follow:

Year Ending June 30,	Support Dollars	Notes Payable (In Thousands)	Total
Demand	$ 52,109	$ 618,092	$ 670,201
2024	47,976	430,920	478,896
2025	23,206	373,706	396,912
2026	5,284	85,499	90,783
2027	3,734	56,482	60,216
2028	3,187	50,456	53,643
After 2028	501	6,180	6,681
	$ 135,997	$ 1,621,335	$ 1,757,332

Note I — Financial Instruments With Off-Balance-Sheet Risk

At June 30, 2023 and 2022, commitments have been authorized to make additional church extension loans amounting to approximately $197,997,000 and $95,007,000, respectively. These commitments relate to real estate mortgages which, if funded, would be collateralized by the related properties. Loan commitments expire one year from the date of origination, and the resulting loans carry either an adjustable or a fixed interest rate. Adjustable interest rate loans carry an interest rate that is the lower of the rate at the loan approval date, the commitment date, or the closing date. Fixed-rate loans carry the prevailing interest rate at the date of closing. Additionally, at June 30, 2023 and 2022, line-of-credit commitments, primarily to LCMS, districts, and Concordia University System, have been authorized amounting to $190,231,000 and $130,749,000, respectively, against which $69,205,000 and $11,452,000 had been drawn, respectively. Line-of-credit commitments are renegotiated at least once every three years.

The above commitments are subject to the same underwriting standards as loans issued by LCEF. Management does not anticipate any significant losses as a result of the above commitments.

As of June 30, 2023, LCEF had entered into an outstanding loan guarantee agreement with maximum undiscounted payments that could be required of LCEF totaling $4,400,000 and liabilities related to the fair value of the guarantees totaling $4,000. The loan guarantee agreement expires August 1, 2025, and is expected to be renewed for successive annual periods to the extent the related guaranteed letter-of-credit agreement is renewed.

(continued)

Outstanding loan guarantee agreement follows:

	Maximum Undiscounted Amount of Potential Future Payment by LCEF	(In Thousands) Liability Related to Guarantee	Expiration Date of Guarantee
Concordia University – St. Paul (2007 series)........	$ 4,400	$ 4	Aug. 1, 2025
	$ 4,400	$ 4	

The above borrowing institution is required to repay the principal and interest to the outstanding creditor, a bank providing a letter of credit to the tax-exempt bondholders. The ability of the institution to repay depends on its management's capability to effectively and efficiently manage its operations. To the extent that the institution is not able to make its debt service payments when due per the terms of the guarantee, LCEF will be required to pay the bank to meet these obligations. If the bank declines to renew the letter of credit, and the borrower is unable to obtain a replacement letter of credit from another bank, or, if the holders of the outstanding bonds tender them for redemption and the bonds are unable to be remarketed, LCEF may be required to pay the bank for amounts drawn on the letter of credit to repay the holders of the currently outstanding tax-exempt bonds. To the extent LCEF is required to perform under the guarantee, the resulting indebtedness to LCEF would be secured by a property lien. At June 30, 2023 and 2022, no loss contingency accrual had been made as any risk of loss was not determined to be probable.

Note J — Cash Flows

During fiscal year 2021, loans totaling $43,329,000 were transferred to real estate and other assets. No loans were transferred to real estate during fiscal years 2023 or 2022. Interest paid on notes and support dollars payable and borrowed funds was $32,675,000, $26,382,000, and $30,863,000, for 2023, 2022, and 2021, respectively.

Note K — Fair Values of Financial Instruments

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, requires disclosure of fair value information about financial instruments, whether or not recognized in the statements of financial position, for which it is practicable to estimate fair value.

Fair values for financial instruments are estimates of the values at which the instruments could be exchanged in a transaction between willing parties. These estimates are subjective and may vary significantly from amounts that would be realized in actual transactions. In addition, certain financial instruments and all nonfinancial instruments are excluded from the fair value disclosure requirements of ASC Topic 820. Therefore, the fair values presented should not be construed as the underlying value of LCEF.

The following methods and assumptions were used in estimating fair value disclosures for financial instruments as required by ASC Topic 820:

Cash and cash equivalents: The carrying amounts reported in the statements of financial position for cash and short-term instruments approximate those assets' fair values.

Investments: Investment securities are reported in the statements of financial position at fair value based on quoted market prices where available. If quoted market prices were not available, fair values were based upon quoted market prices of comparable instruments or the organization's best information and assumptions that a market participant would consider.

Accrued interest receivable: The carrying amounts of accrued interest approximate fair value.

(continued)

The estimated fair values of LCEF's financial instruments were as follows:

	(In Thousands) June 30			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents................	$ 16,928	$ 16,928	$ 63,940	$ 63,940
Investments	435,175	435,175	585,776	585,776
Accrued interest receivable	4,411	4,411	4,259	4,259

ASC Topic 820 specifies a hierarchy prioritizing the inputs to the valuation techniques based upon whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect an organization's market assumptions. In accordance with ASC Topic 820, these two types of inputs have created the following fair value hierarchy:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets and liabilities in active markets.

Level 3 – Inputs are unobservable inputs for the asset or liability and significant to the fair value. These may be internally developed using the organization's best information and assumptions that a market participant would consider.

The following table presents for each of the fair value hierarchy levels, LCEF's assets and liabilities that are measured at fair value on a recurring basis at June 30, 2023:

	(In Thousands)			
	Total	Level 1	Level 2	Level 3
Financial assets:				
Investments:				
Fixed Income..	$ 351,617	$ 23,517	$ 328,100	$ -
Equities	59,291	56,450	-	2,841
Other	24,267	-	4,716	19,551
Total...	$ 435,175	$ 79,967	$ 332,816	$ 22,392

During 2023, LCEF purchased investments totaling $5,957,000 that were measured at fair value using level 3 inputs at June 30, 2023.

The following table presents for each of the fair value hierarchy levels, LCEF's assets and liabilities that are measured at fair value on a recurring basis at June 30, 2022:

	(In Thousands)			
	Total	Level 1	Level 2	Level 3
Financial assets:				
Investments:				
Fixed Income..	$ 492,630	$ 30,389	$ 462,241	$ -
Equities	63,299	59,954	-	3,345
Other	29,847	-	4,433	25,414
Total...	$ 585,776	$ 90,343	$ 466,674	$ 28,759

During 2022, LCEF purchased investments totaling $19,161,000 that were measured at fair value using level 3 inputs at June 30, 2022.

Certain assets are measured at fair value on a nonrecurring basis. These include assets that are recorded at the lower of cost or fair value, and as a result, may be recognized at fair value.

(continued)

Impaired loans: LCEF does not record loans at fair value on a recurring basis other than loans that are considered impaired. Once a loan is identified as individually impaired, management measures impairment generally based on fair values of the underlying collateral obtained through independent appraisals, internal evaluations, or by discounting the total expected future cash flows. Once the fair value of the collateral has been determined and any impairment amount calculated, a specific reserve allocation is made. Because many of these inputs are not observable, the measurements are classified as Level 3.

Real estate: Real estate includes assets acquired through, or in lieu of, foreclosure and is initially recorded at fair value of the collateral less estimated selling costs. LCEF relies on external appraisals and assessment of property values by internal staff. Subsequent to foreclosure, valuations are updated periodically, and the assets are carried at the lower of carrying amount or fair value less estimated cost to sell. Because many of these inputs are not observable, the measurements are classified as Level 3.

The following table presents LCEF's assets that are measured at fair value on a nonrecurring basis at June 30, 2023:

	(In Thousands)				
	Total	**Level 1**	**Level 2**	**Level 3**	**Total Gains (Losses)**
Financial assets:					
Impaired loans, net	$ 15,319	$ -	$ -	$ 15,319	$ 9,406
Real estate	11,459	-	-	11,459	(470)
Total	$ 26,778	$ -	$ -	$ 26,778	$ 8,936

The following table presents LCEF's assets that are measured at fair value on a nonrecurring basis at June 30, 2022:

	(In Thousands)				
	Total	**Level 1**	**Level 2**	**Level 3**	**Total Gains (Losses)**
Financial assets:					
Impaired loans, net	$ 33,321	$ -	$ -	$ 33,321	$ (3,248)
Real estate	13,099	-	-	13,099	-
Total	$ 46,420	$ -	$ -	$ 46,420	$ (3,248)

Note L — Pension Expense

LCEF participates in the Concordia Plan Services of LCMS. Substantially all full-time employees are covered by these plans. LCEF contributes a fixed percentage of each participant's salary to the Concordia Retirement Plan and the Concordia Disability and Survivorship Plan. Retirement program expense was $1,172,000, $1,035,000, and $931,000, and disability program expense was $273,000, $244,000, and $220,000, for the years ended June 30, 2023, 2022, and 2021, respectively.

Note M — Litigation

Except as follows, to the best of its knowledge, LCEF is not aware of any pending or threatened action, proceeding, inquiry, or investigation at law or in equity, in which an adverse determination would have an adverse material impact on LCEF. For the prior three fiscal years, there has been no material litigation involving any LCEF director or officer pertaining to his/her duties as an LCEF director or officer.

On February 7, 2020, Concordia University Portland ("CUP"), by action of its Board of Regents, voted to close its operations at the end of the then current academic year, due to financial shortfalls. CUP was a major borrower of LCEF, with outstanding loans having total balances at that time in excess of $37,000,000. LCEF's loans to CUP were secured by first deed of trust liens on CUP's campus properties in Portland, Oregon and Boise, Idaho. LCEF took title to those properties through foreclosure proceedings, and the properties were subsequently sold.

(continued)

Following CUP's announced closure, Hotchalk, Inc. a provider of online education services to CUP, filed suit in the Circuit Court of Multnomah County, Oregon (*Hotchalk, Inc. vs. Lutheran Church-Missouri Synod, et.al* - Case No. 20CV15620) on April 17, 2020 against CUP, CUP's Regents, its interim President and Chief Financial Officer, LCEF, The Lutheran Church—Missouri Synod, Concordia University System and Concordia University St. Paul. The lawsuit seeks in excess of $300,000,000 in damages from the named defendants, including LCEF. Hotchalk Inc.'s lawsuit, as amended, alleges the following against LCEF: Fraud, Intentional Fraudulent Transfer, Constructive Fraudulent Transfer, Breach of Contract, Liability for the obligations of CUP under an "alter ego" theory, and Intentional Interference with Contractual Relations. LCEF's position in the lawsuit is that Hotchalk Inc.'s claims against it are spurious and LCEF intends to vigorously defend against them.

Note N — Subsequent Events

LCEF has evaluated all subsequent events through August 18, 2023, which represents the date of this document, to ensure that the accompanying financial statements include the effects of any subsequent events that should be recognized in such financial statements as of June 30, 2023, and the appropriate disclosure of any subsequent events that were not recognized in the financial statements.

PRIVACY POLICY

WHAT YOU SHOULD KNOW

LCEF recognizes the importance of keeping information about you secure and confidential. It's important for you to know that, unlike many financial institutions, we do not sell or share any consumer's nonpublic personal information with outside marketers. You also need to know that we carefully manage information you provide to give you better service and more convenience.

This document describes LCEF's policy with respect to nonpublic personal information about consumers, which means personally identifiable information about a consumer or a consumer's current or former relationship with LCEF ("Consumer Information"). This policy is provided to you as required by federal law.

MAKING THE SECURITY OF INFORMATION A PRIORITY

Keeping financial information secure is important. We value your trust and handle information about you with care. We limit access to Consumer Information to those persons who need to know that information to provide LCEF's investment products and services to you. LCEF personnel and LCEF's service providers having access to Consumer Information are required by LCEF to maintain confidential treatment of Consumer Information.

We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard Consumer Information. We periodically assess new technology for protecting information and upgrading our systems when appropriate.

COLLECTING INFORMATION

We collect and use various types of information to service your investment and loan accounts. This enables us to help you learn more about investments and other products and services that may be of interest to you. We also collect information as required by law or regulation.

We collect Consumer Information from the following sources:

1. Information you provide to us on applications and through other means, such as your name, address, and telephone number.
2. Information about your transactions and account experience with us, such as your account balance, your loan payment history, and your account activity.
3. Information from a consumer report. (This currently applies only to Investors who have applied for a StewardAccount or FlexPlus Note.)
4. Information from other sources such as employers, creditors, insurers, or other third parties. (This applies only to rostered church workers who have applied for or have a residential or consumer loan with LCEF.)
5. Other general information we obtain about you, such as demographic information.

DISCLOSURE OF CONSUMER INFORMATION

Although we do not share Consumer Information with outside marketers, we do share information in certain circumstances as outlined below. We do this to provide you with our products and services with greater convenience and more choices and also as permitted by law. However, we do limit who receives Consumer Information and what type of information is shared.

Sharing Information With Companies That Work For Us

We may disclose the Consumer Information we collect, as described above, to companies that perform marketing services on our behalf or to other financial institutions with whom we have joint marketing agreements. We also may disclose Consumer Information to third-party service providers as necessary to process, service, and provide access to your investment and loan accounts with LCEF in a manner that promotes a good customer experience.

The companies that work on our behalf are contractually obligated to LCEF to keep the Consumer Information we provide to them confidential and to use the Consumer Information only to provide the services we have asked them to perform for you and us.

Disclosing Information In Other Situations

We may also disclose Consumer Information to credit bureaus and similar organizations, and otherwise when permitted by law. For example, this may include:

- A disclosure in connection with a subpoena or similar legal process or as required by law or regulation.
- A fraud investigation.
- Recording of deeds of trust and mortgages in public records.
- An audit or examination.

MAKING SURE INFORMATION IS ACCURATE

Keeping your account information accurate and up-to-date is very important. We provide you with access to your investment or loan account information through various means such as account statements and online through *MyAccount*.

If you have questions or feel that we have not handled information about you properly, please contact us through our Customer Relations team.

KEEPING UP-TO-DATE WITH OUR PRIVACY STATEMENT

LCEF will provide notice of our privacy statement annually, as long as you maintain an ongoing relationship with us. This policy may change from time to time, but you can always review our current policy at **lcef.org** or contact us for a copy at 800-843-5233.

LCEF INVESTMENT APPLICATION—RULES AND REGULATIONS

Section A—Automated Clearinghouse

An Applicant may from time to time be a party to an Automated Clearinghouse (ACH) entry, which may be credited or charged to an LCEF investment. The Applicant agrees to be bound by the National Automated Clearinghouse Association (NACHA) operating rules then in effect for ACH transactions authorized. The Applicant agrees that payment of ACH entries will be processed on the basis of the identifying number for the ACH, even if the identifying number identifies a financial institution, person, or entity different from the named party in the transaction. The Applicant has fifteen days from the time LCEF sends or makes the statement available to notify LCEF of unauthorized ACH debits to the Applicant's account.

Section B—Telephone Transfers

A telephone transfer of funds from one LCEF investment account to another, if otherwise arranged for or permitted, may be made by the same persons and under the same conditions generally applicable to redemptions made in writing.

Section C—Internet Transfers

An Internet transfer of funds from one LCEF investment account to another, if otherwise arranged for or permitted, may be made by the same persons and under the same conditions generally applicable to redemptions made in writing.

Section D—Individual Ownership

The investment account owned by an individual person is owned only by the person shown on the Investment Application. No other person has any present rights in the account. Upon the death of the person, the funds in the account become part of that person's estate or are distributed to the "payable on death" payee designated by the individual person on the form received by LCEF.

Section E—Joint Ownership

Except for an investment account issued to a Tax Deferred Plan, the investment account is owned by the person and the one or more additional individuals identified as joint-account owners on the Investment Application (together referred to as "Owner"). All joint Owners will be deemed to be joint tenants with rights of survivorship. As such, upon the death of one of the joint-account Owners, that person's ownership interest in the account will immediately pass to the other joint-account Owner(s).

Section F—Payable on Death

Any person or entity identified as a "Payable on Death (POD) Payee" will acquire vested ownership rights in the investment account only after the death of all Owners and then only if the POD payee is alive. When LCEF is provided with proof of the death of the last surviving Owner, LCEF will close the account and distribute to all surviving POD payees the amount previously designated by the Owner(s).

Section G—Custodial Account for Minors

If an Applicant has established a Custodial Account for a Minor, the Applicant understands that all investments into this account are complete and irrevocable transfers and/or gifts to the minor. Further, the account is established under the Missouri Transfers to Minors Law ("Act"). As custodian, the Applicant's rights and duties are governed by this Act. Redemptions are paid only upon the signature or authorization of the custodian, an Authorized User or as required or permitted by law and the funds must be used for the benefit of the minor. LCEF, however, has no duty or agreement whatsoever to monitor or ensure that the acts of the custodian (or successor custodian) are for the minor's benefit.