

2023

ANNUAL REPORT & Offering Circular



Lutheran Church Extension Fund

> where investments build ministry

LETTER FROM OUR CEO AND BOARD CHAIR



Rev. Bart Day
LCEF President and CEO



Rev. Max Phillips
LCEF Board of Directors Chair

Dear Friend in Christ,

The year 2023 was an extraordinary year for us on multiple fronts. Financially, we were like a sailboat navigating stormy seas, with cash inflows and outflows in the hundreds of millions. Our loan volume unexpectedly skyrocketed, reaching \$295 million in new lending, while total loan transactions stood at \$425 million. This hard work led to a net increase in our loan portfolio of \$120 million, taking us back above the \$1.5 billion mark. We ended the year with a net income of \$2.9 million.

Our audit this year came out clean, thanks to the diligent work of our finance and accounting teams. With a net operating income of roughly \$3.7 million and net income of \$2.9 million, we could distribute \$2.1 million to the Synod and member districts while still adding to our net assets.

Looking ahead, we're already back over \$2 billion in total assets and expect to end the fiscal year at about \$2.1 billion. We're also in money-raising mode again with several new investment products. We're optimistic that we can accommodate over \$100 million of new money as we carefully manage our cash resources. We are targeting an operating income of approximately \$4.4 million and a net income of roughly \$8.5 million for this fiscal year.

Let's look forward to another year of hard work and opportunity. Despite the challenges, we've shown that we can adapt and grow. The upcoming fiscal year promises more growth, as the financial tide is turning in our favor. God is good. Let's set sail together and make the most of the currents that propel us.

In peace,

A blue ink signature of Bart Day.

Bart Day, MDiv, MBA
President and CEO
Lutheran Church Extension Fund

A blue ink signature of Rev. Max Phillips.

Rev. Max Phillips
Board of Directors Chair
Lutheran Church Extension Fund

\$1.98
BILLION
Total Assets

\$221
MILLION
Net Assets

\$2.9
MILLION
Net Income

\$1.5
BILLION
Loan Portfolio

\$1.76
BILLION
Investor Payables
Portfolio

\$294.3
MILLION
New Loans
Closed

LOVING OUR MINISTRY PARTNERS

LCEF relies on your investments to establish, cultivate and expand relationships with Lutheran Church—Missouri Synod (LCMS) ministries. By doing so, we can offer congregations, schools, Recognized Service Organizations and Rostered Church Workers the necessary resources to keep spreading the Good News of Jesus Christ.

At LCEF, we prioritize safeguarding your funds and thus maintain high levels of liquidity and capital. Our team takes great care to manage funds prudently while keeping Jesus at the center of all our endeavors. Your investments enable LCEF to provide loans that support ministry projects across the globe.

We are dedicated to collaborating with congregations and other ministries by providing support services such as strategic planning, congregational stewardship training, real estate support and building campaigns. In this annual report, you will learn about the partnerships we have forged to strengthen the church.



From a Parsonage to a new home

Rev. Matthew Wietfeldt and his family bought their first home with the help of LCEF.

Rev. Matthew Wietfeldt, a 2011 graduate of Concordia Theological Seminary in Fort Wayne (CTSFW), is back serving as the seminary's assistant vice president of admissions. He's also a husband to Jenna and father of seven young children.

"When we moved to Fort Wayne, we were a family of five; and the seminary's on-campus housing, which is fantastic, felt huge to us," Wietfeldt said. "But then we added four more kids, and the house suddenly felt really small. As the Lord has given us more and more kids, the parsonage situation was not as conducive to our sanity as we were hoping for."

"We just ran out of space," he added. "We had enough bedrooms and outdoor space, but for our day-to-day sanity, we were spending an exorbitant amount of time in the evenings cleaning up kids' stuff and toys, and we were never able to unwind at the end of the day."

"We weren't actually looking for a house, but then all of a sudden, Jenna and I saw this house on Zillow," Wietfeldt said. "The thing was, though, we didn't even have an idea of the square footage that we'd need. But we saw this house—separately—and knew we had to take a look."

On the Fourth of July, the Wietfeldts called their local Lutheran realtor who did a lot of work with the seminary. They toured the house that had

unexpectedly popped into their lives.

"When we walked into the house, we thought, 'This is it,'" said Wietfeldt. "In the new home, we wouldn't feel like we're living on top of each other all the time."

Wietfeldt thought of LCEF right away since his children already had Young Investor (Y.I.) StewardAccounts® with LCEF. Plus, Wietfeldt kept in touch with the LCEF district vice president from his first parish in the Southern Illinois District.

"We never even looked at anyone else for a loan," he said. "We thought, if we didn't work with them, we might not even pursue the loan because if LCEF can't do it, we'll probably just have to wait. Well, we didn't have to wait because LCEF came through with a great interest rate and took care of us completely. It was no surprise; I knew we'd be taken care of. I knew they'd take care of my family the way I want to take care of my family."

"It was such an easy process that while I was at the Youth Gathering, we were getting things lined up with LCEF," said Wietfeldt.

"I'm in the business of finding men and women for ministry, so having one of my cares and concerns alleviated by LCEF—that's huge," Wietfeldt said.

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from an LCEF SMART Loan



Volunteers at Emmanuel Lutheran Church.



Emmanuel Lutheran Church and School hosting a picnic.

Pure joy. That's what the members of Emmanuel Lutheran Church and School in Asheville, N.C. have to say about their church and school. It's not hard to see why.

In 2020, shortly after the pandemic began, the church decided to help their community by opening a food pantry. Before long, the pantry was stocked with food, managed by volunteers, and visited by more than 10,000 people in just the first year—and growing every week.

"The food pantry grew so much that it took over the school cafeteria," shared Emmanuel member Peter Renner. "Thankfully, the school had a modular classroom that had outlived its usefulness as a classroom, so we chose to repurpose it for use by the pantry."

Meanwhile, Emmanuel Lutheran School was expanding, too, and was now needing new classrooms for its more than 100 students. Having just heard of LCEF's SMART loan option for schools and Recognized Service Organizations (RSO), it was time for the school to bring in six new modular classrooms. The project was joyously underway in 2021, and by mid-2022, the school was putting on the finishing touches for the next school year.

Adding to the joy? The project strengthened the partnership between Emmanuel and LCEF.

"The relationship between LCEF and Emmanuel goes back a long way," said Renner. "We enjoyed working with them, and the process was very smooth and simple. Everyone was helpful, honest, and open, and it didn't take long to get rolling. Without LCEF, it would have cost us more to seek financing elsewhere, or we would have had to do a capital drive that may have taken several more years."

Now, with a food pantry with plenty of space to grow, and new and improved classrooms for Emmanuel's school to enhance their STEM program and accommodate growing enrollment, it truly is pure joy for the church, the school and the community.

What is a SMART Loan?

LCEF SMART Loans are designed to meet the short-term financial needs of LCMS elementary, middle and high school associations and related Recognized Service Organizations (RSOs).

LCEF's SMART Loan is ideal for:

- Security upgrades
- Maintenance and other facility upgrades, including playground equipment
- Academic resources
- Repairs for building and fleet
- Technology needs and equipment

AT THE CROSSROADS OF GROWTH

Cross Lutheran Church in West Port, Wisc.

Cross Lutheran Church in West Port, Wisc. knows a thing or two about suffering. And trial. And waiting. The church itself had been a vision in the works for many years.

“The original group of people had been working for a long time to see if they could get a church started on the northwest side of Madison,” explained Rev. Joel Brandt, pastor of Cross. “These conversations happened probably 30 years ago, and people didn’t think it would ever happen. There were so many ups and downs in their journey. For the original 12 people, it was like pushing a boulder uphill the whole time.”

With the support of the South Wisconsin District and a local congregation, Cross was able to find an inexpensive clubhouse space to rent until they could—hopefully—purchase their own land someday. And despite these humble beginnings, the church began to grow.

“God provided for us through this time,” Brandt said.

When it seemed as though things were moving in the right direction, they would make plans. Those plans didn’t always work out.

Finally, the time was right. Rev. Brandt was called to be the mission planter for Cross in 2015 and called upon the healthy relationship with Lutheran Church Extension Fund (LCEF) already in place.

“We found that LCEF understood churches and limited resources and processes and plans in ways that other local banks ultimately couldn’t understand.”

The growing mission plant chose to partner with LCEF for both their capital campaign and building loan. LCEF Ministry Solutions provided expert

guidance on this long-awaited project.

In 2020, the fund drive began for Cross Lutheran. Of course, another big event made itself at home in 2020, right in the middle of all the decision-making at Cross.

From then on, more plans finally seemed to fall into place for Cross. They purchased and broke ground on 1.5 acres of land in March 2021 and dedicated the space in October.



From left: Rev. Joel Brandt, Pastor of Cross Lutheran Church; Diana Raasch, Former LCEF South Wisconsin District Vice President; Mike McGraw, Groth Design Group; and Rev. Dr. John Willie, LCMS South Wisconsin District President.

“It was a joy to see the excitement of the pastor and people of Cross Lutheran Church as they launched their first service in the new facility,” said Rev. Mark Frith, LCEF vice president of Ministry Solutions. “Within a couple of months, people in the community discovered the congregation and Cross’ members noticed a growing number of guests on Sunday morning. To God be the glory for seeing a budding congregation take its place in the midst of this growing community.”

The good news is, through all difficulties, the Body of Christ has been and will continue to be at work. Cross Lutheran Church has never had to do it alone.

BRAD BASSE:

The go-to guy who supports others' needs

Brad Basse centers everything he does on his faith and church life. It's not surprising.

Basse was born into a faithful Lutheran Church—Missouri Synod (LCMS) family and has received the Lutheran church's gifts throughout his entire life. Is it any wonder that Basse has chosen to share what he's received right back—both with his family and the church?

"To me, faith is most important," said Basse. "My wife and I have raised our children and based our marriage on the faith. The blessings that God has given us is the reason I continue to serve in whatever capacity in the church that I can."

Those who know him — including Lutheran Church Extension Fund (LCEF) District Vice President for LCMS districts Wyoming and Montana, Jeff Snyder—say that Basse has a servant's heart like no other.

"He is a long-time supporter of the church," said Snyder. "He supports his local congregation and the district. He volunteers for projects around the district and he's very connected to what is going on. He's a go-to guy who supports others' needs wherever he can."

Of course, Basse has found plenty of church needs and isn't afraid to step up in faith to serve.

"In the church, I've been just about everything," Basse said. "I'm currently a treasurer, for the last six or seven years, and also a trustee because of my background in construction."

In 2000, Basse served as chairman of the building committee when his church, St. Paul's Lutheran Church in Thermopolis, Wy., constructed a new facility. He considers that position one of his most rewarding. That's also when he first started investing with LCEF.

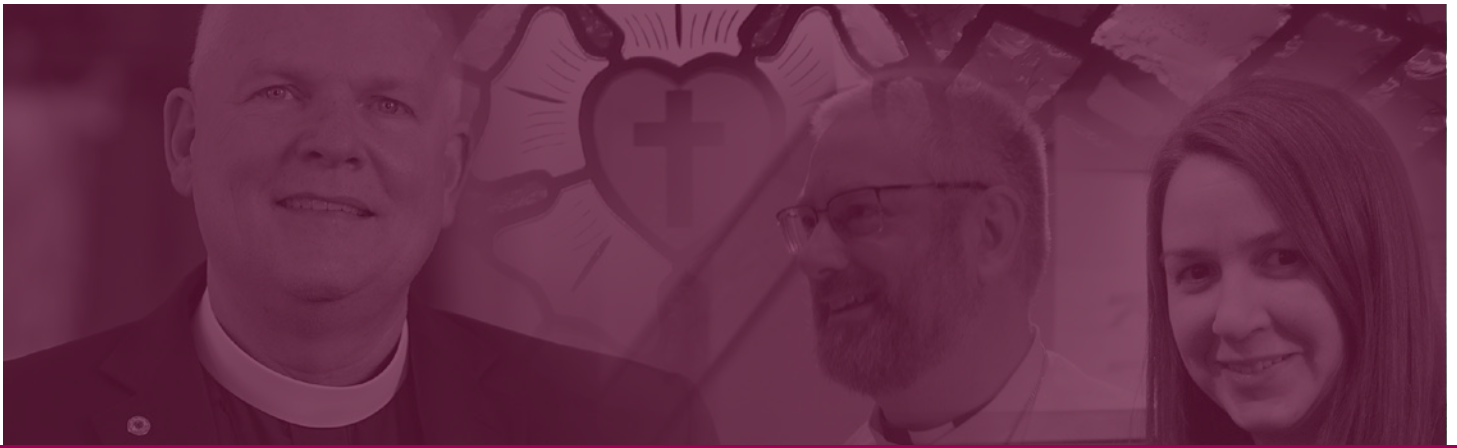
"We used LCEF for financing the new church building, and they encouraged investments by members," recalled Basse. "That's when we bought our first Individual Retirement Accounts."

Since then, the Basses have joyfully continued adding to their investments and savings. "Primarily because of the great return on investment," Basse said, "but [we invest with LCEF] especially because it's an opportunity to support the ministry of the Lutheran church."



Brad Basse, LCEF Investor

"I haven't found a return in an investment like that anywhere else," added Basse. "I love to make money available to ministries, especially through LCEF, because I recognize that the people leading it are faithful and have a faith similar to mine."



Church Worker Loan Pool

The Church Worker Loan Pool will be a dedicated source of funds for church workers and their loan needs. It will help ensure below-market interest rates for all loan products that LCEF offers exclusively to church workers.

CHURCH WORKER LOAN POOL RATES

5-year term note	0.5%
8-year term note	1.0%
10-year term note	1.25%

Why invest in a product with little return?

Simple. You believe in improving the financial well-being of our church workers. Our church workers make sacrifices to pursue their vocation. At times you and I should be willing to sacrifice to support them. We owe it to them.

READY TO INVEST?

CALL 800-843-5233 OR VISIT [LCEF.ORG/DEDICATED](https://lcef.org/dedicated) TODAY.

LCEF is a nonprofit religious organization; therefore, LCEF investments are not FDIC-insured bank deposit accounts. This is not an offer to sell investments, nor a solicitation to buy. LCEF will offer and sell its securities only in states where authorized. The offer is made solely by LCEF's Offering Circular. Investors should carefully read the Offering Circular, which more fully describes associated risks. Rates as of October 2023. Balance restrictions apply. Rates subject to change. Visit lcef.org for details. 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.

Lutheran Church Extension Fund-Missouri Synod, 10733 Sunset Office Drive, Suite 300, St. Louis, MO 63127-1020. 800-843-5233. lcef.org. NMLS# 3444. LCEF Mortgage Loan Originators: Pamela Macinski (NMLS# 16679). Michelle Porter (NMLS# 1675886). Tricia Galczynski (NMLS# 1896183). Tara Appleton (NMLS# 738203). Illinois Residential Mortgage Licensee (MB.0006057). Loans made or arranged pursuant to a California Law License (6037619). Nebraska Mortgage Banker License (540). Texas Complaint/Recovery Fund Notice – Figure: 7 TAC§80.200(b): “CONSUMERS WISHING TO FILE A COMPLAINT AGAINST A COMPANY OR A RESIDENTIAL MORTGAGE LOAN ORIGINATOR SHOULD COMPLETE AND SEND A COMPLAINT FORM TO THE TEXAS DEPARTMENT OF SAVINGS AND MORTGAGE LENDING, 2601 NORTH LAMAR, SUITE 201, AUSTIN, TEXAS 78705. COMPLAINT FORMS AND INSTRUCTIONS MAY BE OBTAINED FROM THE DEPARTMENT’S WEBSITE AT [WWW.SML.TEXAS.GOV](https://www.sml.texas.gov). A TOLL-FREE CONSUMER HOTLINE IS AVAILABLE AT 1-877-276-5550. THE DEPARTMENT MAINTAINS A RECOVERY FUND TO MAKE PAYMENTS OF CERTAIN ACTUAL OUT OF POCKET DAMAGES SUSTAINED BY BORROWERS CAUSED BY ACTS OF LICENSED RESIDENTIAL MORTGAGE LOAN ORIGINATORS. A WRITTEN APPLICATION FOR REIMBURSEMENT FROM THE RECOVERY FUND MUST BE FILED WITH AND INVESTIGATED BY THE DEPARTMENT PRIOR TO THE PAYMENT OF A CLAIM. FOR MORE INFORMATION ABOUT THE RECOVERY FUND, PLEASE CONSULT THE DEPARTMENT’S WEBSITE AT [WWW.SML.TEXAS.GOV](https://www.sml.texas.gov)”. For more information on LCEF’s lending license go to lcef.org/state-disclosures/.

