

2019 ANNUAL REPORT and 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 Friends in Christ,

We are truly a blessed organization. Lutheran Church Extension Fund (LCEF) emerged from our 2019 fiscal year achieving or exceeding many of the core targets and goals outlined in the prior year. What this means is that LCEF's financial capacity to support the mission of providing resources now and in the future to The Lutheran Church—Missouri Synod (LCMS) and its partners has been strengthened again. Thank you to our investors for making this a reality.

One goal worth noting is that last year LCEF had the good fortune of raising \$100 million in less than four months on a limited-time 40-month note. That amount was based upon current and future loan projections, like home loans for Rostered Church Workers and construction loans for new sanctuaries or fellowship halls.

There is demand overseas for new Lutheran schools and churches, renovations and upgrades, and we have the opportunity to support these ministries who bring the light of Christ to the world. Then, there are projects involving senior living communities, preschools, art centers, thrift stores, campus ministries—both conventional and unconventional approaches to loving our neighbors. That demand is not slowing down.

For the investors who fund these opportunities—not only do they enjoy a competitive interest rate, but they get to see that their investments are bringing joy to those who may not know the love of God. This is why, while the goal for the 40-month note was met, the need is still urgent for even more investments. We want to help Lutheran ministries reach their full potential because when that happens, more people are loved and the Gospel is spread.

In other words, LCEF wants to be ready with the funds to help make sure all that potential growth in the name of Christ actually happens and more people are connected with Jesus. That is our commitment to you.

With that thought in mind, we are pleased to share with you the results of another year of strong performance and how we continue to manage our resources wisely. LCEF's success is a testament to your faithfulness and God's generosity. To Him be the glory.

In peace,

A handwritten signature of Rev. Bart Day in black ink.

Rev. Bart Day

A handwritten signature of Rev. Max Phillips in black ink.

Rev. Max Phillips

FINANCIALLY STRONG BECAUSE OF YOU

DID YOU KNOW?

THE CONCEPT: The church extension concept began in 1902 when congregations pooled together \$400 to help Zion Lutheran in Bridgeport, Ct., build a school.

THE HEADQUARTERS: Our office is located in St. Louis, across Interstate 44 from The Lutheran Church—Missouri Synod (LCMS) International Center.

THE LOGO: Inside the circles of the percentage signs are the upturned hands of faithful partners like you.

THE HISTORY: Since 1978, LCEF has had the privilege of being a Christ-centered servant partner with The Lutheran Church—Missouri Synod (LCMS).

Numbers as of June 30, 2019.

\$1.89 BILLION
Total Assets

\$236 MILLION
Net Assets

\$222 MILLION
New Loans Closed

\$1.59 BILLION
Loan Portfolio

\$1.64 BILLION
Investor Payables Portfolio

\$17 MILLION
Net Income

\$2.2 MILLION
Earnings to be Distributed to the LCMS Member Districts and LCMS Ministries

\$962 THOUSAND
Kaleidoscope Fund Grants

\$650 THOUSAND
Congregational Rebates

LOVING OUR MINISTRY PARTNERS BOLDLY

Your investments make it possible for LCEF to develop, sustain and grow relationships with LCMS ministries. This means we can provide the resources congregations, schools, Recognized Service Organizations and Rostered Church Workers need to continue to spread the Good News of Jesus Christ.

Protecting your funds is LCEF's highest priority, which is why we maintain strong levels of liquidity and capital. Our staff honors your trust by providing prudent management of funds and keeps Jesus at the heart of all we do. Your investments make it possible for LCEF to make loans available to support ministry projects throughout the world.

We are committed to working with congregations and other ministries through support services, including ministry planning, congregational stewardship training, leadership coaching and building campaigns. In this annual report, you'll read about how we are creating partnerships that keep the Church strong.

Looking to Jesus, the founder and perfecter of our faith, who for the joy that was set before him endured the cross, despising the shame, and is seated at the right hand of the throne of God.

– Hebrews 12:2

LUTHERAN CAMPS: A SIDE DOOR TO THE CHURCH

While many equate camp with summer fun for children and grandchildren, Don James also values an eternal benefit – the faith building his three sons experienced at their beloved Lutheran camp. James, of Pleasant Plains, Ill., especially appreciates the camp counselors – high school and college students – who served as Christian role models, living out their faith.

“Younger kids look up to older kids, taking seriously what the counselors say. They can see themselves being like them – but they never see themselves being like mom and dad,” said James, whose sons were regulars at Camp CILCA (Central Illinois Lutheran Camp Association).

CILCA was one of many outdoor ministries started across the country by LCMS ministries. The Walther League, Lutheran Laymen’s League and the LCMS Central Illinois District (CID) purchased CILCA’s rustic 225 acres as a place for children and adults, congregations and schools to gather in God’s creation.

SIDE DOOR TO THE CHURCH

David Vandercar is executive director of Lakeview Ministries, based in Seymour, Ind. He calls Lutheran outdoor ministry an evangelism tool to be used in partnership with LCMS congregations, districts and the national church body.



Dave Vandercar, Lakeview Ministries Director

“We all want kids to grow up and continue in the Church,” said Vandercar. He also points to Lutheran camps as fertile ground for ministry seeds that grow in campers who become pastors and other church leaders. If Sunday worship serves as the front door to the church, a Lutheran camp opens a side door.

Both Camp CILCA and Lakeview Ministries turned to Lutheran Church Extension Fund (LCEF) for guidance and experience on two separate capital campaigns to raise funds to strengthen their outdoor ministries and touch more lives in Christ’s name.

Goals of CILCA’s \$1 million campaign include enlarging and winterizing the camp dining hall for year-round use and providing camp scholarships to children of families in need.

Lakeview Ministries launched a \$2.5 million campaign to improve its three sites. Plans include building a recreation hall, implementing strategic plans at its newest site to focus on family and adult ministry and adding more housing at Lakeview Villages.

Vandercar appreciates that like him, Tim Kurth – LCEF agency vice president who’s working with both Lakeview Ministries and Camp CILCA – is a former Lutheran camper. LCEF “knows why camp ministry is important,” Vandercar said. “When we talk about raising money, it’s not to build facilities, but to build and expand those places where ministry happens.” ■



RSO SPOTLIGHT

A LIFE TRANSFORMED

Amanda Freed

“I wouldn’t be here today if it wasn’t for them.” Raised in a family of addicts, Amanda Freed found herself trapped in a lifestyle that eventually caught up with her, leading to a 10-year prison sentence that began in March 2012.

Freed’s life was transformed, however, when she became involved with Lutheran Metropolitan Ministry (LMM), a Recognized Service Organization (RSO) of The Lutheran Church—Missouri Synod (LCMS). The ministry is a nonprofit social services and advocacy organization headquartered in Cleveland, Ohio.

For Freed, this meant participating in LMM’s Chopping for Change (C4C) program that caters to women inmates who are nearing release back into society. Through C4C, the women learn food preparation and culinary arts skills that will enable them to re-enter the workforce in a meaningful way.

But that’s not all that LMM does to reach out to those in need in the greater Cleveland area. They also focus their efforts on serving people who are homeless; youth who are at-risk; older adults who are vulnerable; people impacted by the criminal justice system; and individuals with behavioral health needs.

Significant efforts like these call for a supportive facility. However, LMM’s programs were spread out in different places around the city because they couldn’t

accommodate all under one roof, even as they grew. Since LMM had a long-standing relationship with Lutheran Church Extension Fund (LCEF), spanning decades, the organization worked closely with LCEF to help provide the funds needed to expand space available for services.

“LCEF loaned funds to LMM in good faith because we believed in the program so much,” said Dave Bowers, former LCEF vice president of the LCMS Ohio District. For Bowers, the partnership between LCEF and LMM was more than a loan. “We were united in the mission to help the organization expand in the best possible way so that it could continue the primary mission of reaching out to those in need,” he said.

The loan funded the purchase and renovation of LMM’s Richard Sering Center. “Thanks to the LCEF loan, LMM’s headquarters was able to move into a 40,000 square foot renovated, handicap accessible, green building at 4515 Superior Avenue,” explained Andrew D. Genszler, president and CEO of LMM.

Over the last five decades, LMM has evolved along with changing needs of the community by developing effective and timely advocacy initiatives and social services programming. Their 50th anniversary in 2019 is an opportunity to celebrate a legacy while looking ahead to the next half-century of innovation, advocacy and system change. ■

In the northwest corner of the United States, the city of Blaine, Wash., is known as one of the top 10 places to retire. It's a scenic spot, right on the water, boasting a small-town feel with just under 5,000 residents. It's no wonder that many people want to live in Blaine. Sadly, not everyone has the resources to make that happen. The greater problem is that, up and down the coast, many folks don't live anywhere at all.

"There's an active homeless population all along the west coast," explained the Rev. Aaron Zuch, pastor of Grace Lutheran Church in Blaine. "We're along I-5, and while we don't see the same high numbers of homeless people in Blaine as they do in Bellingham, all of the housing and social services are located in Bellingham. Here in Blaine, we only have a food bank, so people are forced to stay in Bellingham."

"This is why we at Grace wanted to step in and help these families," said Zuch. "Our main target was trying to find housing specifically for Blaine families with kids in the Blaine schools. We want to help them get back on their feet and save up for rent. Our goal was to house a family like that."

To make this goal a reality, Grace opened up a transitional house for one or two families per year. The home, called Grace House, would be rented for a six-to-12-month period to a family in the Blaine School

District. The residents would be responsible for utilities and a nominal rent fee based on a sliding scale. Grace Lutheran Church just needed to find the right home – which they did – and finance it. The four-bedroom, two-bath home is the perfect size for a family.

"God's hand seemed to be at work through the whole process," said Zuch. "We asked for donations and pledges, enough to cover monthly mortgage payments so that we would be organized and ready when we contacted Lutheran Church Extension Fund (LCEF) for the loan."

"A different lender would have asked, 'How do we know these pledges are going to come in month after month?'" added Zuch. "LCEF was able to offer us a loan based on our pledges, and we don't think that others would have been open to lending to us in that type of situation. They really worked very hard to make the process go quickly for us – it was only 45 days from the time we first contacted them to get the loan closed."

The home is just a couple of blocks away from the church, currently serving the needs of a family with two children. Grace provides and maintains the home and insurance while the congregation supports the family as needed, especially when it comes to bringing Christ to them in both Word and deed. ■



Grace House Transitional Housing for Families



Irma Fuerstenau

AN INVESTOR LIKE YOU: IRMA FUERSTENAU

1930's Dust Bowl in South Dakota

"It's not hard to find opportunities to serve," said Irma Fuerstenau, member of Trinity Lutheran Church in Bend, Ore. "You truly don't have to look far." Fuerstenau would know. She is 90 years old, a lifelong Lutheran and has served her church and family in dozens of ways over the years. Having grown up in South Dakota during the Dust Bowl, she understands what it means to have to be creative to get by in life, and to bring Christ to others along the way.

"I was born at the beginning of the dust storm years, on a farm," recalled Fuerstenau. "It was hard times for the farmers, but they were pioneers. It was hard – we learned to work, learned to make do with what we had. Learned to do and re-do if we had to. Of course, we couldn't just run to the store when something broke or we needed something. There were no neighbors within a mile, so I played together with my brother and sister with whatever we could find to play with."

Fuerstenau's late husband, Maynard, understood. He grew up in North Dakota during those years, and his family left for Oregon in 1936 to escape the dust storms. Since the time the couple married in 1952, they served their church and especially loved supporting mission work and education.

"Maynard was always involved with the Walther League and Lutheran Laymen's League," explained Fuerstenau. "He loved being in choir, and was a great Sunday school teacher, and he also led home Bible studies and studies at church. My involvement was in

teaching Sunday school and VBS, but I was especially active with the Lutheran Women's Missionary League (LWML). I also served as LWML district president at one time."

Together, Fuerstenau and her husband raised three children, and they served as examples to them by supporting their church with both time and treasure over the years. They also chose to invest with Lutheran Church Extension Fund (LCEF) right away, from the time they were married, so that they could bolster the mission work of the church through their savings and investments.

"We've always felt strongly that we wanted to use the resources that God has given us to support the church," mentioned Fuerstenau. With their investments in place, Fuerstenau was free to spend her time caring for her family, church and community, creatively keeping a home and remembering all that she learned as a child in South Dakota.

Although Fuerstenau may not be able to serve as actively as she used to, her joy and zeal for service is extended through her and Maynard's lifetime support of LCEF, and thereby the mission of the church. A grandmother now to five grandchildren, she embraces her role of being an example to them, by the grace of God. And that's enough.

"God's love never ends, and likewise there's no end to how we can serve others," she said. ■

WHEN YOUR INVESTMENTS DO MORE

When you invest with LCEF, you not only earn a competitive interest rate—your investment also goes to work for the Church.

Your investments make funds available to equip LCMS pastors, churches, schools and organizations to fulfill their call of sharing the Gospel of Jesus Christ.

Thank you for empowering ministries!



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PASTORS



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ORGANIZATIONS