

**THE CENTRAL ILLINOIS DISTRICT  
CHURCH EXTENSION FUND, INC.  
SPRINGFIELD, ILLINOIS**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2024, 2023 AND 2022**

The Central Illinois District  
Church Extension Fund, Inc.

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# Capital Accounting & Audit, LLC

*Certified Public Accountants*

*2800 Montvale Drive  
Springfield, IL 62704  
217-528-8475*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Central Illinois District Church Extension Fund, Inc.  
Springfield, Illinois

### **Opinion**

We have audited the accompanying financial statements of Central Illinois District Church Extension Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, 2023, and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Illinois District Church Extension Fund, Inc. as of December 31, 2024, 2023, and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Central Illinois District Church Extension Fund, Inc. 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.

### **Prior Period Financial Statements**

The financial statements of Central Illinois District Church Extension Fund, Inc. as of December 31, 2023 and December 31, 2022 were audited by other auditors whose reports dated July 26, 2024 and June 23, 2023 expressed an unmodified opinion on those statements.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Central Illinois District Church Extension Fund, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Central Illinois District Church Extension Fund, Inc.'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 Central Illinois District Church Extension Fund, Inc.'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.

*Capital Accounting + Audit, LLC*

Certified Public Accountants  
Springfield, Illinois

May 6, 2025

Central Illinois District  
Church Extension Fund, Inc.  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2024, 2023 and 2022

Statement 1

|  | <u>2024</u>                | <u>2023</u>                | <u>2022</u>                |
|--|----------------------------|----------------------------|----------------------------|
| <b>ASSETS</b>  |                            |                            |                            |
| Cash and cash equivalents.....                           | \$ 2,477,226               | \$ 1,218,707               | \$ 1,644,349               |
| Deposits and investments:                                |                            |                            |                            |
| Investments – Lutheran Church Extension Fund – LCMS..... | 7,400,000                  | 7,706,669                  | 8,906,669                  |
| Certificates of deposit.....                             | 6,575,763                  | 8,749,000                  | 5,395,000                  |
| U.S. Treasuries .....                                    | <u>1,244,788</u>           | <u>260,262</u>             | <u>1,001,821</u>           |
| Total deposits and investments .....                     | <u>15,220,551</u>          | <u>16,715,931</u>          | <u>15,303,490</u>          |
| Loans Receivable:  |                            |                            |                            |
| Congregations, schools, and other LCMS entities.....     | 18,617,593                 | 17,747,323                 | 19,646,996                 |
| Less allowance for loan losses.....                      | ( 1,895,000)               | ( 1,895,000)               | ( 1,895,000)               |
| Net loans receivable .....                               | <u>16,722,593</u>          | <u>15,852,323</u>          | <u>17,751,996</u>          |
| Accrued interest and other receivable .....              | 71,662                     | 103,047                    | 63,135                     |
| Fixed assets – net .....                                 | 63,450                     | 9,757                      | 3,353                      |
| Prepaid expense.....                                     | <u>18,497</u>              | <u>21,602</u>              | <u>38,725</u>              |
| <b>TOTAL ASSETS.....</b>                                 | <b><u>\$34,573,979</u></b> | <b><u>\$33,921,367</u></b> | <b><u>\$34,805,048</u></b> |
| <b>LIABILITIES AND NET ASSETS</b>                        |                            |                            |                            |
| <b>LIABILITIES</b>                                       |                            |                            |                            |
| Interest-bearing debt instruments:                       |                            |                            |                            |
| Flex accounts.....                                       | \$ 1,000,697               | \$ 1,311,526               | \$ 1,582,735               |
| Investment certificates .....                            | <u>23,397,155</u>          | <u>22,794,659</u>          | <u>23,714,096</u>          |
| Total interest-bearing debt instruments .....            | 24,397,852                 | 24,106,185                 | 25,296,831                 |
| Accounts payable & other payables .....                  | 151,266                    | 135,981                    | 163,933                    |
| Accrued interest payable.....                            | 190,571                    | 154,516                    | 81,711                     |
| Interest rebates payable.....                            | <u>150,000</u>             | <u>125,000</u>             | <u>150,000</u>             |
| Total liabilities .....                                  | <u>24,889,689</u>          | <u>24,521,682</u>          | <u>25,692,475</u>          |
| <b>NET ASSETS</b>  |                            |                            |                            |
| Without donor restrictions:                              |                            |                            |                            |
| Undesignated.....  | 9,022,013                  | 8,721,302                  | 8,448,921                  |
| Board Designated .....                                   | <u>662,277</u>             | <u>678,383</u>             | <u>663,652</u>             |
| Total net assets.....                                    | <u>9,684,290</u>           | <u>9,399,685</u>           | <u>9,112,573</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS .....</b>            | <b><u>\$34,573,979</u></b> | <b><u>\$33,921,367</u></b> | <b><u>\$34,805,048</u></b> |

The accompanying notes are an integral part of these financial statements.

Central Illinois District  
Church Extension Fund, Inc.  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended December 31, 2024, 2023 and 2022

Statement 2

|  | <u>2024</u>                   | <u>2023</u>                   | <u>2022</u>                   |
|--|-------------------------------|-------------------------------|-------------------------------|
| <b>REVENUE</b>   |                               |                               |                               |
| Interest income:   |                               |                               |                               |
| Interest on loans .....  | \$ 839,557                    | \$ 766,769                    | \$ 767,324                    |
| Interest on investments.....   | <u>765,037</u>                | <u>560,917</u>                | <u>373,608</u>                |
| <b>Subtotal</b> .....  | 1,604,594                     | 1,327,686                     | 1,140,932                     |
| Less loan interest rebate .....  | ( <u>150,000</u> )            | ( <u>125,000</u> )            | ( <u>150,000</u> )            |
| <b>Total interest income</b> .....                                     | 1,454,594                     | 1,202,686                     | 990,932                       |
| Interest expense .....   | ( <u>694,649</u> )            | ( <u>484,401</u> )            | ( <u>341,752</u> )            |
| <b>Net interest income</b> .....                                       | 759,945                       | 718,285                       | 649,180                       |
| <br>Provision for loan loss.....                                       | <br>-                         | <br>-                         | <br>(1,055,000)               |
| <b>Net interest income after provision for loan losses</b> .....       | 759,945                       | 718,285                       | ( 405,820)                    |
| <br>Support and other income:  |                               |                               |                               |
| Gifts and bequests .....   | 7,785                         | 7,700                         | 12,660                        |
| Miscellaneous income.....  | <u>-</u>                      | <u>492</u>                    | <u>-</u>                      |
| <b>Total revenue and other support</b> .....                           | <u>767,730</u>                | <u>726,477</u>                | ( <u>393,160</u> )            |
| <br><b>EXPENSES</b>  |                               |                               |                               |
| Salaries and benefits .....  | 307,733                       | 293,608                       | 273,301                       |
| Office expenses.....   | 15,621                        | 13,756                        | 13,798                        |
| Occupancy and insurance .....  | 36,212                        | 33,947                        | 34,253                        |
| Professional and computer services.....                                | 51,518                        | 36,992                        | 44,318                        |
| Depreciation.....  | 10,204                        | 2,470                         | 4,531                         |
| Grants.....  | 43,963                        | 38,469                        | 75,310                        |
| Other expenses.....  | <u>17,874</u>                 | <u>20,123</u>                 | <u>28,979</u>                 |
| <br>Total expenses.....  | <u>483,125</u>                | <u>439,365</u>                | <u>474,490</u>                |
| <b>NET INCOME (LOSS)</b> .....   | <b>284,605</b>                | <b>287,112</b>                | <b>( 867,650)</b>             |
| <br>NET ASSETS WITHOUT DONOR RESTRICTIONS –<br>BEGINNING OF YEAR ..... | <br><u>9,399,685</u>          | <br><u>9,112,573</u>          | <br><u>9,980,223</u>          |
| <br>NET ASSETS WITHOUT DONOR RESTRICTIONS –<br>END OF YEAR.....        | <br><u><b>\$9,684,290</b></u> | <br><u><b>\$9,399,685</b></u> | <br><u><b>\$9,112,573</b></u> |

The accompanying notes are an integral part of these financial statements.

Central Illinois District  
Church Extension Fund, Inc.  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2024, 2023 and 2022

Statement 3

|   | <u>2024</u>                | <u>2023</u>                | <u>2022</u>                |
|---|----------------------------|----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                            |                            |                            |
| Net income (loss).....  | \$ 284,605                 | \$ 287,112                 | (\$ 867,650)               |
| Adjustments to reconcile change in net assets<br>to net cash provided by (used for) operating activities: |                            |                            |                            |
| Depreciation .....  | 10,204                     | 2,470                      | 4,531                      |
| Increase in provision for loan loss .....   | -                          | -                          | 1,055,000                  |
| (Increase) Decrease in Assets:  |                            |                            |                            |
| Prepaid expense.....  | 3,105                      | 17,123                     | 15,356                     |
| Accrued interest and other receivable .....   | 31,385                     | ( 39,912)                  | ( 23,073)                  |
| Increase (Decrease) in Liabilities:   |                            |                            |                            |
| Accounts and other payables.....  | 15,285                     | ( 27,952)                  | 36,737                     |
| Interest payable .....  | 36,055                     | 72,805                     | ( 8,890)                   |
| Interest rebates payable .....  | <u>25,000</u>              | <u>( 25,000)</u>           | <u>-</u>                   |
| Net cash provided by (used for) operating activities ..   | <u>405,639</u>             | <u>286,646</u>             | <u>212,011</u>             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                            |                            |                            |
| Purchase of equipment.....  | ( 63,897)                  | ( 8,873)                   | ( 1,736)                   |
| Congregations, schools, and other LCMS entities loan<br>advances .....                                    | ( 3,433,172)               | -                          | ( 1,160,350)               |
| Congregations, schools, and other LCMS entities loan<br>repayments .....                                  | 2,562,903                  | 1,899,672                  | 2,487,308                  |
| Redemption of investments .....   | 10,501,669                 | 5,170,113                  | 4,434,950                  |
| Purchase of investments .....   | <u>( 9,006,289)</u>        | <u>( 6,582,554)</u>        | <u>( 5,906,821)</u>        |
| Net cash provided by (used for) investing activities.....   | <u>561,214</u>             | <u>478,358</u>             | <u>( 146,649)</u>          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                            |                            |                            |
| Purchase of interest-bearing debt instruments.....  | 3,123,337                  | 2,324,773                  | 1,502,801                  |
| Redemptions of interest-bearing debt instruments .....  | <u>( 2,831,671)</u>        | <u>( 3,515,419)</u>        | <u>( 2,961,629)</u>        |
| Net cash provided by (used for) financing activities.....   | <u>291,666</u>             | <u>( 1,190,646)</u>        | <u>( 1,458,828)</u>        |
| <b>NET INCREASE (DECREASE) IN CASH.....</b>   | <b>1,258,519</b>           | <b>( 425,642)</b>          | <b>( 1,393,466)</b>        |
| <b>CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR</b>  | <b><u>1,218,707</u></b>    | <b><u>1,644,349</u></b>    | <b><u>3,037,815</u></b>    |
| <b>CASH AND CASH EQUIVALENTS – END OF YEAR.....</b>   | <b><u>\$ 2,477,226</u></b> | <b><u>\$ 1,218,707</u></b> | <b><u>\$ 1,644,349</u></b> |
| Supplemental disclosure of cash flow information:   |                            |                            |                            |
| Cash paid during the year for interest.....   | \$ 658,594                 | \$ 411,596                 | \$ 350,642                 |

The accompanying notes are an integral part of these financial statements.

Central Illinois District  
Church Extension Fund, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2024, 2023 and 2022

**NOTE 1 – ORGANIZATION**

The Central Illinois District Church Extension Fund, Inc. (Church Extension Fund) is one of four District-based Church Extension Funds under the Lutheran Church-Missouri Synod (LCMS). The Church Extension Fund is a church organization of the LCMS and as such is a charitable exempt organization under Section 501(c)(3) of the Internal Revenue Code and relies on investments by individuals and entities located primarily in central Illinois. Investors are subject to fluctuations in the economic status of the geographic region of central Illinois. No provisions have been made for changes in the economic environment.

The purpose of this corporation is to aid the member congregations and agencies of the Central Illinois District of the LCMS to finance the acquisition of land and in the purchase, erection or improvement of facilities for effective programs of ministry, witness, outreach, and service for the expansion of God's Kingdom in the Central Illinois District of the LCMS.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting - The financial statements of the Church Extension Fund have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP).

The significant accounting policies followed by the Church Extension Fund are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation - The financial statements of the Church Extension Fund have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Church Extension Fund to report information regarding its financial position and activities accordingly to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Church Extension Fund's management and the board of trustees.

Governing Board Designations - Board designated net assets represent bequests received by the Church Extension Fund. The Board designated the funds from net assets without restrictions for future approved projects or expenditures of the Church Extension Fund. The balances are \$662,277, \$678,383 and \$663,652 as of December 2024, 2023 and 2022.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Church Extension Fund or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and 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.



Central Illinois District  
Church Extension Fund, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2024, 2023 and 2022

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

Investments - Investments consist of notes and certificates of deposit with the Lutheran Church Extension Fund – LCMS and financial institutions as well as U.S. Treasuries at various rates and are carried at cost which approximates market value, or, in the case of U.S. Treasuries, including amortization of discount at purchase.

Fixed Assets - Fixed assets are recorded at cost and consist of office equipment, furniture and software which is depreciated over their estimated useful lives using the straight-line method of depreciation. Management's policy is to recognize depreciation in the month the asset is acquired through the life of the asset.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and accompanying notes. Actual results could differ from those estimates.

Tax Status - The Church Extension Fund is a church organization of the LCMS and as such is a charitable exempt organization under Section 501(c)(3) of the Internal Revenue Code and as a church entity is exempt from filing requirements.

Functional Expenses - The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services, management and general, fundraising, occupancy and supporting services benefited. Such allocations are determined by management on an equitable basis. See Note 11 for presentation of fiscal years ending December 31, 2024, 2023 and 2022.

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2024, 2023 and 2022 are:

|  | <u>12-31-24</u>     | <u>12-31-23</u>     | <u>12-31-22</u>     |
|--|---------------------|---------------------|---------------------|
| Financial assets:                                |                     |                     |                     |
| Cash and cash equivalents                        | \$ 2,477,226        | \$ 1,218,707        | \$ 1,644,349        |
| Short-term investments                           | <u>4,419,000</u>    | <u>11,528,931</u>   | <u>3,410,241</u>    |
| Total financial assets available within one year | <u>\$ 6,896,226</u> | <u>\$12,747,638</u> | <u>\$ 5,054,590</u> |

The organization's cash flows have variations during the year attributable to timing of payout of notes payable and advances on loans. To manage liquidity, the organization structures its financial assets to be available as general expenses, liabilities, advances on loans and other obligations come due. Short-term investments include those that will mature within one year.

**NOTE 4 – FIXED ASSETS**

Fixed assets are stated at cost and are comprised of the following for the years ended December 31, 2024, 2023 and 2022:

|                                 | <u>12-31-24</u>   | <u>12-31-23</u>    | <u>12-31-22</u>    |
|---------------------------------|-------------------|--------------------|--------------------|
| Computer equipment and software | \$ 54,680         | \$ 102,616         | \$ 101,387         |
| Office furniture and equipment  | 25,866            | 18,580             | 14,624             |
| Less: Accumulated depreciation  | ( <u>17,096</u> ) | ( <u>111,439</u> ) | ( <u>112,658</u> ) |
| Total – net                     | <u>\$ 63,450</u>  | <u>\$ 9,757</u>    | <u>\$ 3,353</u>    |

Central Illinois District  
Church Extension Fund, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2024, 2023 and 2022

**NOTE 5 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES**

Loans Receivable:

Loans that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported at the principal balance outstanding, net of allowance for loan losses. The loans receivable consist of loans with various maturity dates and with interest rates ranging from 2.20% to 6.00%. The balance of loans receivable for the years ended December 31, 2024, 2023 and 2022 was \$18,617,593, \$17,747,323, and \$19,646,996, respectively.

Interest income earned on loans receivable for the years ended December 31, 2024, 2023 and 2022 was \$839,557, \$766,769, and \$767,324 and accrued interest amounted to \$1,570, (\$8,331), and \$2,664, respectively. The board of trustees approved interest rebates of \$150,000 for 2024, \$125,000 for 2023, and \$150,000 for 2022.

In accordance with the Church Extension Fund's policy, titles, deeds of trust, and mortgages to properties are held by the Church Extension Fund until the related indebtedness has been satisfied by the respective borrower.

Allowance For Loan Losses:

During 2023, the Church Extension Fund implemented FASB ASU 2016-13 Financial Instruments – Credit Losses (Topic 326). Commonly referred to as the Current Expected Credit Loss (CECL) Model, this guidance was used to estimate the Allowance for Loan Losses on loans held by the Church Extension Fund as of December 31, 2024. Under CECL, the Loss Rate Method of evaluation was utilized, with management estimating the allowance balance using relevant available information, from internal and external sources, relating to historical information, current conditions, and reasonable and supportable forecasts.

Management has assessed the Church Extension Fund loan portfolio and identified the following three types of borrowers as portfolio segments, or pools, to be used under the Loan Rate Method CECL model:

- Churches/organizations without schools
- Churches with schools
- Associations/stand-alone schools

Historical credit loss experience provides the basis for estimation of expected credit losses. Having not experienced any loan loss since the inception of the Church Extension Fund, the historical loss rate for the Fund stands at 0.00%. If loan losses are experienced in the future, more detailed information may be tracked on loans at that time where relevant to the occurrence of loss.

Current qualitative, or environmental, conditions likely have some degree of variation throughout the lives of the loans in the loan pools. Due to a historical loss rate of 0.00% over the existence of the Church Extension Fund, no correlation between the variations in these conditions and an impact on the loss rate can be identified and readily supported because no losses were incurred. The Church Extension Fund will continue to monitor these qualitative conditions going forward to seek to identify any correlation for adjustment to the historical loss rate should a loss occur.

Central Illinois District  
Church Extension Fund, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2024, 2023 and 2022

**NOTE 5 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES, (Continued)**

Reasonable and supportive forecasts are based on qualitative, or environmental, conditions which are very similar to the impact of current conditions in that they also are likely to have some degree of variation throughout the lives of the loans in the loan pools. Given the historical loss rate of 0.00% over the existence of the Church Extension Fund, no correlation between the variations in these conditions and an impact on the loss rate can be identified and reasonably and readily supported because no losses were incurred. As of December 31, 2024, management assessed the situation and assigned overall qualitative adjustments to the pools referenced above based on factors with the potential to affect the forecasted loss rate in each pool.

The balance of the allowance for loan losses account was \$1,895,000, \$1,895,000 and \$1,895,000 for the years ended December 31, 2024, 2023 and 2022, respectively. Prior to implementation of CECL in 2023, the allowance for loan losses complied with generally accepted accounting principles applicable at the time. In 2022, the board of trustees increased the allowance for loan losses by \$1,055,000 to \$1,895,000, after impairment of a loan. The loan is currently on interest only payments.

Management considers a loan to be impaired when it is placed on nonaccrual status, among other considerations. As of December 31, 2024, the balance of impaired loans with a specific valuation allowance outside of the standard portfolio segments (pools) was \$2,181,594, and without a specific valuation allowance was \$23,078. The valuation allowance related to impaired loans totaled \$1,461,668 as of December 31, 2024. The valuation allowance attributed to impaired loans is a component of the overall allowance for loan losses.

There have been no loan delinquencies related to the financial condition of any borrowers (more than 90 days delinquent) during the years ended December 31, 2024, 2023 and 2022. No loans are delinquent at year end (over 90 days past due).

Loan Commitments:

As stated in each promissory note, the Church Extension Fund does not have an obligation to extend credit under its loan commitments where the borrower is in default under the terms of any agreement, is no longer in existence or is insolvent, has applied funds for other than their authorized purpose, or where the Church Extension Fund in good faith believes itself insecure. Given that credit will not be extended where any possibility of loss exists or would be expected, the Church Extension Fund will not be including loan commitment in its calculation of loan loss.

Unexpended loan commitments as of December 31, 2024, 2023 and 2022 are \$-0-, \$4,000,000, and \$-0-, respectively.

**NOTE 6 – INVESTMENTS**

Investments are mainly comprised of notes and certificates of deposit with the Lutheran Church Extension Fund – LCMS and financial institutions at varying rates and with terms up to 60 months. Investments are carried at cost which approximates market value. The Church Extension Fund also holds investments in U.S. Treasury Bills and Notes. Those are valued at cost, and any discount at time of purchase is amortized over the life of the note.

Raymond James provides investment services for a portion of the certificates of deposit in the Church Extension Fund's portfolio. The certificates of deposit listed under Raymond James are not investments in Raymond James.

Central Illinois District  
Church Extension Fund, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2024, 2023 and 2022

**NOTE 6 – INVESTMENTS, (Continued)**

Investments consisted of the following at December 31, 2024, 2023 and 2022:

|  |           | <u>Current<br/>Rates/Yield</u> | <u>Maturity<br/>Date</u> | <u>Cost/Market<br/>12-31-24</u> | <u>Cost/Market<br/>12-31-23</u> | <u>Cost/Market<br/>12-31-22</u> |
|--|-----------|--------------------------------|--------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>Lutheran Church Extension Fund – LCMS</b>       |           |                                |                          |                                 |                                 |                                 |
| Notes  |           | 2.250% - 2.500%                | 2023                     | \$ -                            | \$ -                            | \$ 700,000                      |
| Notes  |           | 2.625% - 3.000%                | 2024                     | -                               | 5,206,669                       | 7,206,669                       |
| Notes  |           | 3.00% - 5.00%                  | 2025                     | 1,500,000                       | 1,250,000                       | 1,000,000                       |
| Notes  |           | 4.25% - 6.25%                  | 2026                     | 3,200,000                       | 1,250,000                       | -                               |
| Notes  |           | 4.25%                          | 2027                     | 700,000                         | -                               | -                               |
| Notes  |           | 4.00%                          | 2028                     | 500,000                         | -                               | -                               |
| Notes  |           | 4.50%                          | 2029                     | <u>1,500,000</u>                | <u>-</u>                        | <u>-</u>                        |
| <b>Total Lutheran Church Extension Fund – LCMS</b> |           |                                |                          | <b><u>7,400,000</u></b>         | <b><u>7,706,669</u></b>         | <b><u>8,906,669</u></b>         |
| <br><b>Raymond James, Springfield, Illinois</b>    |           |                                |                          |                                 |                                 |                                 |
| Certificates of Deposit                            |           | 2.45% - 3.45%                  | 2023                     | -                               | -                               | 1,470,000                       |
| Certificates of Deposit                            |           | 1.60% - 5.55%                  | 2024                     | -                               | 5,364,000                       | 3,435,000                       |
| Certificates of Deposit                            |           | 5.00% - 5.50%                  | 2025                     | 2,187,000                       | 1,952,000                       | -                               |
| Certificates of Deposit                            |           | 4.10% - 5.40%                  | 2026                     | 1,486,000                       | 490,000                         | -                               |
| Certificates of Deposit                            |           | 3.90% - 4.00%                  | 2028                     | 494,000                         | -                               | -                               |
| Certificates of Deposit                            |           | 4.00%                          | 2029                     | <u>249,000</u>                  | <u>-</u>                        | <u>-</u>                        |
|  |           |                                |                          | <b><u>4,416,000</u></b>         | <b><u>7,806,000</u></b>         | <b><u>4,905,000</u></b>         |
| <br><b>U.S. Treasuries:</b>                        |           |                                |                          |                                 |                                 |                                 |
| US Treasury Bills                                  | \$259,000 | 3.869%                         | 2023                     | -                               | -                               | 249,579                         |
| US Treasury Bills                                  | \$259,000 | 3.990%                         | 2023                     | -                               | -                               | 249,534                         |
| US Treasury Notes                                  | \$256,000 | 4.000%                         | 2023                     | -                               | -                               | 249,307                         |
| US Treasury Notes                                  | \$261,000 | 4.340%                         | 2024                     | -                               | 249,654                         | 249,654                         |
| US Treasury Notes                                  | \$259,000 | 3.889%                         | 2026                     | 249,030                         | -                               | -                               |
| US Treasury Notes                                  | \$260,000 | 3.929%                         | 2026                     | 249,705                         | -                               | -                               |
| US Treasury Notes                                  | \$257,000 | 4.079%                         | 2026                     | 246,628                         | -                               | -                               |
| US Treasury Notes                                  | \$268,000 | 4.116%                         | 2029                     | 249,332                         | -                               | -                               |
| US Treasury Notes                                  | \$257,000 | 4.125%                         | 2029                     | <u>247,532</u>                  | <u>-</u>                        | <u>-</u>                        |
|  |           |                                |                          | <b><u>1,242,227</u></b>         | <b><u>249,654</u></b>           | <b><u>998,074</u></b>           |
| Discount paid on US Treasuries                     |           |                                |                          | <u>2,561</u>                    | <u>10,608</u>                   | <u>3,747</u>                    |
| <b>Total Raymond James Investments</b>             |           |                                |                          | <b><u>5,660,788</u></b>         | <b><u>8,066,262</u></b>         | <b><u>5,906,821</u></b>         |

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**NOTE 6 – INVESTMENTS, (Continued)**

|   | <u>Current<br/>Rates/Yield</u> | <u>Maturity<br/>Date</u> | <u>Cost/Market<br/>12-31-24</u> | <u>Cost/Market<br/>12-31-23</u> | <u>Cost/Market<br/>12-31-22</u> |
|---|--------------------------------|--------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>Other Financial Institutions – Certificates of Deposit:</b>      |                                |                          |                                 |                                 |                                 |
| Bloomsdale Bank, Bloomsdale, MO                                     | 1.000%                         | 2023                     | \$ -                            | \$ -                            | \$ 245,000                      |
| Prime Alliance  | 5.300%                         | 2025                     | 238,000                         | -                               | -                               |
| State Bank of Texas, Dallas, TX                                     | 5.350% - 5.500%                | 2025-24                  | 249,000                         | 249,000                         | -                               |
| US Alliance Financial, Rye NY                                       | 1.000% - 4.850%                | 2025-23                  | 245,000                         | 245,000                         | 245,000                         |
| INOVA Federal Credit Union, Elkhart, IN                             | 4.310% - 5.500%                | 2026-24                  | 249,402                         | 249,000                         | -                               |
| Vibrant Credit Union, Moline, IL                                    | 5.000%                         | 2027-24                  | 210,861                         | 200,000                         | -                               |
| Lafayette Federal Credit Union, West Kensington, MD                 | 4.500%                         | 2027                     | 247,500                         | -                               | -                               |
| EFCU Financial, Baton Rouge, LA                                     | 4.750%                         | 2027                     | 222,500                         | -                               | -                               |
| Heartland Credit Union, Hutchinson, KS                              | 4.090%                         | 2027                     | 247,500                         | -                               | -                               |
| Heartland Credit Union, Springfield, IL                             | 4.400%                         | 2028                     | <u>250,000</u>                  | <u>-</u>                        | <u>-</u>                        |
| <b>Total Other Financial Institutions – Certificates of Deposit</b> |                                |                          | <u><b>2,159,763</b></u>         | <u><b>943,000</b></u>           | <u><b>490,000</b></u>           |
| <b>TOTAL INVESTMENTS</b>  |                                |                          | <u><b>\$15,220,551</b></u>      | <u><b>\$16,715,931</b></u>      | <u><b>\$15,303,490</b></u>      |

Interest income on investments for the years ended December 31, 2024, 2023 and 2022 was \$765,037, \$560,917, and \$373,608, respectively. The accrued interest amounted to \$70,092, \$104,968, and \$60,471, respectively.

**NOTE 7 – CONCENTRATION OF CREDIT RISK**

Financial instruments, which potentially subject the organization to concentration of credit risk, include cash and cash equivalents and investments. The organization places its temporary cash with credit-worthy, high quality financial institutions. There were no uninsured balances at these financial institutions at December 31, 2024.

Investments and cash on demand with the Lutheran Church Extension Fund – LCMS of \$7,951,414 are not SIPC or FDIC-insured bank deposit accounts, and repayment of principal and interest is dependent upon the general financial condition of LCEF. Management has reviewed the financial condition of LCEF and has been made aware of a lawsuit in which LCEF has been named as one of multiple defendants. LCEF maintains that the lawsuit and its claims are spurious and will vigorously defend against them. Management will continue to monitor the status of the lawsuit and LCEF's financial condition to ensure the investments held with the LCEF remain unimpaired.

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**NOTE 8 – INTEREST-BEARING DEBT INSTRUMENTS**

The balances in interest-bearing debt instruments represent amounts that members of LCMS have invested in the Church Extension Fund in the following:

|   | <u>12-31-24</u>     | <u>12-31-23</u>     | <u>12-31-22</u>     |
|---|---------------------|---------------------|---------------------|
| Flex Accounts                           | \$ 1,000,696        | \$ 1,311,527        | \$ 1,582,735        |
| Investment certificates:                |                     |                     |                     |
| 6 months                                | 113,116             | 112,382             | 127,365             |
| 11 months                               | 1,741,357           | -                   | -                   |
| 12 months                               | 2,355,060           | 2,195,402           | 2,062,461           |
| 18 months                               | 12,277,821          | 10,570,921          | 1,300,662           |
| 24 months                               | -                   | 1,002,015           | 7,816,637           |
| 36 months                               | 1,681,958           | 2,171,520           | 2,938,725           |
| 60 months                               | <u>5,227,844</u>    | <u>6,742,419</u>    | <u>9,468,246</u>    |
| Total interest-bearing debt instruments | <u>\$24,397,852</u> | <u>\$24,106,186</u> | <u>\$25,296,831</u> |

Interest rates on outstanding interest-bearing debt instruments range from 0.40% to 4.50%. The accounts held in each of the above investments are not SIPC or FDIC insured.

Future scheduled maturities of investment certificates are as follows:

|        |                     |
|--------|---------------------|
| 2025   | \$16,008,602        |
| 2026   | 3,870,459           |
| 2027   | 1,444,465           |
| 2028   | 1,353,277           |
| 2029   | <u>720,352</u>      |
| Totals | <u>\$23,397,155</u> |

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**NOTE 9 – RELATED PARTY TRANSACTIONS**

Office space is provided to the Church Extension Fund under a lease agreement with the District with monthly payments of \$1,150 for rent and utilities.

The Church Extension Fund also provides various grants to member congregations and other entities including the District.

The following represents payments made to the District from the Church Extension Fund for the years ended December 2024, 2023, and 2022:

|                          | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--------------------------|-------------|-------------|-------------|
| Ministry Outreach Grants | \$ 2,615    | \$ 473      | \$ -        |
| Board Grants             | -           | 12,095      | 3,683       |
| Bequest Grants           | 4,250       | -           | 5,656       |
| Rent and utilities       | 13,800      | 13,200      | 13,200      |

The District had 2 outstanding loans with the Church Extension Fund on December 31, 2024 with a balance due of \$66,045, 2 loans on December 31, 2023 and 2 loans on December 31, 2022 with balances due of \$88,416 and \$109,723, respectively.

**NOTE 10 – RETIREMENT PLAN**

The Church Extension Fund participates with other organizations affiliated with the LCMS in a multiemployer noncontributory, defined-benefit pension plan covering substantially all employees. Benefits are provided through Concordia Plan Services (the Plan). The cost of these benefits to the Church Extension Fund for the years ended December 31, 2024, 2023 and 2022 was \$17,774, \$16,994, and \$15,120, respectively.

Accumulated plan benefits information, as provided by consulting actuaries, has not been distinguished from the benefits of the other organizations participating in the multiemployer Plan and, accordingly, such information is not presented herein. The most recent available financial information for the Plan is as of December 31, 2023. The December 31, 2023 audited financial statements of the Concordia Retirement Plan reflected approximately \$3.9 billion in net assets available for benefits and \$4.5 billion of actuarial present value of accumulated plan benefits. Therefore, the Plan was approximately 86% funded and is in the “Green Zone” for classification under the Pension Protection Act of 2006 (PPA). The PPA considers Plans that are neither endangered nor critical to be in the “Green Zone” and are not required to take action. Plans considered endangered are “Yellow Zone” and critical are considered “Red Zone.” Pension Plans in critical and endangered status are required to adopt a plan aimed at restoring the financial health of the Pension Plan.

In addition, the Church Extension Fund also offers a retirement plan under Section 403(b) of the Internal Revenue Code for employees. The employer matching contributions for the years ending December 31, 2024, 2023 and 2022 was \$3,627, \$3,455, and \$3,290, respectively.

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For the Years Ended December 31, 2024, 2023 and 2022

**NOTE 11 – EXPENSES BY NATURE AND FUNCTION**

The table below presents expenses by their function for fiscal years ending 2024, 2023 and 2022.

|                                    | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Total</u>            |
|------------------------------------|-----------------------------|-----------------------------------|-------------------------|
| <b><u>December 31, 2024</u></b>    |                             |                                   |                         |
| Salaries and benefits              | \$157,573                   | \$150,160                         | \$307,733               |
| Office expenses                    | 7,999                       | 7,622                             | 15,621                  |
| Occupancy and insurance            | 18,542                      | 17,670                            | 36,212                  |
| Professional and computer services | 38,638                      | 12,880                            | 51,518                  |
| Depreciation                       | 7,654                       | 2,550                             | 10,204                  |
| Grants                             | 43,963                      | -                                 | 43,963                  |
| Other expenses                     | <u>-</u>                    | <u>17,874</u>                     | <u>17,874</u>           |
| Total expenses                     | <b><u>\$274,369</u></b>     | <b><u>\$208,756</u></b>           | <b><u>\$483,125</u></b> |
| <b><u>December 31, 2023</u></b>    |                             |                                   |                         |
| Salaries and benefits              | \$150,461                   | \$143,147                         | \$293,608               |
| Office expenses                    | 7,049                       | 6,707                             | 13,756                  |
| Occupancy and insurance            | 17,396                      | 16,551                            | 33,947                  |
| Professional and computer services | 27,744                      | 9,248                             | 36,992                  |
| Depreciation                       | 1,853                       | 617                               | 2,470                   |
| Grants                             | 38,469                      | -                                 | 38,469                  |
| Other expenses                     | <u>-</u>                    | <u>20,123</u>                     | <u>20,123</u>           |
| Total expenses                     | <b><u>\$242,972</u></b>     | <b><u>\$196,393</u></b>           | <b><u>\$439,365</u></b> |
| <b><u>December 31, 2022</u></b>    |                             |                                   |                         |
| Salaries and benefits              | \$140,527                   | \$132,774                         | \$273,301               |
| Office expenses                    | 7,095                       | 6,703                             | 13,798                  |
| Occupancy and insurance            | 17,612                      | 16,641                            | 34,253                  |
| Professional and computer services | 33,238                      | 11,080                            | 44,318                  |
| Depreciation                       | 3,399                       | 1,132                             | 4,531                   |
| Grants                             | 75,310                      | -                                 | 75,310                  |
| Other expenses                     | <u>-</u>                    | <u>28,979</u>                     | <u>28,979</u>           |
| Total expenses                     | <b><u>\$277,181</u></b>     | <b><u>\$197,309</u></b>           | <b><u>\$474,490</u></b> |

**NOTE 12 – SUBSEQUENT EVENTS**

The organization reviewed events for inclusion in the financial statements through May 6, 2025, the date that the financial statements were available to be issued.