



WELS Church Extension Fund

Wisconsin Evangelical Lutheran Synod



Highlights | 2018

"So the churches were strengthened
in the faith and grew daily
in numbers."

Acts 16:5

Where investing in your future builds churches.

Our calling

WELS Church Extension Fund, Inc. (CEF) is a self-supporting, not-for-profit, wholly owned subsidiary corporation of the WELS. Its primary purpose is to provide loans and grants for mission congregation projects under the direction of the Board for

Home Missions and loans to mission-minded self-supporting congregations so that they can acquire parsonages, land, and facilities as tools for gospel outreach.

Our current situation

CEF funding to carry out our mission comes primarily from three sources: member investments, operating revenue, and gifts and bequests. Individual members, congregations and affiliates of WELS may invest in CEF certificates and savings accounts. As of March 2018, 3,338 investors have entrusted CEF with over \$106.9 million. Total investment dollars grew by nearly 21% this past year. These member investments provide funds for the Loan Program. Net revenues from operations and gifts and bequests made to CEF provide funding for the congregation Grant Program.

Loan Program

The CEF loan portfolio continues to grow and is now at 211 loans with dollars outstanding of \$155.9 million, a growth of more than 5% since 2017. Currently our “pipeline” of new loan originations for the remainder of fiscal year 2018 is 12 new loans for roughly \$14.8 million. In 2017 CEF put lending to “mission minded Self-Supporting” WELS congregations on hold for roughly 9 months while we focused on new investments. Our investment rate “special” in 2017 restocked CEF’s funds availability for the Loan program and we

resumed lending activities to “mission minded Self-Supporting” congregations in the fall of 2017. CEF’s lending rate structure is published annually in our Offering Circular – presently, our lending rate for new loans is 4.55%. “Mission” status congregations receive a 0.25% reduction of the lending rate for their initial 5-year note.

Grant Program

CEF provides matching grants to eligible mission congregations after they have provided a minimum 10% down payment for their initial land purchases, exiting facility purchase, or new facility construction projects. A congregation’s down payment combined with a CEF matching grant allows the mission congregation to move forward with a more manageable loan payment. \$1,667,584 has been approved for matching grants through February of fiscal year 2018. We anticipate up to \$.877 million of additional grant approvals to 3 congregations by the end of the fiscal year. Since 1993, more than \$35.1 million in CEF matching grants have been approved for mission congregations across North America and the West Indies.

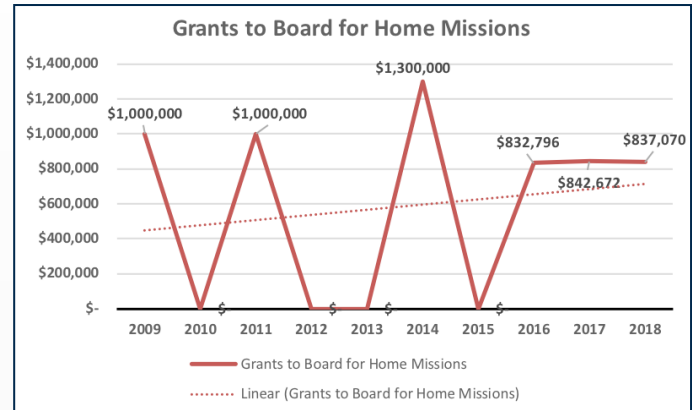
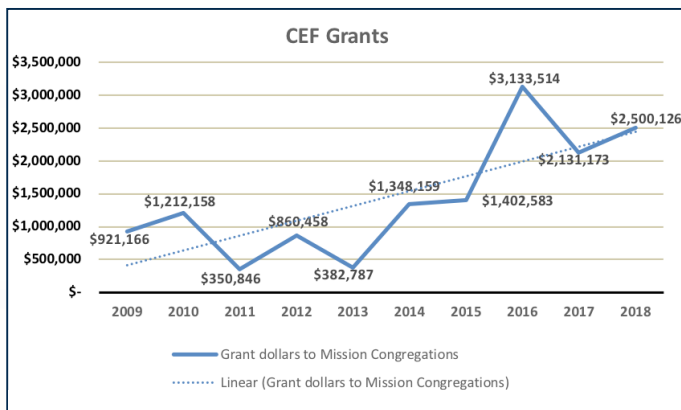
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Special grant to Home Missions

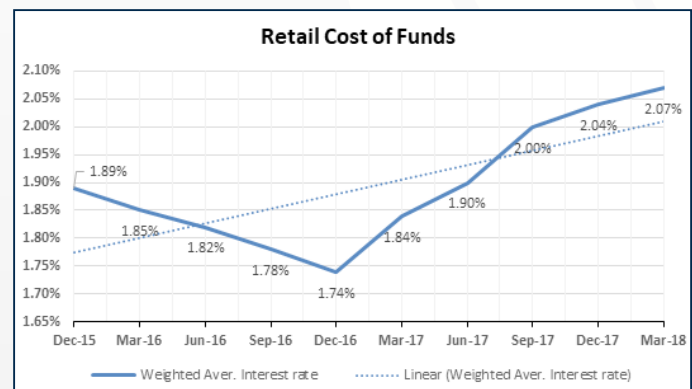
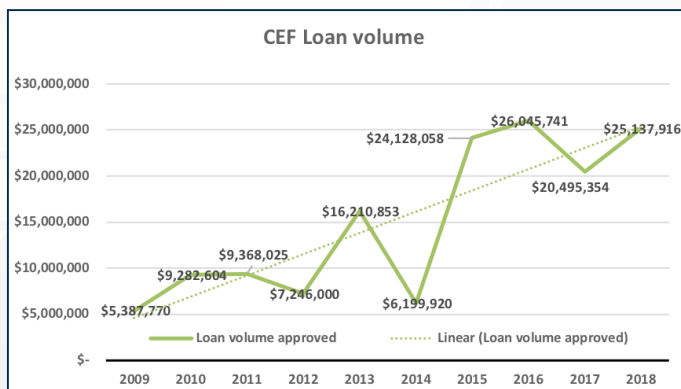
WELS CEF has distributed over \$5.8 million to the Board for Home Missions in the past 9 fiscal years

through special grants (\$3.3 Million 2009 – 2014) and through CEF’s endowment funds (\$2.5 million) since 2015.



WELS CEF Grants consist of matching down payments dollars at 4:1 for Land and 2:1 on Facility projects to reduce debt service on Mission status initial purchase/construction transactions. (2018 estimated)

In 2015, the WELS CEF Board of Directors established an annual grant program to the Board for Home Missions from its endowment to fund the BHM grant. (2018 actual)



WELS Congregations with either a "mission" or "self-supporting" status are eligible for CEF financing. (2018 estimated)

Retail investment cost of funds is the basis for CEF Lending interest rates. The rising interest rate environment has increased interest cost to borrowing congregations.



A look ahead

We pray by God's grace CEF will continue to benefit from positive operational results and be able to continue to provide loans and special grants over and above our matching grant programs to assist more mission congregations and Home Missions through endowment fund.

We anticipate that our loan portfolio will see significant growth in FY 2018 (on pace for \$23.5 Million) and into the future if we can continue to maintain a healthy and disciplined approach regarding operations and a fair and competitive interest rate environment for Investors and Borrowers.

We continue to encourage individual WELS members, congregations, and affiliated organizations to consider investing in CEF loan, savings, and retirement / IRA certificates and to consider gifts and bequests to CEF to help support our mission and close partnership with Home Missions.

Please feel free to contact CEF at 1-866-511-7793 or by email at: cef@wels.net. Visit our website at: wels.net/cef.



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WELS Church Extension Fund, Inc. · N16W23377 Stone Ridge Drive Waukesha, WI 53188-1108
wels.net/cef · cef@wels.net · 866-511-7793