

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

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019, 2018 AND 2017**

The Central Illinois District  
Church Extension Fund, Inc.

Table of Contents

	<u>Pages</u>
Independent Auditor's Report.....	1
STATEMENT 1 - STATEMENTS OF FINANCIAL POSITION .....	2
STATEMENT 2 - STATEMENTS OF ACTIVITIES.....	3
STATEMENT 3 - STATEMENTS OF CASH FLOWS.....	4
Notes to Financial Statements.....	5-11

# Estes, Bridgewater & Ogden

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Central Illinois District Church Extension Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Illinois District Church Extension Fund, Inc. as of December 31, 2019, 2018 and 2017, 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.

*Estes, Bridgewater & Ogden*

Certified Public Accountants  
Springfield, Illinois

August 25, 2020

Central Illinois District  
Church Extension Fund, Inc.  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2019, 2018 and 2017

Statement 1

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 1,403,182	\$ 882,745	\$ 452,395
Deposits and investments:			
Investments – Lutheran Church Extension Fund – LCMS.....	10,756,669	10,106,714	10,856,714
Certificates of deposit.....	<u>250,000</u>	<u>500,000</u>	<u>3,250,000</u>
Total deposits and investments .....	<u>11,006,669</u>	<u>10,606,714</u>	<u>14,106,714</u>
Loans Receivable:			
Congregations.....	23,154,262	23,700,892	22,503,252
Less allowance for loan losses.....	( <u>840,000</u> )	( <u>840,000</u> )	( <u>840,000</u> )
Net loans receivable .....	<u>22,314,262</u>	<u>22,860,892</u>	<u>21,663,252</u>
Accrued interest receivable.....	36,806	52,953	37,460
Fixed assets – net .....	18,334	25,164	11,372
Prepaid expense.....	<u>33,397</u>	<u>48,289</u>	<u>13,037</u>
<b>TOTAL ASSETS.....</b>	<b><u>\$34,812,650</u></b>	<b><u>\$34,476,757</u></b>	<b><u>\$36,284,230</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Interest-Bearing Debt Instruments:			
Savings stamps.....	\$ 35,043	\$ 34,718	\$ 35,711
Growth bonds.....	68,678	66,943	81,857
Flex accounts.....	1,581,808	1,274,513	1,602,706
Investment certificates .....	<u>23,204,767</u>	<u>23,380,813</u>	<u>25,115,618</u>
Total interest-bearing debt instruments .....	<u>24,890,296</u>	<u>24,756,987</u>	<u>26,835,892</u>
Accounts payable & other payables .....	140,445	114,964	108,700
Accrued interest payable.....	108,994	84,679	83,191
Interest rebates payable.....	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Total liabilities .....	<u>25,289,735</u>	<u>25,106,630</u>	<u>27,177,783</u>
<b>NET ASSETS</b>			
Without donor restrictions:			
Undesignated.....	8,968,984	8,822,096	8,666,050
Board Designated .....	<u>553,931</u>	<u>548,031</u>	<u>440,397</u>
Total Net Assets.....	<u>9,522,915</u>	<u>9,370,127</u>	<u>9,106,447</u>
<b>TOTAL LIABILITIES AND NET ASSETS .....</b>	<b><u>\$34,812,650</u></b>	<b><u>\$34,476,757</u></b>	<b><u>\$36,284,230</u></b>

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

Central Illinois District  
Church Extension Fund, Inc.

Statement 2

**STATEMENTS OF ACTIVITIES**

For the Years Ended December 31, 2019, 2018 and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>REVENUE</b>			
Interest income:			
Interest on loans .....	\$ 893,075	\$ 837,505	\$ 795,321
Interest on investments.....	<u>280,693</u>	<u>275,945</u>	<u>303,979</u>
<b>Subtotal</b> .....	1,173,768	1,113,450	1,099,300
Less loan interest rebate.....	( <u>150,000</u> )	( <u>150,000</u> )	( <u>150,000</u> )
<b>Total interest income</b> .....	1,023,768	963,450	949,300
Interest expense.....	( <u>397,096</u> )	( <u>311,506</u> )	( <u>322,871</u> )
<b>Net interest income</b> .....	626,672	651,944	626,429
 Provision for loan loss.....	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net interest income after provision for loan losses</b> .....	<u>626,672</u>	<u>651,944</u>	<u>626,429</u>
 Support and other income:			
Gifts and Bequests .....	<u>8,551</u>	<u>120,915</u>	<u>10,312</u>
<b>Total revenue and other support</b> .....	<u>635,223</u>	<u>772,859</u>	<u>636,741</u>
 <b>EXPENSES</b>			
Salaries and benefits .....	257,380	263,068	211,142
Office expenses.....	16,166	13,251	8,371
Occupancy and insurance .....	31,347	32,276	32,520
Professional and computer services.....	41,022	40,845	35,414
Depreciation.....	7,350	11,082	3,324
Grants.....	103,440	107,835	138,818
Other expenses.....	<u>25,730</u>	<u>28,853</u>	<u>10,049</u>
 Total expenses.....	<u>482,435</u>	<u>497,210</u>	<u>439,638</u>
 <b>OTHER CHANGES IN NET ASSETS</b>			
Gain or (loss) on sale of investment .....	<u>-</u>	( <u>11,969</u> )	<u>-</u>
<b>NET INCOME</b> .....	<b>152,788</b>	<b>263,680</b>	<b>197,103</b>
 NET ASSETS WITHOUT DONOR RESTRICTIONS – BEGINNING OF YEAR.....	<u>9,370,127</u>	<u>9,106,447</u>	<u>8,909,344</u>
 NET ASSETS WITHOUT DONOR RESTRICTIONS – END OF YEAR.....	<b><u>\$9,522,915</u></b>	<b><u>\$9,370,127</u></b>	<b><u>\$9,106,447</u></b>

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, 2019, 2018 and 2017

Statement 3

	2019	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income (loss).....	\$ 152,788	\$ 263,680	\$ 197,103
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:			
Depreciation .....	7,350	11,082	3,324
(Increase) Decrease in Assets:			
Prepaid expense.....	14,891	( 35,252)	( 235)
Accrued interest receivable.....	16,147	( 15,493)	19,892
Increase (Decrease) in Liabilities:			
Accounts and other payables.....	25,481	6,264	76,588
Interest payable .....	24,315	1,488	( 1,926)
Interest rebate payable.....	-	-	( 100,000)
Net cash provided by (used for) operating activities ..	<u>240,972</u>	<u>231,769</u>	<u>194,746</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of equipment.....	( 519)	( 24,874)	( 4,254)
Congregation loan advances .....	( 1,233,601)	( 2,869,480)	( 4,319,705)
Congregation loan repayments .....	1,780,231	1,671,840	2,308,856
Sale of investments .....	250,045	3,500,000	1,450,000
Purchase of Investments .....	( 650,000)	-	-
Net cash provided by (used for) investing activities.....	<u>146,156</u>	<u>2,277,486</u>	<u>( 565,103)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Purchase of interest-bearing debt instruments.....	3,324,142	1,600,652	1,398,520
Redemptions of interest-bearing debt instruments .....	( 3,190,833)	( 3,679,557)	( 1,845,646)
Net cash provided by (used for) financing activities.....	<u>133,309</u>	<u>( 2,078,905)</u>	<u>( 447,126)</u>
<b>NET INCREASE (DECREASE) IN CASH.....</b>	<b>520,437</b>	<b>430,350</b>	<b>( 817,483)</b>
<b>CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR</b>	<b>882,745</b>	<b>452,395</b>	<b>1,269,878</b>
<b>CASH AND CASH EQUIVALENTS – END OF YEAR.....</b>	<b>\$1,403,182</b>	<b>\$ 882,745</b>	<b>\$ 452,395</b>
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest.....	\$ 372,781	\$ 310,018	\$ 324,796

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, 2019, 2018 and 2017

**NOTE 1 – ORGANIZATION**

The Central Illinois District Church Extension Fund, Inc. (Church Extension Fund) is one of four independent District Church Extension Funds under the Lutheran Church Missouri Synod. The Church Extension Fund is a church organization of the Lutheran Church Missouri Synod 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 Lutheran Church-Missouri Synod 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 Lutheran Church-Missouri Synod.

**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.

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, where by 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.

Investments - Investments consist of notes and certificates of deposit with the Lutheran Church Extension Fund – LCMS and financial institutions at various rates and are carried at cost which approximates market value.

Fixed Assets - Fixed assets are recorded at cost and consist of office equipment and furniture 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.

Central Illinois District  
Church Extension Fund, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2019, 2018 and 2017

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

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.

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 \$553,931, \$548,031 and \$440,397 as of December 2019, 2018 and 2017.

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 13 for presentation of fiscal years ending December 31, 2019, 2018 and 2017.

**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, 2019, 2018 and 2017 are:

	<u>12-31-19</u>	<u>12-31-18</u>	<u>12-31-17</u>
Financial assets:			
Cash and cash equivalents	\$ 1,403,182	\$ 882,745	\$ 452,395
Short-term investments	<u>1,750,000</u>	<u>10,356,714</u>	<u>1,000,000</u>
Total financial assets available within one year	<u>\$ 3,153,182</u>	<u>\$11,239,459</u>	<u>\$ 1,452,395</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.



Central Illinois District  
Church Extension Fund, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2019, 2018 and 2017

**NOTE 4 – FIXED ASSETS**

Fixed assets are stated at cost and are comprised of the following for the years ended December 31, 2019, 2018 and 2017:

	<u>12-31-19</u>	<u>12-31-18</u>	<u>12-31-17</u>
PCS equipment and software	\$101,387	\$101,387	\$115,644
Office furniture and equipment	15,381	14,862	26,139
Less: Accumulated depreciation	( 98,434)	( 91,085)	( 130,411)
Total – net	<u>\$ 18,334</u>	<u>\$ 25,164</u>	<u>\$ 11,372</u>

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

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 5.00%. The balance of loans receivable for the years ended December 31, 2019, 2018 and 2017 was \$23,154,262, \$23,700,892 and \$22,503,252, respectively.

Interest income earned on loans receivable for the years ended December 31, 2019, 2018 and 2017 was \$893,075, \$837,505 and \$795,321 and accrued interest amounted to \$10,432, \$25,624 and (\$1,497), respectively. The board of trustees approved interest rebates of \$150,000 for 2019, 2018 and 2017.

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

The allowance for loan losses was established to comply with generally accepted accounting principles. Management and the board of trustees believe the allowance for loan loss account of \$840,000 is adequate as of December 31, 2019, 2018 and 2017.

There have been no loan delinquencies related to the financial condition of any borrowers (more than 90 days delinquent) during the year ended December 31, 2019.

Unexpended loan commitments as of December 31, 2019, 2018 and 2017 are \$1,121,533, \$1,171,927 and \$3,192,819, respectively.

**NOTE 6 – INVESTMENTS**

Investments consist of notes and certificates of deposit and are 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 certificates of deposits with National Financial Services and Raymond James Financial are purchased through the Church Extension Fund’s investment accounts and not individually through the local banks from which the investment services are provided.

Central Illinois District  
Church Extension Fund, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2019, 2018 and 2017

**NOTE 6 – INVESTMENTS, (Continued)**

Investments consisted of the following at December 31, 2019, 2018 and 2017:

	<u>Current Rates</u>	<u>Maturity Date</u>	<u>Cost/Market 12-31-19</u>	<u>Cost/Market 12-31-18</u>	<u>Cost/Market 12-31-17</u>
<b>Lutheran Church Extension Fund – LCMS</b>					
Notes	1.375%	2018	\$ -	\$ -	\$ 250,000
Notes	1.75%-2.625%	2019	-	10,106,714	10,606,714
Notes	2.000%	2020	1,750,000	-	-
Notes	2.125% - 2.25%	2021	750,000	-	-
Notes	2.375%	2022	500,000	-	-
Notes	2.500%	2023	550,000	-	-
Notes	2.625% - 3.000%	2024	<u>7,206,669</u>	-	-
<b>Total</b>			<u>10,756,669</u>	<u>10,106,714</u>	<u>10,856,714</u>
<b>National Financial Services (Security Bank):</b>					
Certificates of Deposit	2.00% - 2.10%	2018	-	-	500,000
Certificates of Deposit	1.95%	2019	-	-	250,000
Certificates of Deposit	1.95%	2020	-	-	<u>250,000</u>
<b>Total</b>			-	-	<u>1,000,000</u>
<b>Raymond James Financial (Hickory Point Bank):</b>					
Certificates of Deposit	2.05%	2018	-	-	250,000
Certificates of Deposit	1.70%-2.10%	2019	-	250,000	1,500,000
Certificates of Deposit	1.85%	2020	-	-	250,000
Certificates of Deposit	2.55%	2022	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
<b>Total</b>			<u>250,000</u>	<u>500,000</u>	<u>2,250,000</u>
<b>Total Investments</b>			<u>\$11,006,669</u>	<u>\$10,606,714</u>	<u>\$14,106,714</u>

Interest income on investments for the years ended December 31, 2019, 2018 and 2017 was \$280,693, \$275,945 and \$303,979, respectively. The accrued interest amounted to \$26,374, \$27,329 and \$37,460, 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, 2019.

Investments and cash on demand with the Lutheran Church Extension Fund – LCMS of \$11,281,669 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 the LCEF and is satisfied that investments are unimpaired despite lack of regulatory insurance coverage.

Central Illinois District  
Church Extension Fund, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2019, 2018 and 2017

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

The balances in interest-bearing debt instruments represent amounts that members of Central Illinois District, Lutheran Church-Missouri Synod have invested in the Church Extension Fund in the following:

	<u>12-31-19</u>	<u>12-31-18</u>	<u>12-31-17</u>
Savings Stamps	\$ 35,043	\$ 34,718	\$ 35,711
Growth bonds	68,678	66,943	81,857
Flex Accounts	1,581,808	1,274,513	1,602,706
Investment certificates:			
6 months	215,117	363,809	466,480
12 months	1,654,571	2,454,280	3,022,516
24 months	7,569,497	2,905,487	1,557,352
36 months	3,401,174	4,532,973	5,505,374
60 months	<u>10,364,409</u>	<u>13,124,264</u>	<u>14,563,896</u>
 Total interest-bearing debt instruments	 <u>\$24,890,297</u>	 <u>\$24,756,987</u>	 <u>\$26,835,892</u>

Interest rates on outstanding interest-bearing debt instruments range from 0.25% to 5.00%. The accounts held in each of the above investments are not SIPC or FDIC insured.

Future scheduled maturities of investment certificates and growth bonds are as follows:

2020	\$ 5,828,610
2021	9,115,375
2022	2,585,466
2023	3,593,992
2024	2,148,352
2025	<u>1,650</u>
 Totals *	 <u>\$23,273,445</u>

\* Excludes Savings Stamps and Flex Accounts

**NOTE 9 – RELATED PARTY TRANSACTIONS**

The Church Extension Fund has a month to month lease with the Central Illinois District, Lutheran Church-Missouri Synod (District). Currently, rent is \$1,100 per month and covers the space and utilities used in the district building. Rent expense for the years ended December 31, 2019, 2018 and 2017 was \$13,200.

The Church Extension Fund board of trustees approved grants given to the District for scholarships which are included in accounts payable at December 31, 2019, 2018 and 2017 for \$25,000, \$20,000 and \$50,000, respectively.

In addition, the board of trustees approved three additional grants to the District which are included in accounts payable at December 31, 2019 for \$12,000 and an additional \$10,000 was accrued for reimbursement of the costs of office repairs for water damage.

The District has four loans with the Church Extension Fund with total balance due at December 31, 2019 of \$385,245. The Church Extension Fund approved a \$10,000 principal payment forgiveness on one loan for 2019.

Central Illinois District  
Church Extension Fund, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2019, 2018 and 2017

**NOTE 10 – RETIREMENT PLAN**

The Church Extension Fund participates with other organizations affiliated with the Lutheran Church-Missouri Synod 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, 2019, 2018 and 2017 was \$15,122, \$14,524 and \$12,571, 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. However, the December 31, 2019 audited financial statements of the Concordia Retirement Plan reflected approximately \$3,692 billion in net assets available for benefits and \$4,081 billion of actuarial present value of accumulated plan benefits. Therefore, the Plan was approximately 90% 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, 2019, 2018 and 2017 was \$2,925, \$2,529, and \$2,073, respectively.

**NOTE 11 – RISKS & UNCERTAINTIES**

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, Organization programs, and funding sources could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. At this time, three borrowers have requested interest-only payments for three months due to pandemic and concerns about revenues. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

**NOTE 12 – SUBSEQUENT EVENTS**

The Organization reviewed events for inclusion in the financial statements through August 25, 2020, the date that the financial statements were available to be issued.

Central Illinois District  
Church Extension Fund, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2019, 2018 and 2017

**NOTE 13 – EXPENSES BY NATURE AND FUNCTION**

The table below presents expenses by their function for fiscal years ending 2019, 2018 and 2017.

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
<b><u>December 31, 2019</u></b>			
Salaries and benefits	\$134,381	\$122,999	\$257,380
Office expenses	8,440	7,726	16,166
Occupancy and insurance	16,367	14,980	31,347
Professional and computer services	30,767	10,255	41,022
Depreciation	5,513	1,837	7,350
Grants	103,440	-	103,440
Other expenses	<u>13,434</u>	<u>12,296</u>	<u>25,730</u>
Total expenses	<b><u>\$312,342</u></b>	<b><u>\$170,093</u></b>	<b><u>\$482,435</u></b>
<b><u>December 31, 2018</u></b>			
Salaries and benefits	\$135,198	\$127,870	\$263,068
Office expenses	6,810	6,441	13,251
Occupancy and insurance	16,588	15,688	32,276
Professional and computer services	30,634	10,211	40,845
Depreciation	8,312	2,770	11,082
Grants	107,835	-	107,835
Other expenses	<u>14,828</u>	<u>14,025</u>	<u>28,853</u>
Total expenses	<b><u>\$320,205</u></b>	<b><u>\$177,005</u></b>	<b><u>\$497,210</u></b>
<b><u>December 31, 2017</u></b>			
Salaries and benefits	\$127,799	\$ 83,343	\$211,142
Office expenses	5,067	3,304	8,371
Occupancy and insurance	19,684	12,836	32,520
Professional and computer services	26,560	8,854	35,414
Depreciation	2,493	831	3,324
Grants	138,818	-	138,818
Other expenses	<u>6,082</u>	<u>3,967</u>	<u>10,049</u>
Total expenses	<b><u>\$326,503</u></b>	<b><u>\$113,135</u></b>	<b><u>\$439,638</u></b>