

“...For truly, I say to you,
if you have faith like a
grain of mustard seed...

...you will say to this mountain, 'Move from here to there,' and it will move, and nothing will be impossible for you."



FAITH, WE ARE TOLD, IS THE SUBSTANCE OF THINGS HOPED FOR AND THE EVIDENCE OF THINGS NOT SEEN (HEBREWS 11:1). AT CHURCH EXTENSION FUND, WE ARE CONSTANTLY BLESSED WITH THE OPPORTUNITY TO SEE SUCH "EVIDENCE" AND TO BEAR WITNESS AS FAITH PRODUCES TANGIBLE, TRANSFORMATIVE RESULTS IN CONGREGATIONS ACROSS MICHIGAN.

THIS PAST YEAR, OUR INVESTORS ONCE AGAIN DEMONSTRATED THE POWER OF FAITH — AND PROVED THAT, WITH GOD, ALL THINGS ARE POSSIBLE. GUIDED BY A DESIRE TO LIVE OUT THE TEACHINGS OF CHRIST, LUTHERANS OF ALL AGES AND BACKGROUNDS CHOSE TO BE PART OF CEF'S MINISTRY. THROUGH A VARIETY OF FINANCIAL TOOLS, THEIR FAITH-FILLED INVESTMENTS BUILT OR EXPANDED CHURCHES AND SCHOOLS, SEEDING AND STRENGTHENED CONGREGATIONS, AND FUNDED CRUCIAL OUTREACH MINISTRIES FOR THOSE IN NEED.

A Year of Witnessing **THE POWER OF FAITH**

Dear Investors and Friends of CEF:

The Church Extension Fund of the Michigan District ended fiscal year 2011 on a solid financial footing. Although the Fund's total assets decreased approximately 1 percent, from \$274 million at year-end 2010 to \$271.3 million at the year ending 2011, net assets increased by roughly 2.5 percent, from \$47.7 million to \$48.9 million. The result is a very strong capital ratio in excess of 18 percent*. This compares favorably to commercial financial institutions, which typically operate in the 10 to 12 percent capital ratio range.

Total Fund assets decreased, largely because loans receivable were down during 2011 by \$3.2 million as borrowers paid on their loans. Also, due to current economic realities, new borrowings were few and far between. On the bright side, Michigan's economy shows signs of turning the corner, and new loan inquiries are on the rise.

The past 2- to 3-year downturn has actually allowed CEF to build its cash position in preparation for further serving the borrowing needs of congregations in the Michigan District. Currently, cash and investment reserves comprise in excess of 33 percent of total assets, thereby instilling investor confidence and assuring fund availability for potential borrowers.

God has promised to provide the resources necessary for the spreading of the Gospel. I believe that it was through the *Power of Faith* that our forefathers launched the Church Extension Fund 111 years ago. And it is with the *Power of Faith* that our investors, yet today, provide the financial resources necessary for the expansion of Lutheran churches and schools.

The mission of Church Extension Fund is to help connect the saving Gospel message with all generations. As St. Paul noted in his letter to the Romans (1:16):

"I am not ashamed of the Gospel, because it is the power of God for the salvation of everyone who believes."

How wonderful is it that we, who believe, are privileged to share this message with others through the *Power of Faith*.

To our investors, we simply say thank you. We are grateful for you and to you. Through CEF, we work together to extend the Kingdom of God in our world.

In His Service,

Ronald L. Steinke, *President & CEO*
Church Extension Fund

* Derived by dividing net assets by total assets.

Planting New Missions
Across Michigan

THE POWER OF FAITH

IN THIS YEAR'S ANNUAL REPORT, WE CELEBRATE THE QUIET BUT DEDICATED DISCIPLESHIP BEHIND THREE NEWLY SEEDDED CHURCHES. EACH OF THE MINISTRIES IS AT A DIFFERENT STAGE IN ITS MISSION PLAN. CEF PURCHASED A BUILDING THAT ONE CONGREGATION IS RENTING. THE OTHER TWO ARE WORSHIPPING IN LEASED SPACES.

WHEREVER THEY ARE IN TERMS OF GROWTH AND GOALS, ALL OF THESE CONGREGATIONS HAVE THE SAME GOAL: TO SHARE THE GOOD NEWS OF THE GOSPEL. AND IN EACH ONE, WE SEE FAITHFUL PEOPLE OVERCOMING CHALLENGES AS THEY ALLOW THEMSELVES TO BE GUIDED BY GOD.

THANKS TO LAY LEADERS — AND CEF INVESTORS — THESE CHURCHES ARE NOW SERVING AS CENTERS OF HELP, HOPE AND SUPPORT FOR COMMUNITIES ACROSS MICHIGAN. THEIR SUCCESS IS MEASURED NOT IN NUMBERS BUT IN THE HEARTFELT SENSE OF PURPOSE AMONG BELIEVERS WHO ARE LIVING OUT THE POWER OF FAITH.

LIVING HOPE OF THE BAY

Ray Township

After moving to the picturesque resort town of New Baltimore in the mid-90s, Betty and Richard MacArthur continued attending St. Thomas Lutheran in Eastpointe, where Betty served as Coordinator of Christian Care. But in 1996, the couple decided that, as Christians, it was time they contributed something to their immediate community.

Having grown up “amidst folding chairs” in a mission church, Betty was drawn to the idea of planting a new congregation. “We discovered that New Baltimore had 57 subdivisions filled mainly with young couples and retired Baby Boomers,” she says. “Looking at the demographics, it seemed clear to us that the community needed a more contemporary type of church.” Representatives from the Michigan District agreed and, as Richard recalls, “The next thing we knew, we were in the process of planting a church.”

The project quickly attracted volunteers from sister congregations, including Rick and Charlene Kuehn of St. Thomas and Paul and Barb Raicevich of Shepherd's Gate.





Even with operating grants from the Michigan District and the guidance of their mission planter Pastor Paul Werner, it was a daunting task. But through it all the planners felt they were guided by God.

“Our focus was on serving the community,” Paul Raicevich says. “So we sent out a lot of mailings and hosted everything from an Easter egg hunt to Christmas extravaganzas to a prayer service for the military.”

The strategy worked. People came, first to the events and then to the worship services.

By 2006, Living Hope of the Bay Lutheran Church had nearly 200 members and an impressive list of community outreach programs—including a food pantry and mission trips to Mexico. It also had Enosh Fee, a “heaven-sent,” part-time director of worship so committed to the Living Hope ministry that he was willing to commute from his home in Flint.

“God has blessed Living Hope from the very start,” Enosh says. And in 2011, God blessed the congregation yet again by leading it to a semi-permanent home in nearby Ray Township—a vacant elementary school with space for a sanctuary, offices and classrooms.

Although some members fell away following the move, the numbers are rebounding, and church leaders look forward to the day when Living Hope builds a permanent home on the land already purchased for it by CEF. In the meantime, they continue to focus on sharing the Gospel in a fresh, new and exciting way.

Paul Raicevich admits that launching a mission church was not always easy. But, as he notes, “When I look back, I see God’s hand in everything. No human being could orchestrate everything that’s happened.”

Betty MacArthur agrees completely: “The whole experience has been a process of listening to God in total trust that He would provide for us and lead us. And it’s been beautiful. What a joy it is to help so many people grow in their faith.” ❖

LIGHT OF CHRIST LUTHERAN CHURCH

Marysville

For a number of years, Frank and Cheryl Ferres were regular members of Trinity Lutheran in Port Huron. But gradually, as their family grew and their lives became ever more crowded, they fell away from the church.

Then something remarkable happened. As Frank describes it, “One Sunday morning about four years ago, Cheryl and I looked at each other and decided the time had come to find a home church. Ten minutes later, the phone rang. It was Pastor Paul Kruse, someone we’d known for years. He was starting a mission church and our names had popped into his head.”

Thus began a journey that Frank describes as “a crazy ride, in the best possible sense, with God leading us in the fast lane.” For the next year, he and Cheryl—along with Pastor Kruse and more than a dozen volunteers—met weekly at the Marysville Super 8 Motel for Bible study and mission planning sessions.

“One Sunday morning about four years ago, Cheryl and I looked at each other and decided the time had come to find a home church...”

Among the diverse members of the planning group were Kathy and Tod Tuttle, who had been traveling 40 miles every Sunday to attend Immanuel Lutheran Church in St. Clair—and who looked forward to having a church closer to home. Kathy recalls that, despite their varied backgrounds, everyone shared the same vision for the new congregation. “We wanted an approach to worship that was comfortable for the un-churched and the de-churched,” she says, “one that was welcoming, contemporary and easy to understand.”

Within a year, the group had filed Articles of Incorporation, launched a web site, hosted a youth event, placed ads in local newspapers and moved their meetings to the basement of the Free Methodist Church in Marysville. Soon, following a merger of two congregations, the Methodist church building was on the market, and Light of Christ Lutheran was able to lease a portion of the building. In January, 2010, CEF purchased the property. As Kathy notes, “It’s totally amazing how things just fell into place.”

Light of Christ worship services officially began in September of 2009 with roughly 35 people in the pews. By the end of the year, that number had more than doubled. Today, as many as 100 worshippers—ranging in age from teenagers to 90-year-olds—attend Saturday evening and Sunday morning services.

Perhaps most important, the church is living up to the mission of helping others in God’s name. Five percent of every offering is tithed to the Community in Need Fund, which provides emergency financial support for area residents. In addition, the congregation collects food for the Marysville Food Pantry and distributes free Bibles.

Looking back, Frank Ferres feels deep gratitude for being part of the mission planting process. As he says, “This whole experience has opened my eyes to how active God is in our everyday lives.” ❖





JOURNEY OF FAITH LUTHERAN CHURCH Byron Center

Kim Steffes and her family spent years searching for the right church. During that time, they worshipped at St. Mark in Kentwood, where their children attended the church preschool and day school. Finally the truth dawned: St. Mark was the church they'd been looking for. As Kim recalls with a laugh, "At the time I asked myself, how long does God have to hit me over the head before I understand?"

Less than a year later, when St. Mark was recruiting members to bolster Journey of Faith, the District's new mission plant in Byron Center, Kim and her husband, Brian, were among the first volunteers. That was in 2006. And they've never left.

"Journey of Faith is not a cookie cutter church," Kim explains. "We're going after people who are turned off by organized religion or, in some cases, have never been exposed to church. That's what has kept us here—the opportunity to find what works, the freedom to do what God is leading us to do."

Fellow Journey of Faith partner Mike Beuschel couldn't agree more. A lifetime Lutheran, Mike and his wife, Leslie, joined St. Mark in 1983 when it was a mission church. When the call first went out for Journey of Faith, the Beuschels had no intention of volunteering. "But something kept tugging at us," Mike says. "Somehow, everything at St. Mark was just too comfortable. And having been on a lot of mission trips, I guess you could say that mission was in my blood."



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“We’re going after people who are turned off by organized religion or, in some cases, have never been exposed to church.”

These days, on any given Sunday, you’ll find Kim, Brian, Mike, Leslie and several other volunteers at the Celebration Cinema South in Grand Rapids, setting up for the ten o’clock service. As they work, they often chat with curious moviegoers. Something that wouldn’t be possible, Kim points out, if worship were held in a church building. By noon, they’re sharing lunch and fellowship at a local restaurant.

“Originally, we intended to build a sanctuary on the land purchased for us by Church Extension Fund,” Kim notes. “But we want our dollars to go to missions. So when we do build, it will be a community center, a place where lots of activities are happening.”

Those mission activities include current projects such as an Extreme Home Makeover event, and Care & Compassion for Our Community—also known as C³—a monthly outreach program that has involved everything from helping out at Ronald McDonald House and an Easter egg hunt for inner-city children to a day-long fishing trip for members of the homeless community.

As Mike observes, Journey of Faith lives up to its name. “With this church, Faith is not just a Sunday event,” he says. “You have to get off the sidelines and be part of the work of bringing people to Christ. We don’t have a membership. We have a partnership.” ❖

“Therefore
I tell you,
whatever you
ask in prayer,
believe that
you have
received it,
and it will
be yours.”

MARK 11:24 (ESV)

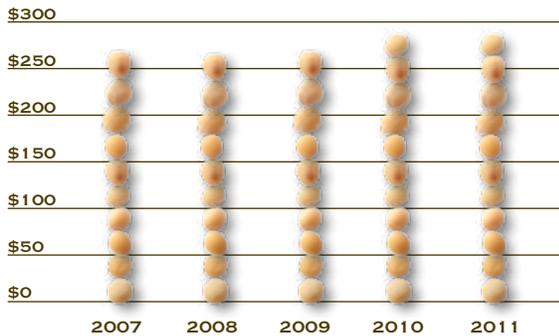


A Year of Witnessing THE POWER OF FAITH

FINANCIALS	DEC. 31, 2007	DEC. 31, 2008	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
TOTAL ASSETS	\$260,740,015	\$260,155,918	\$264,257,865	\$273,982,475	\$271,300,460
INVESTMENTS (DEPOSITS)	\$219,652,039	\$219,258,794	\$219,959,189	\$226,260,834	\$222,389,814
TOTAL NET LOANS	\$195,913,745	\$193,938,212	\$193,198,221	\$194,470,068	\$190,574,569
HOUSING LOANS	\$31,529,079	\$32,047,776	\$31,357,091	\$30,465,388	\$29,096,723
CONGREGATIONAL & RSO LOANS	\$164,384,666	\$161,890,436	\$162,233,412	\$163,768,682	\$162,215,493
NEW DOLLARS LOANED	\$16,471,960	\$13,272,200	\$11,612,197	\$13,522,666	\$10,327,562
NET ASSETS (EQUITY)	\$40,920,006	\$40,796,355	\$44,247,002	\$47,695,970	\$48,889,193

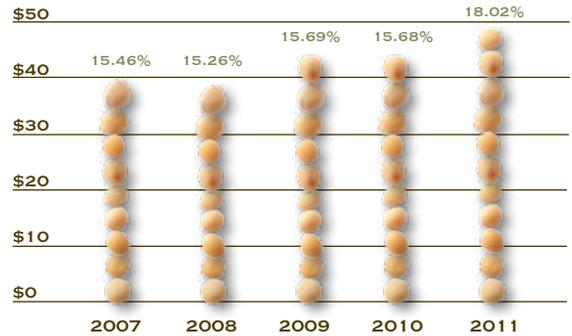
TOTAL ASSETS (in millions)

Total Assets of the Michigan District Church Extension Fund.



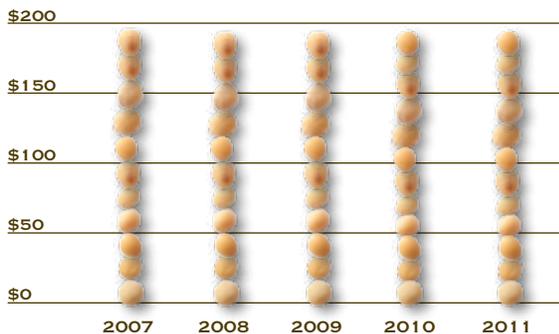
NET ASSETS (in millions)

Net Assets, or equity of the Fund has kept pace, evidencing financial strength. CEF finished 2011 with a Capital Ratio of 18.02%.



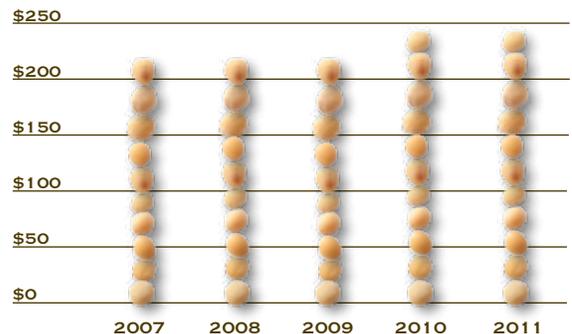
TOTAL LOANS (in millions)

CEF continues to be well positioned to help with the financial needs of congregations as they expand their ministry in the future.



TOTAL INVESTMENTS (DEPOSITS) (in millions)

We are grateful for the thousands of investors who are partnering with CEF. Their sharing of God's blessing to them, through their investments, are indeed providing a blessing to churches, schools, church workers and entities of the Michigan District and beyond.



At Work Across Michigan **THE POWER OF FAITH**

During 2011, our investors made it possible for CEF to provide financial resources to congregations across the state. Whether they were used to help plant missions, build new worship spaces, update community facilities, or support human service programs, these loans furthered God's work and affirmed the power of Faith.

ANN ARBOR

MICHIGAN DISTRICT LC-MS
ST LUKE LUTHERAN CHURCH
ST THOMAS LUTHERAN CHURCH

BAY CITY

IMMANUEL LUTHERAN CHURCH
LUTHERAN CHILD AND FAMILY SERVICE
ZION LUTHERAN CHURCH

BIG RAPIDS

ST PETERS LUTHERAN CHURCH

BIRMINGHAM

OUR SHEPHERD LUTHERAN CHURCH

BRIDGMAN

IMMANUEL LUTHERAN CHURCH

DAVISON

TRINITY LUTHERAN CHURCH

DEARBORN

OUR REDEEMER LUTHERAN CHURCH

FLAT ROCK

COMMUNITY LUTHERAN CHURCH
NEW HOPE LUTHERAN CHURCH

FLINT

ST PAUL LUTHERAN CHURCH

FRANKENMUTH

LUTHERAN HOME CARE PERSONAL ASSISTANCE

HEMLOCK

ST PETER LUTHERAN CHURCH

HOLLAND

ZION LUTHERAN CHURCH

LIVONIA

CHRIST OUR SAVIOR LUTHERAN CHURCH

MARINE CITY

LIVING FAITH LUTHERAN CHURCH

MIDLAND

ST JOHN LUTHERAN CHURCH

MILFORD

CHRIST LUTHERAN CHURCH

MOUNT PLEASANT

ZION LUTHERAN CHURCH

MUNGER

TRINITY-ST JAMES LUTHERAN CHURCH

MUSKEGON

ST MARK LUTHERAN CHURCH
TRINITY LUTHERAN CHURCH

NEW BOSTON

ST JOHN LUTHERAN CHURCH

NORTHVILLE

ST PAUL LUTHERAN CHURCH

OSCODA

TRINITY LUTHERAN CHURCH

ROSEVILLE

BETHLEHEM LUTHERAN CHURCH

SAGINAW

PEACE LUTHERAN CHURCH

ST JOHNS

ST JOHN LUTHERAN CHURCH

WARREN

HOPE LUTHERAN CHURCH

WYANDOTTE

TRINITY LUTHERAN CHURCH

YPSILANTI

CROSS AND RESURRECTION LUTHERAN CHURCH

Church Extension Fund Management

Ronald L Steinke – President/CEO

John H Bates – Senior Vice President/
Chief Financial Officer

Paul R Wills – Vice President of Marketing



CHURCH EXTENSION FUND IS A
MINISTRY OF PARTNERING CHRISTIANS
TO MAKE RESOURCES AVAILABLE
FOR MEMBERS AND CHURCHES OF THE
MICHIGAN DISTRICT IN CARRYING
FORWARD THE GREAT COMMISSION.



Church Extension Fund

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