The Texas District of
The Lutheran Church—Missouri Synod

TEXAS DISTRICT CHURCH EXTENSION FUND

OFFERING CIRCULAR

$45,000,000

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Round Rock, Texas 78665
www.TexasCEF.org
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These securities are offered pursuant to registration exemptions under the provisions of the Texas Securities Act, found at Texas Government Code Section 4005.057 the federal Securities Act of 1933, as amended, found at 15 U.S.C. § 77c(a)(4) and the federal Securities Exchange Act of 1934, as amended, found at 15 U.S.C. § 78l (g)(2)(D). A registration statement relating to these securities has not been filed with Texas State Securities Board or with the United States Securities and Exchange Commission. Neither the Board nor the Commission has passed upon the value of these securities, made any recommendations as to their purchase, approved or disapproved the offering, or passed upon the adequacy or accuracy of this Offering Circular. Any representation to the contrary is unlawful.

THIS OFFER IS SUBJECT TO CERTAIN RISK FACTORS DESCRIBED AT PAGE 4 HEREOF.

The date of this Offering Circular is July 1, 2026.

(This Offering Circular is intended to be used by investors from July 1, 2026 through June 30, 2027.)

The following investment obligations (the "Notes") of The Texas District Church Extension Fund are offered under the terms set forth under "Description of Notes Offered" on pages 14-17. Except as noted, each of the following Notes is offered July 1, 2026.

Savings Stamps
Savings stamps issued for $1.

Flex Savings
A savings plan that permits additions to the initial investment (minimum of $10) and withdrawal privileges with no loss of interest.

Rainy Day Fund
A savings plan that permits additions and requires monthly EFT investments to receive a premium rate of interest up to $10,000.00.

Fixed Rate Notes
Notes having fixed terms of 1, 3 or 5 years, a minimum balance of $500 and a fixed rate of interest.

Floating Rate Notes
Notes having fixed terms of 1, 3 or 5 years, a minimum balance of $500 and a floating rate of interest.

Congregation Savings
Investments for congregations and auxiliary organizations operating under the auspices of congregations.

Building Fund
Investments for congregations for construction of new facilities and other similar capital projects.

Jumbo Investment
A note having an 18-month fixed term, a minimum balance of $100,000 and a fixed rate of interest.

An Investment Application is on the last page of the Offering Circular.

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SUMMARY

The debt of the Texas District of The Lutheran Church—Missouri Synod Church Extension Fund ("Texas CEF") is not secured in any respect. There is no "sinking fund" for repayment upon maturity or earlier request for withdrawal. The Board for Church Extension attempts to maintain sufficient liquidity to meet normal withdrawal requests. **THIS OFFER IS SUBJECT TO CERTAIN RISK FACTORS DETAILED HEREIN.**

No commissions are paid in connection with efforts to raise funds under this Offering Circular, and the offering is not underwritten.

The method of promotion, more fully described herein, is designed to reach members of congregations of the Texas District of The Lutheran Church—Missouri Synod (the "Texas District" or "District"), and it is believed that substantially all funds are from such members. Applications require the investor to indicate the congregation in which they hold membership.

Each investor is entitled to and should receive an Offering Circular before making a decision to invest or reinvest. Copies can be obtained by written request to the Texas CEF office, at local congregations of the Texas District, or online at texascef.org.

RISK FACTORS

1. Unsecured Obligations. The indebtedness to be issued pursuant to this offering is unsecured, and the repayment of the principal and interest thereon is wholly dependent upon the financial condition of the Texas CEF and the Texas District, as well as the financial condition of the various congregations to which the loans are made. The ability of the various congregations to repay the loans from the Texas CEF may be adversely affected by population shifts or other factors. See delinquency discussion on pages 12-13.

2. No Sinking Fund. The indebtedness offered hereby is not secured by a pledge or mortgage of any assets. There is no "sinking fund" for repayment. The instruments offered hereunder are not senior or subordinated to any other securities or indebtedness of the Texas CEF or the District. It is anticipated but not assured that subsequent issues of securities, if and when issued, will have equal rank with those heretofore issued and those issued hereunder.

3. Loan Repayments. The obligations issued by the Texas CEF are of a relatively short-term nature. Loans to member congregations, however, are of longer terms. Current policy allows for loans with terms up to thirty (30) years. However, the District includes rate adjustment and call features in substantially all of its loans. Historically, Texas CEF has been able to meet principal and interest requirements on its outstanding investment obligations from the principal and interest it receives from outstanding loans and from available reserves. Because of the non-liquid nature of outstanding loans, however, future repayment of outstanding Notes by the Texas CEF may depend to a considerable extent on continued sale of investment securities and renewal of investments by existing Note holders. The Texas CEF attempts to maintain cash-and-liquid fund reserves not less than fifteen (15%) percent of the total Notes outstanding for the payment of interest and redemption of Notes.

4. Redemption of Notes. There is no market for the fixed or floating rate Notes offered hereby, and it is not anticipated that a market will develop. Moreover, the fixed or floating rate Notes offered hereby cannot be resold or otherwise transferred. However, the practice and policy of the Texas CEF to date has been to honor requests for early redemption of fixed or floating rate Notes, subject to a penalty for early withdrawal, all as set forth below in connection with "Description of Notes Offered." The continuing ability of the Texas CEF to honor requests for early redemption is, in large part, a function of factors outside of the control of Texas CEF.

5. No Minimum Subscription. There is no minimum level of aggregate subscriptions which must be received and accepted before any subscription may be finally accepted. No provisions have been made for the refund of subscriber's investment should all of the offering not be sold.

6. Litigation. As a component of the District, the Texas CEF is vulnerable to claims against, and liabilities of the District. The explosion of litigation in our society has not excluded the District, which has been and may in the future be party to lawsuits as plaintiff or defendant. The District maintains insurance deemed appropriate to its operations. There are no material claims pending against the District at this time. There can be no assurance, however, that the District will be wholly successful in its defense of any claim which may be brought against it in the future.

7. Taxable Interest. There are no income tax benefits with respect to investment in the Notes and interest paid or payable on Notes is taxed as ordinary income regardless of whether interest is received by the investors or retained and compounded by the issuer. See "Tax Aspects" on page 18.

8. Market Rate Risk. The issuer's assets invested in readily marketable securities are subject to various market risks. The value of securities is based on a quoted market price and investment losses will result from a drop in market values.

9. Changes in Laws. Changes in federal or state laws may make it more difficult or costly for Texas CEF to offer and sell such Notes in the future.

10. The Texas CEF's loans are made primarily to affiliated churches and related religious organizations in the Lutheran Church-Missouri Synod, including local churches, whose ability to repay the loans depends primarily upon contributions that they receive from their members.

11. There are risks related to geographic concentration of loans to affiliated churches or other related organizations within a limited region, the State of Texas. Changes in economic conditions of the State of Texas could affect the ability of the churches or organizations, as a group, to repay the loans.

12. Adverse Market Conditions. Texas CEF's liquid assets invested in readily marketable securities are subject to various market risks. The value of the investments is based on a quoted market price, and investment losses will result from a drop in market values.

13. Risk from Loan concentration. As of January 31, 2026, loans from ten borrowers represented 49% of the total loan balance. Below is a chart showing the balances of the 10 highest borrowers.

Largest Loans

(Loan Balance in thousands)

	7,984
	7,689
	5,378
	5,081
	4,939
	4,493
	4,205
	3,808
	3,661
	3,012
Total	$ 50,250

HISTORY AND OPERATIONS

The Texas District is a non-profit Texas corporation organized in 1906 and incorporated in 1953.

The Texas District is an association of Lutheran congregations banded together to perform functions which they alone could not perform. It has as its objective the conservation and promotion of the Christian faith, the Christian education of its members, and the extension of the kingdom of God. The Texas District includes all of the State of Texas with the exception of El Paso County.

The latest statistics available show the Texas District to have 337 congregations with a membership of 99,066 baptized members served by 360 parish pastors and 2,358 educators. The District's executive offices are at 1221 Satellite View, Round Rock, Texas 78665.

The Texas CEF, established in 1906 as a separate treasury of the Texas District, provides loans and funds to member congregations, the District itself, and associations qualifying as Lutheran Church—Missouri Synod recognized service organizations in Texas. The Texas CEF is a ministry of the Texas District and is not a separate legal entity. The Texas CEF has a nine member Board for Church Extension appointed by the Texas District Board of Directors. Decisions of the Board for Church Extension are subject to review and approval by the Texas District Board of Directors.

Securities of the Texas District should not be confused with those offered by the national church organization, the Lutheran Church Extension Fund—Missouri Synod. Potential investors should consult the Offering Circulars of the Texas CEF and of the Lutheran Church Extension Fund—Missouri Synod independently. Neither organization underwrites, nor is financially involved in, the security offerings of the other.

Fund Accounting

The Texas District accounts are maintained in accordance with the principles of "Fund Accounting." This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. The Texas District accounts for activities in two funds: Current Fund and The Church Extension Fund. The table below reflects the net activity in the Current Fund for the most recent three years. Details for The Church Extension Fund activities begin on page 7.

The Current Fund receives most of its support and revenue from voluntary gifts given by congregations that are members of the District. Mission and ministry expenditures include amounts given to support world missions through The Lutheran Church-Missouri Synod; gifts and grants to newly formed congregations and other ministries in the District; and salaries for staff who provide services to member congregations.

Current Fund[1]

(Dollars in Thousands)

	Years ended Jan 31		
	2026	2025	2024
Total support and revenue and other additions	10,410	12,931	7,315
Total mission and ministry expenditures	8,789	8,034	7,622
Change in net assets	2,503	7,418	726
Net assets at end of year	29,539	27,036	19,618
Total assets at end of year	31,156	28,687	26,526

1 This information is obtained from the audited Statement of Activities and audited Statement of Financial Position.

USE OF PROCEEDS

The proceeds received by the Texas CEF upon the issuance of its evidence of indebtedness will be used together with the Texas CEF's other funds, for loans to member congregations, to the Texas District itself, and to recognized service organizations of The Lutheran Church—Missouri Synod located in Texas, for capital expansion and other ministry purposes. These include, but are not limited to, the construction and/or remodeling of churches and other church facilities, and mortgage loans to congregations and to the Texas District to enable them to provide housing to their ministers. Such proceeds may be invested in interest-bearing obligations and other investments pending utilization and are not necessarily earmarked for any particular construction program. In addition to capital expansion and other ministry purposes, proceeds received by the Texas CEF may be used for repayment of Notes as they mature and redemption of Notes when requested by the holders of such Notes.

Because one function of the Texas CEF is to make loans to new congregations, loans will sometimes be extended to congregations unable to obtain funds in the normal money markets. In many instances, the Texas CEF will be providing the borrower with funds in the form of a subsidy reflected in a lower interest rate than that offered to self-supporting congregations. Outstanding loans range in rate from 1.00% to 7.00% interest. Current loans to newly started congregations are initially granted at 3.75% during the construction period and the first two 3-year terms. Then the rate will be the self-supporting rate with interest rate and payment amounts adjusted every three years. Loans to self-supporting congregations may be granted at 4.50% for terms up to 30 years with interest rate and payment amounts adjusted every three years. These rates are subject to change.

FINANCING AND OPERATIONAL ACTIVITIES

1. Outstanding Notes Payable

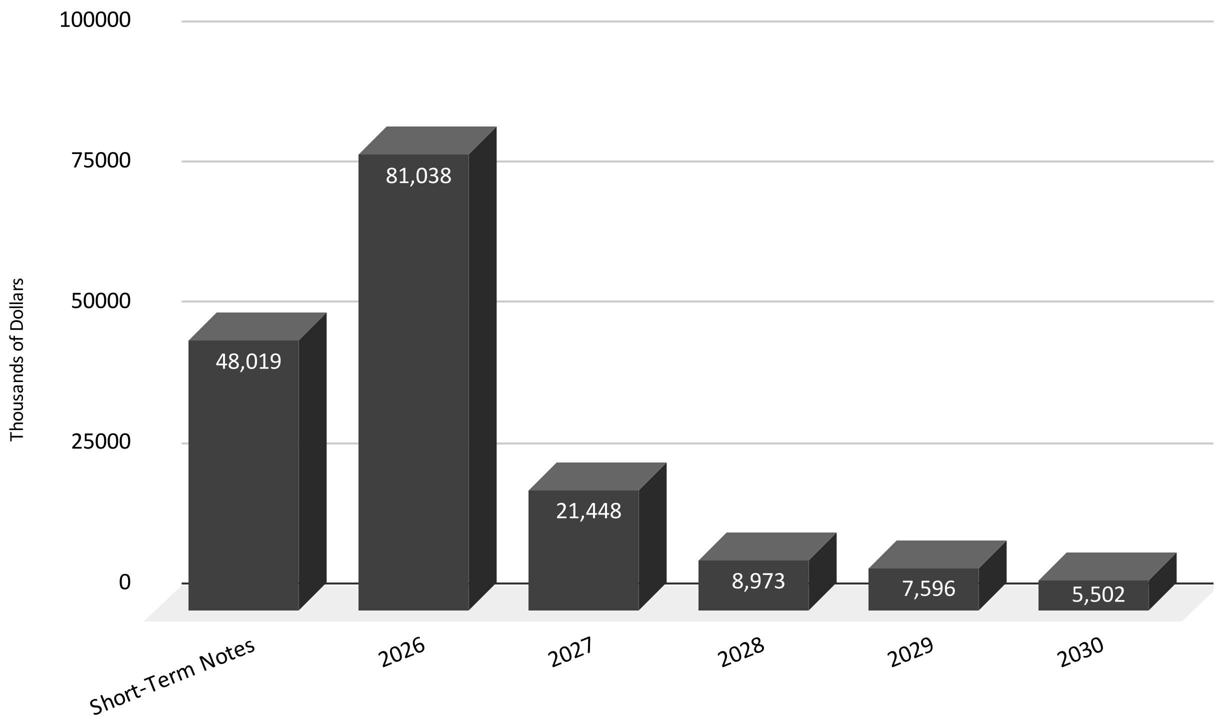
The Texas CEF's primary means of generating funds is through the sale of its Notes. The following table shows the types of Notes and debt obligations that have been sold and incurred as of January 31, 2026:

Outstanding Notes Payable
Balances as of January 31, 2026
(Dollars in Thousands)

	Non-IRA Notes	IRA Notes	Total
Short Term Notes	$ 47,996	23	48,019
1 Year Fixed Rate Notes	43,610	306	43,916
3 Year Fixed Rate Notes	11,286	512	11,798
5 Year Fixed Rate Notes	26,161	879	27,041
18 Month Jumbo Notes	33,068	119	33,187
1 Year Floating Rate Notes	2,042	39	2,080
3 Year Floating Rate Notes	2,795	342	3,137
5 Year Floating Rate Notes	3,394	9	3,403
Total Notes Payable	170,352	2,231	172,583

The following table shows the maturities of the Notes payable for each of the next five years. The Texas CEF believes it will be able to pay net redemptions from repayments of loan principal and interest expected to be received for the same periods.

Maturities- Notes Payable Balances as of January 31, 2026



2. Receipts & Redemptions

The following table shows a comparative investment and redemption report of activity. Transfer refers to circumstances where the investor changes one maturing investment type for a different one.

Receipts & Redemptions
For Year Ending
(Dollars in Thousands)

	Jan 31				
	2026	2025	2024	2023	2022
New investments	$ 28,474	19,161	24,208	41,564	35,065
Transfers	5,088	4,452	3,730	2,898	2,609
Total receipts	33,562	23,612	27,938	44,462	37,674
Redemptions	28,139	31,523	46,455	35,500	19,581
Transfers	715	485	457	548	721
Total redemptions	28,855	32,008	46,912	36,048	20,302
Net	$ 4,708	(8,396)	(18,974)	8,414	17,372

3. Outstanding loans receivable as of January 31, 2026

The following table shows the amount and type of loans receivable exclusive of its loan revaluation reserve on January 31, 2026, with the weighted average interest rate as of January 31, 2026:

Loans Receivable
Balance as of January 31, 2026
(Dollars in Thousands)

		Average Int Rate	% of Total
Loans to Congregations	$95,953	4.25%	94.46%
Loans to Recognized Service Organizations	5,584	4.26%	5.50%
Non-Lutheran Loans	41	7.00%	0.04%
Total loans receivable	$ 101,578		

A summary of the maturities of loan balances (as of January 31, 2026) which are expected to mature in the upcoming years is as follows:

Maturities of Loan Receivables
(Dollars in Thousands)

2026	3,725
2027	3,955
2028	4,123
2029	4,451
2030+	85,325
Total	$ 101,578

LENDING ACTIVITIES

Texas CEF loans to member congregations, recognized service organizations and to the Texas District are primarily interest-bearing loans which are normally secured by pledges or mortgage of the property and buildings for which funds are to be used. Interest rates on these loans vary as a function of market interest rate conditions at the time of the loan and are subject to adjustment periodically throughout the term of the loan.

Loans are extended primarily to incorporated congregations of the Texas District. Factors considered in deciding on the issuance of a loan include: (a) the purpose toward which funds will be used and how such will aid the ministry in that place; (b) the history of the congregation, including membership and financial statistics; (c) projected community and membership population; (d) an analysis of past, current and projected financial capacity of the congregation; (e) a cost analysis of the project; and (f) a review of the site and architectural plans and specifications. It is normally required that the congregational property for which the loan is made will be subject to no debt other than the first lien in favor of the Texas CEF.

Material loans made to single borrowers

In order to manage the risk in making large loans, loans are limited in size to 35% of Texas CEF's equity. In special circumstances when congregations request loans in excess of 35% of Texas CEF's equity, the Board for Church Extension and the Board of Directors of the Texas District of the Lutheran Church - Missouri Synod will review each request individually.

As of January 31, 2026, there are no loans that exceeded 35% of capital. The following table highlights Texas CEF's three largest loans:

Material Loans

Balances as of January 31, 2026

Dollars in Thousands	Percent of Capital
$ 7,984	12.9%
7,689	12.4%
5,378	8.7%

These three loans total $21,051,517. This is 20.72% of the total loan portfolio.

INVESTING ACTIVITIES

In the normal course of its operations Texas CEF carries liquidity, as required by policy, to meet investor withdrawal requests, fund loan commitments and pay expenses. The investment portfolio is managed by the Executive Director, receiving counsel from the Investment Committee and oversight by the BCE and Board of Directors.

The Investment Committee consists of the Texas CEF Executive Director, Texas CEF Financial Controller, Texas CEF Operations Supervisor, the BCE Chair and BCE Vice Chair (or BCE designee as appointed by the Chair). The District Treasurer may act in an advisory capacity to the Investment Committee. The Investment Committee meets at least every other month and assists Texas CEF's management regarding Texas CEF's Investment Policy.

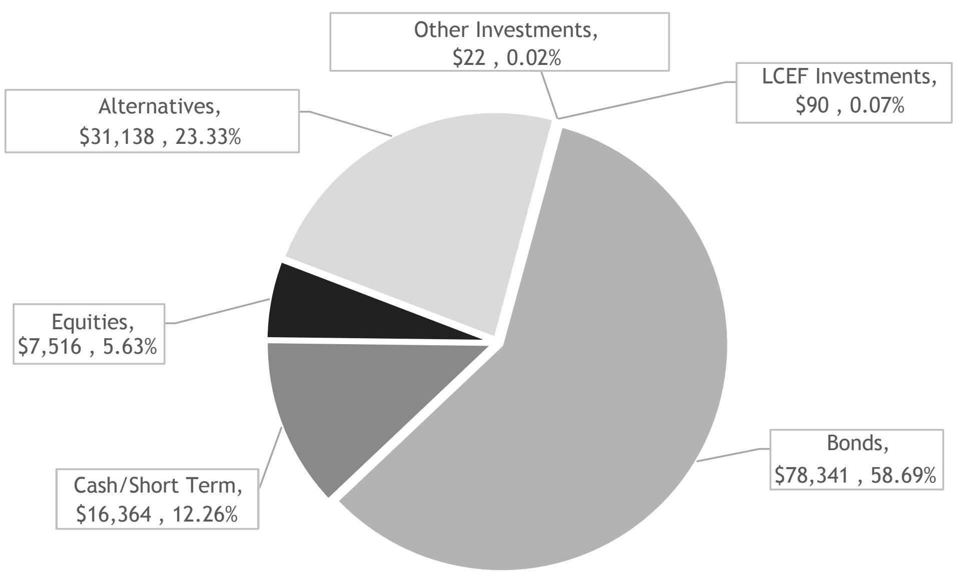
The BCE along with the Texas District Board of Directors approves the investment policy of Texas CEF. This policy allows for a conservative approach for investing. Texas CEF may invest in a combination of fixed income, equity and alternative investments. Some of these investments are selected to offset potential fixed income losses associated with rising interest rates and inflation and to generate a higher total return and yield. Texas CEF may also invest a portion of the funds with the Lutheran Church Extension Fund (LCEF) as outlined in the investment policy. LCEF investments are unsecured general obligations of LCEF and are not rated. Texas CEF is not permitted to invest in derivative securities, investments contrary to the beliefs and tenants of our faith or any investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected. The target asset allocation is used as the primary tool to achieve this goal. The target asset allocation ranges for Texas CEF's portfolio are as follows:

Asset Class	**Minimum**	**Target**	**Maximum**
Equities	0%	5%	15%
Alternatives*	0%	17%	25%
LCEF	0%	12%	25%
Bonds	35%	46%	70%
Cash/Short Term	5%	20%	35%

*Alternatives are generally defined as Equity Hedge Assets, Equity Return Assets, Private Credit, Private Real Estate, and Private Equity, however, some asset classes may be classified in multiple asset classes.

Texas CEF has contracted with Graystone Consulting, a business of Morgan Stanley as an adviser for the portfolio. Graystone Consulting has been given the investment policy and is required to adhere to it. Monthly statements of activity from Graystone are reviewed by Texas CEF Management and periodic reports are reviewed by the investment committee, Board for Church Extension and the Texas District Board of Directors.

Investments at January 31, 2026
(Dollars in Thousands)



Unrealized Gain/Loss on Investments
(Dollars in Thousands)

	January 31, 2026	January 31, 2025	January 31, 2024
Unrealized Gain on Investments	$1,805	$1,633	$1,887

SELECTED FINANCIAL DATA

Selected Financial Data
(Dollars in Thousands)

	Jan 31					
	2026	2025	2024	2023	2022	2021
Cash, Cash Equivalents & Readily Marketable Securities	$ 133,313	114,715	112,017	127,152	116,642	95,205
Liquidity Ratios	54.94%	49.84%	45.38%	48.43%	43.36%	43.18%
Total Loans Receivable	101,578	109,596	117,637	117,077	120,095	122,515
Total Assets	235,793	224,991	229,802	244,091	236,761	217,956
Total Notes Payable	172,583	167,822	176,148	195,022	186,219	168,688
Amount Of Notes Redeemed During The Fiscal Year	28,783	31,917	46,767	35,643	19,581	16,394
Net Assets	61,886	55,877	52,357	47,802	49,408	48,107
Change In Net Assets	6,009	3,520	4,527	(1,606)	1,301	4,350
Ratio Of Net Assets To Total Assets	26.2%	24.8%	22.8%	19.6%	21.0%	22.1%

Texas CEF staff and the Board for Church Extension regularly review the overall financial condition of the Texas CEF. This is done in part by reviewing past and expected performance in certain key areas.

Source of Payments of Notes
Historically, interest and principal payments on Texas CEF Notes have been made primarily from the amounts received as principal and loan payments on outstanding loans. Texas CEF anticipates that it will continue to experience similar results in the future.

Capital Adequacy
Texas CEF maintains capital (net assets) to provide an adequate base to support the financial position and operations for Texas CEF and to protect investors against loss in the value of the assets that could adversely affect Texas CEF's ability to fully repay their investments.

The Board for Church Extension has established policy requiring a minimum capital level equal to 15% and setting a maximum level of 25% of total assets. As of January 31, 2026, the capital to assets ratio was 26.25%.

Liquidity
Texas CEF maintains liquidity to meet investor withdrawal requests, fund loan commitments and pay expenses. Texas CEF maintains a reserve requirement, which is 15% of investor payables. As of January 31, 2026, Cash, Cash Equivalents and Readily Marketable Securities had a value equal to 54.94% of its outstanding Notes.

Cash Flow
The amount of principal repayments from the loan receivable portfolio has met the demand for redemption of term Notes.

Loan Delinquencies and Loss
On January 31, 2026, the principal balance of Texas CEF's loans with payments ninety days past due amounted to

0.0% of total loans receivable. Because the objective of Texas CEF is to assist borrowing congregations' ministries, it may forebear exercising its default remedies to a greater extent than other lenders. Texas CEF has generally been more willing to accept partial payments and late payments from delinquent borrowers than other lenders. When the ministry of a delinquent borrower recovers, and they are able to make regular payments, Texas CEF may consider renegotiation of the loan. The renegotiation may include capitalization of previously accrued and unpaid interest. Currently there are not any loans in the loss category and there have not been any loan losses during the last five years.

Substandard and Distressed Loans
Texas CEF assists struggling congregations with reduced payments from payments originally contracted in the original loan until the congregation recovers. At recovery, some loans are then restructured. Texas CEF places these loans in the following categories:

Substandard	Congregation has received accommodation on payments (e.g. paying interest only or an amount less than minimum principal and interest as required by their promissory note). Collateral is sufficient to cover entire balance.
Distressed	Congregation has secured a line of credit to support operations or loan is 90+ days delinquent. Collateral is sufficient to cover entire balance.
Loss	Congregation cannot repay loan and collateral insufficient to cover entire balance.

Allowance for Loan Losses
Effective February 1, 2023, Texas CEF implemented ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments, which focuses on measuring credit losses on financial instruments and addressing their potential for impairment. The current expected credit losses (CECL) guidelines adjust the reporting of impairment to a model that relies on anticipated losses rather than actual losses experienced. The CECL Method calculates the anticipated credit losses for financial assets valued at amortized cost, such as loan receivables. It also includes credit risks that are not included in the balance sheet and not compensated for as insurance. Such exposures include loan commitments, financial guarantees, and other similar instruments.

The provision for credit losses is created to account for the anticipated credit losses on the Texas CEF loan portfolio, which includes unfunded credit commitments. Before February 1, 2023, the provision for credit losses was determined using an incurred loss model. Following the implementation of CECL, specific loan classification and segmentation categories were modified to conform to the standard's requirements and effectively represent the CECL calculation. Beginning on February 1, 2023, the revised CECL classification will be included in the reports; previous period classifications have been modified to take this into account. There has been no retroactive application of this criterion to earlier years.

In the last five years, we have charged off no credit losses. We conduct regular assessments of loans that are more than 90 days overdue to determine the cumulative amount of outstanding principal and interest, as well as the market value of the collateral that secures the loan. If the value of the loan is more than the value of the collateral, we acknowledge loan degradation. We concluded that as of January 31, 2026, a total provision for credit loan losses should be $602,330 based on the evaluation of impaired loans both separately and collectively.

As of January 31, 2026, Texas CEF believes that it has an adequate allowance to cover any foreseeable loss.

The following Table Shows Texas CEF allowance, provisions, charge-offs and recoveries for the past 5 years:
*Allowance Calculated by CECL
** Allowance Calculated by incurred loss model

	Fiscal Year Ending Jan 31				
	2026*	2025*	2024*	2023**	2022**
Allowance Beg of Year	886,567	1,393,741	1,418,335	1,358,335	1,298,335
CECL Adjustment Beg of Year	0	0	(28,313)	0	0
Provision	(284,237)	(507,174)	3,719	60,000	60,000
Charge off	0	0	0	0	0
Recoveries	0	0	0	0	0
Allowance End of Year	602,330	886,567	1,393,741	1,418,335	1,358,335

Net Income
In order to protect the Texas CEF from deterioration of its capital position due to financial losses from operations the Texas CEF is managed in a manner that assures that interest income and loan origination fees will be sufficient to provide for interest expense and operating costs. Texas CEF has achieved a positive net income in four of the past five years.

DESCRIPTION OF NOTES OFFERED

The offer and sale of the instruments or investment opportunities listed is limited to investors who, prior to the receipt of this circular, were members of, contributors to or participants in The Texas District or any congregation or other program, activity or organization which constitutes a part of the Texas District or any of its congregations or was the trustee, agent or other custodian for an ancestor, descendant or successor in interest to such investor.

Types of Instruments or Investment Opportunities That Are Available in the Program of the Texas CEF

1. Flex Savings: This is a savings plan that permits addition to the initial investment (minimum of $10) and withdrawal privileges with no loss of interest. Withdrawal payments will normally be made on demand. However, Texas CEF reserves the right to require the owner(s) to give 30 days written notice of an intended withdrawal before such withdrawal is made. The interest rate on all Flex Savings (new and outstanding) may be adjusted at any time. An investment record of additions, subtractions and interest earnings is mailed to the investor semiannually.

2. Rainy Day Fund: This is a savings plan that permits addition to the initial investment (minimum of $25). Initial funds must be new and not a transfer from an existing Texas CEF investment. This plan requires a monthly EFT (Electronic Funds Transfer) investment of at least $25 until the balance in the investment reaches $10,000. Withdrawal payments are limited to 5 per year. The interest rate will be at least ¼ of a percent above the flex savings rate for the first $10,000 and will pay the Flex Savings rate on any amount above $10,000.00. A recurring EFT investment of at least $25 per month is required to receive the premium rate unless the balance is above $10,000, if this condition is not met, the investment will convert to a flex savings investment. An investment record of additions, subtractions and interest earnings is mailed to the investor semiannually. This investment is limited to one per household.

3. Congregation Savings: These are sold only to congregations and organizations operating under the auspices of congregations. This is a plan that permits addition to the initial investment (minimum $10) and withdrawal privileges at any time with no loss of interest. The interest rate on all Congregation Savings may be adjusted at any time. An investment record of additions, subtractions and interest earnings is mailed to the congregation monthly.

4. Building Funds: These are sold only to congregations. This is a plan that permits additions to the initial

investment (minimum $10) at any time. Withdrawals for construction of new facilities, large capital purchases and major renovations, payment of property insurance premiums or the prepayment of Texas CEF debt may be made at any time without penalty. Other withdrawals including regular monthly principal and interest payments are subject to the loss of one-year's interest. The interest rate on Building Funds may be adjusted at any time. An investment record of additions, subtractions and interest earnings is mailed to the congregation quarterly.

5. Jumbo Investment: This Note has a fixed term of 18 months, a fixed interest rate and requires a minimum investment of $100,000. Upon maturity, this Note will automatically renew for a like term at the interest rate then in effect for Jumbo Investment Notes of the same term unless Texas CEF receives written notice of the investor's intention to redeem prior to maturity or within a 10 day grace period following the maturity date. No interest will be earned after the maturity date. Texas CEF seeks to apprise investors of impending maturity in writing at least 30 days prior to the due date. Texas CEF may call these Notes at any time by giving at least 60 days written notice, at which time interest shall cease to accrue. Interest is generally paid quarterly. The investor has the option of receiving interest through Electronic Funds Transfer (EFT) monthly or quarterly or leaving it to be compounded. Method of receiving interest payments is elected at the time of investment and may be changed on written request from the investor. This investment is not eligible for the Texas Two-Step Program.

6. Fixed Rate Notes: These Notes have a specific term, fixed interest rate and require a minimum investment. Upon maturity, these Notes will automatically renew for a like term at the interest rate then in effect for Fixed Rate Notes of the same term unless Texas CEF receives written notice of the investor's intention to redeem prior to maturity or within a 10 day grace period following the maturity date. No interest will be earned after the maturity date. Texas CEF seeks to apprise investors of impending maturity in writing at least 30 days prior to the due date. Texas CEF may call these Notes at any time by giving at least 60 days written notice, at which time interest shall cease to accrue. Interest is generally paid quarterly. The investor has the option of receiving interest through Electronic Funds Transfer (EFT) monthly or quarterly, or leaving it to be compounded. Method of receiving interest payments is elected at the time of investment and may be changed on written request from the investor.

The rates of interest for all Fixed Rate Notes will be set by the Texas CEF. The rate of interest on new Fixed Rate Notes to be offered is subject to change at any time.

1-Year Notes. Require a minimum investment of $500.
3-Year Notes. Require a minimum investment of $500.
5-Year Notes. Require a minimum investment of $500.

7. Floating Rate Notes: These Notes have a specific term and require a minimum investment that may be waived if the investor elects to make regular monthly investments using EFT. Additional investments may be made to these Notes at any time in minimum amount of $25. Such additional investments shall not extend the maturity date of these Notes. The Notes are automatically renewable at the option of the Texas CEF for a like term in accordance with Texas CEF's then current written procedures for Notes payable with respect to Floating Rate Term Notes, if not presented for payment by the holder prior to their due date. The Texas CEF seeks to apprise investors of impending maturity in writing at least 30 days prior to the due date. Texas CEF may call these Notes at any time by giving at least 60 days written notice, at the end of which time interest shall cease to accrue. Interest is generally paid quarterly. The investor has options of receiving interest through EFT monthly or quarterly, or leaving it to be compounded. The method of receiving interest payments is elected at the time of investment and may be changed on the annual anniversary of that date on written request from the investor.

The Notes pay a FLOATING rate of interest adjusted monthly on the first day of each month.

1-Year Notes. Require a minimum investment of $500.
3-Year Notes. Require a minimum investment of $500.
5-Year Notes. Require a minimum investment of $500.

IRA Investments

Texas CEF offers it's Flex Savings, Fixed Rate and Floating Rate Notes as investments to fund Individual Retirement Arrangements (IRA's). We offer Traditional and Roth IRAs, ESA (Coverdell Educational IRAs), SEP (Simplified Employee Pension Plan), and SIMPLE Plans.

Texas CEF has made arrangements with Gold Star Trust Company to act as a custodian of self-directed IRA's, and upon direction of individual investors, to invest funds with Texas CEF. A processing fee may be assessed by Gold Star for certain transactions.

Investors are encouraged to consult with their tax advisors before deciding to invest IRA assets in a Texas CEF investment since IRA's are subject to specific requirements under the Internal Revenue Code.

Other Programs

1. Kids Into Discipleship and Stewardship (K.I.D.S.) Stamps: These are sold primarily to children and youth through the Sunday School and Parochial Schools of Texas District congregations. Stamps have cash value of $1, and may be accumulated in stamp books. Filled stamp books may be transferred to Flex Savings or existing Floating Rate Notes for the face value of all stamps accumulated. Texas congregations receive the saving stamps on consignment in pads of $100, and sell them to their members and/or members' children. The stamps may also be purchased and paid for as they are sold.

2. Texas Two-Step: Texas Partners in Mission (TPIM) is part of the Texas District LCMS focused on raising new gifts to support new mission church planting in Texas. Funds contributed through TPIM are gifts to the Current Fund and are used by the Board of Mission Administration to support mission developers and to provide financial assistance to newly formed congregations. Texas Two-Step is a program Texas CEF offers in association with Texas Partners in Mission. Teaming up to increase financial resources available for planting new congregations, Texas CEF and TPIM seek contributed dollars and invested dollars to meet the challenges of planting new ministries. Texas Two-Step is designed to multiply gifts and investments to help share the Gospel with more and more people. When a new fixed-rate Texas CEF investment of $5,000 or more is opened with Texas CEF and a gift of at least 10% of the initial investment amount is given to TPIM, Texas CEF will match the gift to TPIM 100% AND will pay a bonus 1% interest rate for the initial term of the investment. The investment amount earning a bonus 1% is limited to 10 times the gift amount (e.g. a $50,000 investment, earning a bonus 1%, equals a gift of at least $5,000). This program provides a maximum of $100,000 in matching gifts each year. Jumbo Investments are not eligible.

Penalties For Redemptions Prior to Maturity

The Texas CEF is not required to redeem any Note prior to its maturity. However, as a matter of policy and practice, the Texas CEF may redeem, at its discretion, such Notes, regardless of maturity, at the request of the investor, upon the showing of necessity or emergency. Notes submitted prior to maturity are subject to an interest penalty, being the loss of 90 days of interest for 1-Year Notes and 3-Year Notes and being the loss of 180 days of interest for 5-Year Notes and the Jumbo Investment.

Types of Ownership

Investments may be opened in a variety of ownership designations including: Individual, Joint Tenants with Right of Survivorship, Custodial, and Trust, Business, etc. The following definitions briefly describe these designations.

• Individual Investment. The investor owns the investment. On the death of the investor ownership of the investment passes as a part of the investor's estate under the investor's will or by intestacy unless the investor has named a pay on death beneficiary.

• Joint Tenants with Right of Survivorship Investment. The investors own the investment in proportion to their net contributions. Texas CEF may pay any sum in the investment to any owner at any time. On the death of an investor, the investor's ownership of the investment passes to the surviving investor(s).

• Trust, Business, etc. The investment is owned by the trust, business, etc. Texas CEF may pay any sum in the investment as directed by any authorized trustee/officer except as otherwise directed by a written trust instrument provided to Texas CEF. A copy of the trust document or certificate of resolution from the corporate secretary is required to open the investment.

• Custodial Investment. The minor (or other individual for whom the custodial relationship is established) owns the investment. Interest is reported to the IRS using the tax identification of the minor. Texas CEF may pay any sum in the investment on the order of the custodian(s) only. The investment does not automatically transfer to the minor when they reach majority. According to Texas Property Code, (Chapter 141), the custodian must request a change in ownership to transfer control of the investment.

Acceptance of Funds

Texas CEF will accept payment for the purchase of its Notes and other investments in the form of personal check, cashier's check, money order, transfers by wire, EFT transfer or other similar services utilized by financial institutions.

Book Entry

A book entry system was implemented in 2009. Investor(s) will not receive a paper certificate with an investment. Instead, an Investment Receipt, transaction receipt, and a terms and conditions brochure will be available to the investor(s) to confirm the investment. Periodic statements will be provided to the investor(s) reflecting the balance(s) of the note(s), including any additions, withdrawals, and interest accumulated or withdrawn.

Unclaimed Property

Texas CEF Notes may qualify as unclaimed property if they are presumed to be abandoned in accordance with applicable Texas State Statutes. To comply with unclaimed property law, Texas CEF is required to report and deliver property to the State as outlined in the State of Texas Property Code (Title Six, Chapter 72).

CURRENT INTEREST RATES MAY BE OBTAINED BY CALLING 1-888-951-1233
OR VISITING WWW.TEXASCEF.ORG

PLAN OF DISTRIBUTION

Texas CEF's offering of notes is done through promotional material and the Offering Circular. These are available online at texascef.org and also mailed directly to congregation and investors who request them. Promotional material may also be published in church and Texas District publications. In addition, promotional material is distributed at Texas District conferences, conventions, retreats, and seminars.

Texas CEF is also promoted by volunteer congregational representatives who are members of the congregations they serve. They may discuss the nature and purpose of the work for Texas CEF at District meetings or at congregational services or gatherings. These congregational representatives are not employees or agents of the fund and do not have the authority to make commitments for the fund and receive no compensation or commissions related to investment in the fund.

Advertising materials contain a toll-free telephone number which a prospective investor may use to call and request an Offering Circular. The Texas CEF website contains its Offering Circular, application form and promotional information for existing and prospective investors at TexasCEF.org. No offers to purchase will be accepted prior to the time that an investor has signed an application acknowledging receipt of an Offering Circular.

No underwriting or selling agreements exist, and no direct or indirect commissions or other remuneration will be paid to any individuals or organizations in connection with the offer and sale of the Notes.

TAX ASPECTS

Investors will not receive a charitable deduction upon the purchase of a Note. The interest paid or payable on the Notes will be taxable as ordinary income to the holder in the year it is paid or credited. Thus, as to interest credited over the life of a Note, to be paid at the maturity date, all investors must report such interest as income on their Federal income tax return ratably over the life of the Note as interest is credited. Purchasers who hold Notes until their maturity will not be taxed on the return of the principal purchase price or on the payment of previously accrued and taxed interest. Any excess will be interest income. Section 7872 of the Internal Revenue Code and related regulations apply to certain below market investments in excess of stated amounts, and it is recommended that you consult with your tax advisor if you have any questions concerning the applicability of Section 7872.

It is to the investor's advantage to provide a certified Taxpayer Identification ("TIN") and verify that it is correct and certify that withholding does not apply. Otherwise, Texas CEF is required by Federal law to withhold the current backup withholding percentage from any interest earned if the IRS notifies Texas CEF that the Investor's TIN is incorrect. Amounts withheld are applied to the investor's Federal tax liability, and a refund may be obtained from the IRS if withholding results in overpayment of taxes. The Texas CEF will notify investors of interest earned (totaling $10 or more) by sending IRS Tax Form 1099-INT by January 31st of each year. Texas CEF suggests investors consult their tax advisor for the proper reporting of income earned from various church extension investments.

Neither the Texas CEF nor the District assumes any responsibility for assuring that an investor will receive a given tax result from such investments. Investors desiring a particular tax result should conduct such inquiry and take such steps as they deem necessary or appropriate to accomplish their desired result.

LITIGATION AND OTHER MATERIAL TRANSACTIONS

Litigation and Security Matters: The Texas District is from time to time involved in legal actions arising in the ordinary course of business. In the opinion of management, the Texas District has adequate legal defense or insurance coverage with respect to current actions, if any, and does not believe that any such actions will materially affect the Texas District's financial position or results of activities.

Neither the Texas District nor any of its officers have any affiliation with any building contractor who will be receiving funds for the construction of churches financed by the Texas CEF.

Legal matters relating to the evidence of indebtedness to be issued pursuant to this offering will be passed upon by the law firm of Walter C. Guebert, P. C., 12017 Rayo de Luna Ln., Austin, Texas 78732.

MANAGEMENT

The Texas CEF is maintained, supervised and administered by the Board for Church Extension (BCE) of the Texas District of The Lutheran Church—Missouri Synod. The Board for Church Extension is accountable to the Board of Directors of the Texas District of The Lutheran Church—Missouri Synod, a Texas non-profit corporation.

The nine members of the Board for Church Extension serve without compensation. They do receive, however, reimbursement for travel expenses in connection with authorized board business. A listing of the members of the Board for Church Extension and the officers of the Texas District of The Lutheran Church—Missouri Synod is contained on pages 20-21 of the Offering Circular.

Texas CEF has authorized staff of 10 paid employees. This includes Executive Director who is responsible for all Texas CEF's activities, a Financial Controller who prepares financial statements, an Operations Supervisor who oversees the general functions, and an office staff of 6 individuals. These employees received remuneration from the Texas CEF in the fiscal year ended January 31, 2026 totaling $967,399. They also participated in the pension and health insurance plans of The Lutheran Church—Missouri Synod, to which the Texas CEF contributes in their behalf. Compensation of the Executive Director or any other member of the Texas CEF staff is in no way related to or contingent upon the sale of securities. There are no underwriters participating in the distribution of the securities offered hereby, and no underwriting discounts or commissions have ever been paid and none will be paid with this offering.

As terms expire or vacancies occur for members of the BCE, the remaining members shall cause the names of qualified candidates to be gathered and shall select two alternative names to be recommended to the Texas District Board of Directors for election to fill each vacancy.

OFFICERS, BOARD MEMBERS AND STAFF

TEXAS DISTRICT OF THE LUTHERAN CHURCH-MISSOURI SYNOD - OFFICERS

Name and Office	Occupation and Background
Rev. Dr. John Braunersreuther President and Chairman of the Texas District Board of Directors	Pastor, age 63. Graduate of Concordia Seminary, St. Louis, MO. Served as Associate Pastor at Zion, Brighton, Colorado, 1989-1992; Pastor, Prince of Peace, Amarillo, TX, 1992-1996; Mission and Ministry Facilitator - Area A, Texas District LCMS, 2996-2001; Senior Assistant to the President, LCMS, 2001-2010. Mission and Ministry Facilitator - Area D and Director of Districtwide Strategy/ Mission Strategist, Texas District LCMS 2010-2025. As a member of the Synod for 36 years, he was ordained in 1989. Currently a member of Salem Lutheran Church, Tomball, TX. This congregation has loans totaling $2,504,518.75.
Rev. John Davis First Vice President	Pastor, age 62. Graduate of Concordia Seminary, St. Louis, MO. Served as Associate Pastor, Memorial, Katy, TX 1993-1999; Associate Pastor, Immanuel, Giddings 1999-2002; Senior Pastor, Immanuel, Giddings 2002-2007; currently serves as Senior Pastor of Memorial, Katy, TX (since 2008). This congregation has loans totaling $1,699,291.48.
Rev. Larry Krueger Second Vice President	Pastor, age 70. Graduate of Concordia Seminary, Ft. Wayne, IN. Served as Senior Pastor at First, Tahleuah, OK 1986-1988; Associate Pastor, Redeemer, Peoria, IL 1988-1991; Senior Pastor, St. Paul, Denoton, TX 1991-1995; Senior Pastor, Grace, Midland, TX 1995-1998; Senior Pastor, University Chapel, College Station, TX 1998-2002; Assistant to LCMS President, 2002-2010; Associate Pastor, Concordia, San Antonio, TX 2011-2013; Senior Pastor, St. Paul, Waco, TX 2013-2021. This congregation does not currently have loans with Texas CEF.
Rev. Nathan Wendorf Third Vice President	Pastor, age 47. Graduate of Concordia Seminary in St. Louis, MO. Served as Assistant Pastor at Our Savior McKinney Texas, 2005-2010. Currently serves St. Paul Lutheran Church, Harlingen, TX. This congregation does not currently have loans with Texas CEF. This congregation has a loan commitment with Texas CEF totaling $1,186,023.46.
Rev. Eric Hiner Fourth Vice President	Pastor, age 46. Graduate of Concordia Seminary in St. Louis, MO. Served as Associate Pastor at St. Paul, Denton, TX 2007-2009; Sole Pastor for Christ, Fort Worth, TX 2009-2014. Currently serves as Senior Pastor at Hope, Lubbock, TX since 2014. This congregation has loans totaling $1,098,784.44
Rev. Dr. Brian Hesse Secretary	Pastor, age 51. Asst. Pastor, Trinity, Amarillo, 2001-2004. Sr. Pastor, Trinity, Amarillo, 2004-2022. Currently serves St. Paul Lutheran Church, Waco. This congregation does not currently have loans with Texas CEF.
Rebecca Jones Treasurer	Treasurer, Texas LCMS; Executive Director, Texas CEF, age 57. Graduate of Concorida University, Mequon, WI. Serving the Lutheran Church—Missouri Synod since 1999, including the Lutheran Church Extension Fund from 2002–2018, as Senior Vice President for six years. In 2018, began service with Texas District LCMS as Executive Director of the Church Extension Fund. In 2026, appointed to the dual role of Treasurer for Texas District LCMS while continuing as Executive Director of the Church Extension Fund. Currently a member of Faith Lutheran Church, Georgetown, TX. This congregation does not currently have loans with Texas CEF.

MEMBERS OF THE BOARD FOR CHURCH EXTENSION

Name	Occupation and Background
Quentin Anderson	Layperson, age 65. Has served on the Texas Board for Church Extension since 2024. He holds a degree in Business Administration (BBA) from Texas A&M University. He is a CPA. Member of Holy Cross Lutheran Church in College Station, Texas. This congregation currently has a loan for $2,321,168.91. His term expires 2027.
Robert Balduc	Pastor, age 60. He has served the Texas District Board for Church Extension since 2019. He graduated from Concordia Seminary in St. Louis in 2005. He currently serves as Pastor for St. Peter, Roanoke, Texas as well as working at Volkswagon Group of America in Dealership Performance. This congregation has a loan of $3,807,576.45. His term expires 2028.
Darrell Becker	Layperson, age 57. He has served with the Texas Board for Church Extension since 2022. He is the Chief Academic Officer with Troy Independent School District. Member of Immanuel Lutheran Ministries in Temple, Texas. This congregation does not currently have a loan with Texas CEF. His term expires in 2028.
Kelly Biar, Vice Chairman	Layperson, age 63 She has served the Texas District Board for Church Extension since 2019. She is a CPA that has 35+ years experience in accounting in public corporate finance and non-profit entities. Member of St. Mark, Houston. This congregation has a loan for $7,689,052.79. Her term expires 2026.
Dennis Huffman, Chairman	Layperson, age 74. He has served on the Texas District Board for Church Extension since 2016. He has a 30 plus year career in banking. Member of First Lutheran Church in Texarkana, Texas. This congregation does not currently have a loan with Texas CEF. His term expires in 2026.
Rich Peltier	Layperson, age 66. He has served the Texas District Board for Church Extension since 2018. He worked in the energy industry for more than 30 years in various management positions and as a consultant. Member of Gloria Dei Lutheran Church in Houston, Texas. This congregation currently has a loan for $666,523.13. His term expires in 2027.
Steve Saunders	Layperson, age 58. He has served the Texas Board for Church Extension since 2022. He is the business administrator and a member of Redeemer Lutheran in Austin, Texas. This congregation currently has a loan for $420,978.47. His term expires in 2028.
Tim Spott	Layperson, age 68. He has been a member of the Texas District Board for Church Extension since 2023. He holds a Business Administration Degree from Texas Lutheran College. Retired Chairman of the Personnel Advisory Committee for the Asphalt institute. A member of Prince of Peace Lutheran Church in Carrollton, Texas. Currently, this congregation does not have a loan with Texas CEF. His term expires in 2026.
Sarah Valencia	Commissioned Minister, age 30. Has served on the Texas Board for Church Extension since 2022. She is a member of St. John Lutheran Church in Cypress, Texas. This congregation currently has a loan for $752,321.68. Her term expires 2026.

STAFF OF CHURCH EXTENSION FUND

Name	Occupation and Background
Rebecca Jones Executive Director	Treasurer, Texas LCMS; Executive Director, Texas CEF, age 57. Graduate of Concorida University, Mequon, WI. Serving the Lutheran Church—Missouri Synod since 1999, including the Lutheran Church Extension Fund from 2002–2018, as Senior Vice President for six years. In 2018, began service with Texas District LCMS as Executive Director of the Church Extension Fund. In 2026, appointed to the dual role of Treasurer for Texas District LCMS while continuing as Executive Director of the Church Extension Fund. Currently a member of Faith Lutheran Church, Georgetown, TX. This congregation has loans totaling $3,708,477.96

TEXAS DISTRICT OF THE LUTHERAN CHURCH -
MISSOURI SYNOD

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2026, 2025 AND 2024

FASKE
LAY & CO., L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

3609 Williams Dr., Suite 105
Georgetown, Texas 78628

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Texas District of the Lutheran Church - Missouri Synod
Round Rock, Texas

Opinion

We have audited the accompanying financial statements of the Texas District of the Lutheran Church - Missouri Synod (a non-profit organization) which comprise the statements of financial position as of January 31, 2026, 2025 and 2024, and the related statements of activities, functional expenses 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 the Texas District of the Lutheran Church - Missouri Synod as of January 31, 2026, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 the Organization 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.

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 the Organization'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 the Organization'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 the Organization'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.

Faske Lay & Co, LLP

Georgetown, TX
July 28, 2026

TEXAS DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD
STATEMENTS OF FINANCIAL POSITION
JANUARY 31, 2026, 2025 and 2024

	Current Fund	Church Extension Fund	Eliminations
ASSETS:			
Cash and cash equivalents	$ 3,661,085	$ 16,469,893	
Accounts receivable	131,865	51,044	(105,627)
Interest receivable		184,607	
Prepaid expenses	385,614		
Investments	9,351,558	116,842,818	(6,857,888)
Loans receivable, net allowance for credit loss of $602,330, $886,567, and $1,393,741		100,975,986	
Other properties, net		32,003	
Land, buildings and equipment, net	10,248,728	19,188	
Beneficial interest in split interest agreements	73,823	630,979	
Interest in perpetual funds held by others	3,918,099	586,127	
Beneficial interest in assets held by others	3,385,468		
Total assets	$ 31,156,240	$ 235,792,645	$ (6,963,515)
LIABILITIES:			
Accounts payable	$ 282,978	$ 672,553	$ (105,627)
Interest payable		390,626	
Savings stamps payable		260,566	
Deferred revenue and other liabilities	1,334,357		
Payable to investors		172,582,985	(6,857,888)
Note payable			
Total liabilities	1,617,335	173,906,730	(6,963,515)
NET ASSETS:			
Without donor restrictions:			
Undesignated	2,446,416	60,668,809	
Plant Fund designated	10,220,386		
Board designated	7,681,231		
	20,348,033	60,668,809	
With donor restrictions:			
Time and purpose restrictions	5,456,188	1,217,106	
Perpetual in nature	3,734,684		
	9,190,872	1,217,106	
Total net assets	29,538,905	61,885,915	
Total liabilities and net assets	$ 31,156,240	$ 235,792,645	$ (6,963,515)

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

Totals		
January 31, 2026	January 31, 2025	January 31, 2024
$ 20,130,978	$ 21,629,277	$ 14,742,357
77,282	15,064	14,047
184,607	201,422	499,267
385,614	359,150	344,174
119,336,488	98,549,062	103,129,847
100,975,986	108,709,043	111,301,743
32,003	32,003	32,003
10,267,916	10,626,157	11,211,538
704,802	649,539	600,809
4,504,226	5,556,307	3,289,391
3,385,468	3,124,894	2,943,346
$ 259,985,370	$ 249,451,918	$ 248,108,522
$ 849,904	$ 800,368	$ 946,176
390,626	326,504	259,943
260,566	260,795	260,869
1,334,357	1,460,022	1,702,067
165,725,097	163,691,052	172,964,504
168,560,550	166,538,741	176,133,559
63,115,225	56,499,477	52,774,223
10,220,386	10,561,361	6,157,512
7,681,231	5,508,760	5,098,846
81,016,842	72,569,598	64,030,581
6,673,294	6,822,856	4,696,735
3,734,684	3,520,723	3,247,647
10,407,978	10,343,579	7,944,382
91,424,820	82,913,177	71,974,963
$ 259,985,370	$ 249,451,918	$ 248,108,522

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

TEXAS DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JANUARY 31, 2026

	Without Donor Restrictions		
	Current Fund	Church Extension Fund	With Donor Restrictions
SUPPORT, REVENUE AND OTHER ADDITIONS:			
District congregations	$ 6,229,204		
Gifts and grants		20,938	1,263,155
Interest and fees on loans		4,355,368	
Investment income, net	438,831	8,652,700	29,418
Change in value of beneficial funds			(469,930)
Development income	390,375		
Conference fees, school assessment and other board designated income	470,563		
Lutheran Witness	146,650		
Gain on sale of property and equipment	2,130,088		
Other	604,296	64,432	
Total support, revenue and other additions	10,410,007	13,093,438	822,643
EXPENDITURES AND OTHER DEDUCTIONS:			
Program services:			
Mission and ministry programs	4,848,163		
Education	444,966		
Church Extension Fund		7,025,697	
	5,293,129	7,025,697	
Supporting services:			
Management and general	2,003,387		
Development	180,435		
Unallocated payments to Synod	1,311,797		
Total expenditures and other deductions	8,788,748	7,025,697	
Change in net assets	1,621,259	6,067,741	822,643
Net assets - beginning of year	18,002,188	54,567,410	10,343,579
Net assets released from restrictions	724,586	33,658	(758,244)
Net assets - end of year	$ 20,348,033	$ 60,668,809	$ 10,407,978

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

Eliminations	Total
	$ 6,229,204
	1,284,093
	4,355,368
(222,833)	8,898,116
	(469,930)
(64,750)	325,625
	470,563
	146,650
	2,130,088
(7,700)	661,028
(295,283)	24,030,805
	4,848,163
	444,966
(295,283)	6,730,414
(295,283)	12,023,543
	2,003,387
	180,435
	1,311,797
(295,283)	15,519,162
	8,511,643
	82,913,177
	$ 91,424,820

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

TEXAS DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JANUARY 31, 2025

	Without Donor Restrictions		
	Current Fund	Church Extension Fund	With Donor Restrictions
SUPPORT, REVENUE AND OTHER ADDITIONS:			
District congregations	$ 5,880,041		
Gifts and grants		53,598	121,245
Interest and fees on loans		4,006,212	
Investment income, net	313,833	7,081,072	13,381
Change in value of beneficial funds			2,753,575
Development income	591,008		
Conference fees, school assessment and other board designated income	399,362		
Lutheran Witness	156,839		
Gain on sale of property and equipment	3,054,481		
Other	2,534,947	79,791	
Total support, revenue and other additions	12,930,511	11,220,673	2,888,201
EXPENDITURES AND OTHER DEDUCTIONS:			
Program services:			
Mission and ministry programs	4,281,541		
Education	530,725		
Church Extension Fund		8,067,130	
	4,812,266	8,067,130	
Supporting services:			
Management and general	1,722,707		
Development	202,067		
Unallocated payments to Synod	1,297,001		
Total expenditures and other deductions	8,034,041	8,067,130	
Change in net assets	4,896,470	3,153,543	2,888,201
Net assets - beginning of year	12,649,460	51,381,121	7,944,382
Net assets released from restrictions	456,258	32,746	(489,004)
Net assets - end of year	$ 18,002,188	$ 54,567,410	$ 10,343,579

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

Eliminations	Total
	$ 5,880,041
	174,843
	4,006,212
(135,269)	7,273,017
	2,753,575
(92,731)	498,277
	399,362
	156,839
	3,054,481
(1,952,559)	662,179
(2,180,559)	24,858,826
	4,281,541
	530,725
(2,180,559)	5,886,571
(2,180,559)	10,698,837
	1,722,707
	202,067
	1,297,001
(2,180,559)	13,920,612
	10,938,214
	71,974,963
	$ 82,913,177

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

TEXAS DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JANUARY 31, 2024

	Without Donor Restrictions		
	Current Fund	Church Extension Fund	With Donor Restrictions
SUPPORT, REVENUE AND OTHER ADDITIONS:			
District congregations	$ 5,612,747		
Gifts and grants		26,074	560,804
Interest and fees on loans		3,846,507	
Investment income, net	219,722	6,371,797	10,366
Change in value of beneficial funds			572,017
Development income	418,844		
Conference fees, school assessment and other board designated income	372,948		
Lutheran Witness	118,855		
Gain on sale of property and equipment	39,649		
Other	531,959	93,034	
Total support, revenue and other additions	7,314,724	10,337,412	1,143,187
EXPENDITURES AND OTHER DEDUCTIONS:			
Program services:			
Mission and ministry programs	3,925,282		
Education	505,020		
Church Extension Fund		5,920,144	
	4,430,302	5,920,144	
Supporting services:			
Management and general	1,750,762		
Development	162,229		
Unallocated payments to Synod	1,279,069		
Total expenditures and other deductions	7,622,362	5,920,144	
Change in net assets	(307,638)	4,417,268	1,143,187
Net assets - beginning of year	12,243,083	46,904,511	7,546,238
Cumulative change in accounting principle For adoption of ASC 326		28,314	
Net assets released from restrictions	714,015	31,028	(745,043)
Net assets - end of year	$ 12,649,460	$ 51,381,121	$ 7,944,382

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

Eliminations	Total
	$ 5,612,747
	586,878
	3,846,507
(89,726)	6,512,159
	572,017
(91,650)	327,194
	372,948
	118,855
	39,649
(6,525)	618,468
(187,901)	18,607,422
	3,925,282
	505,020
(187,901)	5,732,243
(187,901)	10,162,545
	1,750,762
	162,229
	1,279,069
(187,901)	13,354,605
	5,252,817
	66,693,832
	28,314
	$ 71,974,963

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

TEXAS DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2026

	Program Services			
	Missions and Ministry	Education	Church Extension Fund	Total
Synod support				
Grants and mission funding	2,749,003		64,750	2,813,753
Disaster relief	318,128			318,128
Salaries and wages	872,791	260,415	722,433	1,855,639
Employee benefits and payroll taxes	158,418	64,466	244,966	467,850
Professional services	112,791	13,617	24,477	150,885
Accounting fees			37,080	37,080
Legal fees			2,560	2,560
Promotion, public relations and hospitality	116,248		66,017	182,265
Office expenses	14,413	7,747	66,267	88,427
Information technology	8,921	2,804	78,421	90,146
Occupancy		7,132	58,495	65,627
Travel and auto operation	159,200	21,540	30,575	211,315
Conferences and meetings	149,063	58,581		207,644
Insurance	64,213		18,007	82,220
Training and development	12,899	6,163	7,225	26,287
Board and committee expense	39,070		9,500	48,570
Interest expense			5,860,377	5,860,377
Provision for credit losses			(284,237)	(284,237)
Other property expense	4,221			4,221
Depreciation and amortization	68,129		14,151	82,280
Other	655	2,501	4,633	7,789
Total	$ 4,848,163	$ 444,966	$ 7,025,697	$ 12,318,826

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

Supporting Services			
Management and General	Development	Unallocated Payments to Synod	Total
		$ 1,311,797	$ 1,311,797
37,720			2,851,473
			318,128
780,369	99,497		2,735,505
274,658	35,516		778,024
36,942			187,827
24,720			61,800
15,984			18,544
7,825	12,813		202,903
66,784	7,056		162,267
51,341	24,894		166,381
82,020			147,647
57,258			268,573
128,068	659		336,371
7,105			89,325
13,859			40,146
19,412			67,982
			5,860,377
			(284,237)
10,000			14,221
279,543			361,823
109,779			117,568
$ 2,003,387	$ 180,435	$ 1,311,797	$ 15,814,445

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

TEXAS DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2025

	Program Services			
	Missions and Ministry	Education	Church Extension Fund	Total
Synod support				
Grants and mission funding	2,316,110		92,731	2,408,841
Disaster relief	239,196			239,196
Salaries and wages	901,402	250,663	695,376	1,847,441
Employee benefits and payroll taxes	169,178	59,623	232,862	461,663
Professional services	109,927	43,139	22,806	175,872
Accounting fees			38,400	38,400
Legal fees				
Promotion, public relations and hospitality	125,066		39,831	164,897
Office expenses	16,257	8,381	70,655	95,293
Information technology	14,139	8,133	67,248	89,520
Occupancy		7,179	61,573	68,752
Travel and auto operation	141,690	13,091	36,041	190,822
Conferences and meetings	42,764	135,419		178,183
Insurance	69,820		6,251	76,071
Training and development	21,739	5,097	7,306	34,142
Board and committee expense	39,596		8,566	48,162
Interest expense			5,222,778	5,222,778
Provision for credit losses			(507,174)	(507,174)
Contributions			1,943,859	1,943,859
Other property expense	2,911			2,911
Depreciation and amortization	71,746		22,330	94,076
Other			5,691	5,691
Total	$ 4,281,541	$ 530,725	$ 8,067,130	$ 12,879,396

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

Supporting Services			
Management and General	Development	Unallocated Payments to Synod	Total
		$ 1,297,001	$ 1,297,001
7,489			2,416,330
			239,196
709,563	108,123		2,665,127
250,875	39,345		751,883
34,516			210,388
25,600			64,000
12,083			12,083
7,903	19,056		191,856
94,637	9,658		199,588
53,982	22,676		166,178
82,559			151,311
57,490			248,312
8,182	3,209		189,574
5,079			81,150
30,672			64,814
16,708			64,870
			5,222,778
			(507,174)
			1,943,859
10,000			12,911
293,720			387,796
21,649			27,340
$ 1,722,707	$ 202,067	$ 1,297,001	$ 16,101,171

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

TEXAS DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2024

	Program Services			
	Missions and Ministry	Education	Church Extension Fund	Total
Synod support				
Grants and mission funding	2,268,058		93,650	2,361,708
Disaster relief	52,882			52,882
Salaries and wages	838,878	241,731	684,083	1,764,692
Employee benefits and payroll taxes	155,934	55,165	221,213	432,312
Professional services	111,545	42,068	4,425	158,038
Accounting fees			34,717	34,717
Legal fees			2,880	2,880
Promotion, public relations and hospitality	100,855		38,625	139,480
Office expenses	13,375	9,628	74,384	97,387
Information technology	8,608	3,459	64,099	76,166
Occupancy		5,723	41,211	46,934
Travel and auto operation	116,093	14,230	37,794	168,117
Conferences and meetings	80,639	127,047	10,797	218,483
Insurance	42,597		6,385	48,982
Training and development	18,519	1,078	10,553	30,150
Board and committee expense	33,946	4,891	7,743	46,580
Interest expense			4,535,272	4,535,272
Provision for credit losses			3,719	3,719
Other property expense	500			500
Depreciation and amortization	82,853		22,312	105,165
Other			26,282	26,282
Total	$ 3,925,282	$ 505,020	$ 5,920,144	$ 10,350,446

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

Supporting Services			
Management and General	Development	Unallocated Payments to Synod	Total
		$ 1,279,069	$ 1,279,069
500			2,362,208
			52,882
654,187	104,067		2,522,946
223,984	36,677		692,973
37,350			195,388
23,145			57,862
17,844			20,724
8,656	5,189		153,325
97,627	5,165		200,179
43,077	10,856		130,099
65,820			112,754
60,696			228,813
288,409	275		507,167
6,169			55,151
25,311			55,461
9,205			55,785
			4,535,272
			3,719
10,000			10,500
143,011			248,176
35,771			62,053
$ 1,750,762	$ 162,229	$ 1,279,069	$ 13,542,506

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

TEXAS DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31, 2026, 2025 AND 2024

	Current Fund	Church Extension Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 2,502,888	$ 6,008,755
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	347,672	14,151
(Negative) provision for credit losses		(284,237)
Realized and unrealized (gain) loss on investments	(133,515)	(2,998,496)
Accretion and amortization, net		48,375
(Gain) on disposal of property and equipment	(2,069,182)	
Change in value of beneficial interest	643,600	92,644
(Increase) decrease in assets:		
Accounts receivable	(25,544)	(48,261)
Interest receivable		16,815
Prepaid expenses	(26,464)	
Increase (decrease) in liabilities:		
Accounts payable	92,475	(31,352)
Savings stamps payable		(229)
Interest payable		64,122
Deferred revenue and other liabilities	(125,665)	
Net cash provided by (used in) operating activities	1,206,265	2,882,287
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(22,874)	(13,723)
Proceeds from disposal of property and equipment	2,102,197	
Proceeds from sale or maturity of investments	1,271,699	117,361,824
Purchase of investments	(4,087,311)	(134,976,694)
Change in loans receivable		8,017,294
Net cash provided by (used in) investing activities	(736,289)	(9,611,299)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in payables to investors		4,760,737
Net cash provided by (used in) financing activities		4,760,737
Net increase (decrease) in cash and cash equivalents	469,976	(1,968,275)
Cash and cash equivalents -		
Beginning of year	3,191,109	18,438,168
End of year	$ 3,661,085	$ 16,469,893

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

	Totals		
Eliminations	January 31, 2026	January 31, 2025	January 31, 2024
	$ 8,511,643	$ 10,938,214	$ 5,252,817
	361,823	387,805	248,175
	(284,237)	(507,174)	3,720
	(3,132,011)	(2,134,280)	(2,656,970)
	48,375	(629,356)	(316,858)
	(2,069,182)	(3,054,314)	(38,696)
	736,244	(2,497,194)	(444,071)
(11,587)	(85,392)	(576)	(179)
	16,815	297,845	(196,586)
	(26,464)	(14,976)	(24,660)
11,587	72,710	(146,252)	(569,954)
	(229)	(74)	449
	64,122	66,561	61,939
	(125,665)	(242,045)	1,306,227
	4,088,552	2,464,184	2,625,353
	(36,597)	(31,972)	(5,319,954)
	2,102,197	3,283,861	49,317
(500,000)	118,133,523	147,007,053	67,916,106
3,226,692	(135,837,313)	(139,662,628)	(70,551,382)
	8,017,294	3,099,874	3,204,537
2,726,692	(7,620,896)	13,696,188	(4,701,376)
(2,726,692)	2,034,045	(9,273,452)	(20,199,161)
(2,726,692)	2,034,045	(9,273,452)	(20,199,161)
	(1,498,299)	6,886,920	(22,275,184)
	21,629,277	14,742,357	37,017,541
	$ 20,130,978	$ 21,629,277	$ 14,742,357

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

NOTE 1. SUMMARY OF THE ORGANIZATION

The Texas District of the Lutheran Church - Missouri Synod (the District), encompassing 337, 344 and 342 congregations in Texas, at January 31, 2026, 2025 and 2024, respectively, is one of the geographic Districts of The Lutheran Church - Missouri Synod. The mission of the District is to strengthen congregations, reach the lost, disciple the saved and care for people locally and globally. The District is a not-for-profit corporation. The Current Fund of the District relies on donations from congregations for most of its operating income. These donations are subject to fluctuations in the economic status of the areas in which the congregations are located. No provisions have been made for changes in the economic environment. Additionally, the Church Extension Fund of the District provides loan funding for member congregations to acquire and/or expand church assets.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP), and represent the financial operations of the District including administration of the Church Extension Fund. Operations of associated entities are not included. Financial statements prepared in conformity with GAAP require the use of management estimates. Actual results could differ from those estimates. The significant accounting policies followed by the District are described below to enhance the usefulness of the financial statements to the reader.

a. Net assets, revenues and expenses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated from net assets without donor restrictions, net assets for program services.

Net assets with donor restrictions - Net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources 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 statements of activities.

b. To ensure observance of limitations and restrictions placed on the use of the resources available to the District, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. All significant intercompany account balances and transactions between funds have been eliminated.

All gains and losses arising from the sale, collection or other disposition of investments and other non-cash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables, and the like is accounted for in the fund owning such assets, except for income derived from investments of endowment and similar funds which is accounted for in the fund to which it is restricted, or if without donor restriction, as revenues in the current fund.

All other revenue without donor restrictions is accounted for in the current fund. Restricted gifts, grants, and other restricted resources are accounted for in the appropriate restricted fund. Current restricted funds are reported when revenues are received and expenditures are incurred for current operating purposes.

Use of operating funds for plant acquisitions and debt service payments are accounted for as transfers to the Plant Fund.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

c. The Revenue from Contracts with Customers Topic of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services. Financial instruments and other contractual rights within the scope of other guidance issued by the FASB are excluded from the scope of this revenue recognition guidance. The District's revenue is primarily comprised of contributions, interest and fees from loans, gifts and grants, development income and investment income, which are excluded from the scope of this guidance.

   Income sources within the scope of this guidance include Lutheran Witness, conference fees, school assessments and other income. These income sources are recognized as the performance obligations are met at a point-in-time or over time, which are completed in one year or less. Amounts received in advance are recorded as deferred revenue until the performance obligation has been met. Deferred revenue of $197,609, $122,612 and $113,953 is included in deferred revenue and other liabilities on the statements of financial position as of January 31, 2026, 2025 and 2024, respectively.

d. Contributions, gifts and grants and development income are recognized as revenue when received or unconditional promises to give are made. Unconditional pledges, which are not legally enforceable, are given by congregations to the District and are not recognized as contributions until received.

   The District reports gifts of cash and other assets as restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

   Interest income on loans receivable is recorded on an accrual basis. If any fee income is received from loans it is recognized when received.

e. Cash and cash equivalents include currency and investments with an original maturity of three months or less. Included in the Current Fund investments are cash deposits and investments held at CEF; these balances are eliminated on the statements of financial position. Included in cash and cash equivalents and investments is $1,813,482, $1,012,899 and $1,110,836 for restricted purposes as of January 31, 2026, 2025 and 2024, respectively. Included in cash and cash equivalents and investments is $7,681,231, $5,508,760 and $5,098,846 for board designated purposes as of January 31, 2026, 2025 and 2024, respectively.

f. Investments are reported at their fair values on the balance sheet. Gains and losses on sales are recorded on the trade date and determined using the specific identification method. Changes in fair value are reported as investment income in the statement of activities.

g. Loans that management has the ability and intent to hold to maturity are stated at the amount of unpaid principal, less the allowance for credit losses. Interest is calculated by using the simple interest method on daily balances of the principal amount outstanding.

   Past due status is based on contractual terms of the loan.

   Accrual of interest income is discontinued for loans that have payments ninety days or more past due. Interest income on these loans is recognized as it is collected in cash.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

h. The provision for credit losses charged to operating expense reflects the amount deemed appropriate by management to establish an adequate reserve to meet the present and foreseeable risk characteristics of the present loan portfolio. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Accrued interest receivable is excluded from the estimate of credit losses.

   The allowance for credit losses is evaluated on a regular basis by management and is management's estimate of lifetime credit losses inherent in loans as of the balance sheet date using relevant available information, from both internal and external sources, relating to past events, current conditions and reasonable supportable forecasts. Because of uncertainties inherent in the estimation process, management's estimate of credit losses inherent in the loan portfolio and the related allowance may change in the near term.

   The expected credit loss model is based on management's best estimate of lifetime expected credit losses inherent in the District's loan portfolio. The loans have been segmented into categories with similar risk characteristics; the categories include loans secured by real estate and unsecured loans. Qualitative factors used to estimate expected credit losses include loan classification, property insurance, and pastoral leadership.

   The District designates loans that management has evaluated as having higher risk as collateral dependent loans. Collateral dependent loans are loans for which the repayment is expected to be provided substantially through the sale of the collateral and the borrower is experiencing financial difficulty. These loans do not share common risk characteristics and are not included within the collectively evaluated loans for determining the allowance for credit losses. If a loan is determined to be a collateral dependent loan, the loan will be classified appropriately based on the fair value of the collateral as of the reporting date. Any potential loss will be evaluated considering the cost of foreclosure, maintenance and sale of collateral. When management believes a loan is not collectible, the loan is charged off against the allowance. Subsequent recoveries, if any, are credited to the allowance.

   The District estimates expected credit losses on off-balance sheet credit exposures over the contractual period in which the District is exposed to credit risk by a contractual obligation to extend credit. The estimate includes consideration of the likelihood that funding will occur. Management has determined the estimated expected loss to be immaterial, therefore, no allowance is included as of January 31, 2026, 2025 and 2024.

i. Real estate acquired through or in lieu of loan foreclosure is initially recorded at the lower of the Church Extension Fund's carrying amount or fair value less estimated selling costs at the date of foreclosure. The real estate is included in real estate and other properties.

j. The District reports the fair value of its beneficial interest in assets held by others, split interest agreements and perpetual funds in the statement of financial position, which are recognized as assets and contributions when established. Beneficial interest in these assets is remeasured at the end of each fiscal year using updated life expectancies, interest rates and estimated cash flows to estimate fair value.

k. Land, buildings and equipment are generally recorded at cost, except for property received by gift which is recorded at fair value on the date of receipt.

   Depreciation on plant assets (buildings and equipment) is calculated on a straight-line basis over the estimated useful lives of the respective assets.

l. Substantially all of the assets shown in the financial statements, except for land, buildings and equipment, approximate fair value. Financial liabilities are recorded at cost which approximates fair value.

m. The costs of providing various programs and management and general support have been summarized on a functional basis in the statements of activities. Accordingly, certain expenses are allocated between programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, employee benefits and payroll taxes, office expenses, information technology, conferences and meetings, insurance, and other, which are allocated on the basis of estimates of time and effort. Program related expenses directly attributable to a specific functional area are reported as expenses of those functional areas.

NOTE 3. LIQUIDITY AND AVAILABILITY

The following represents the Current Fund's financial assets at:

	January 31,		
	2026	2025	2024
Financial assets at year end:			
Cash and cash equivalents	$ 3,661,085	$ 3,191,109	$ 3,943,078
Investments	9,351,558	6,402,431	5,095,461
Accounts receivable	131,865	106,321	107,508
	13,144,508	9,699,861	9,146,047
Less amounts not available for general expenditure within one year:			
Board designated and donor restricted net assets	9,494,713	6,521,599	6,209,682
Less net assets with purpose restrictions to be met in less than a year			
Less board designated net assets to be used in less than a year	(537,430)	(575,259)	(387,571)
	8,957,283	5,946,340	5,822,111
Financial assets available to meet general expenditures over the next twelve months	$ 4,187,225	$ 3,753,521	$ 3,323,936

The Current Fund is highly dependent upon the receipts from member congregations and individual donors to meet budgeted expenses during the fiscal year. The District receives pledges from member congregations which help to establish the budget for the upcoming year. The Current Fund is also dependent on convention/conference attendees and congregations to cover the cost of these events.

The following represents the Church Extension Fund's financial assets at:

	January 31,		
	2026	2025	2024
Financial assets at year end:			
Cash and cash equivalents	$ 16,469,893	$ 18,438,168	$ 10,799,279
Investments	116,842,818	96,277,827	101,218,322
Investment interest receivable		34,812	345,639
Loan interest receivable	184,607	166,610	153,628
	133,497,318	114,917,417	112,516,868
Less amounts not available for general expenditure within one year:			
15% of payable to investors	25,887,448	25,173,337	26,422,266
Loan commitments	27,781,556	21,643,465	13,303,568
	53,669,004	46,816,802	39,725,834
Financial assets available to meet general expenditures over the next twelve months	$ 79,828,314	$ 68,100,615	$ 72,791,034

The Church Extension Fund's goal is to have annual expenditures be less than 1% of average total assets, approximately $2.30 million as of January 31, 2026. The Church Extension Fund is required to maintain 15% liquidity of investor payables by its financial standards.

NOTE 4. FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board Accounting Standards Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the fair value hierarchy under the standard are described as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices in active markets that are observable either directly or indirectly; or

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the measurement of the assets and liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The District used the following methods and significant assumptions to estimate fair value for its assets measured and carried at fair value in the financial statements. There were no changes to the methods.

Investments: The valuation of the mutual funds and stocks fall into the Level 1 category of the fair value hierarchy because they are measured using readily marketable securities with quoted prices on nationally recognized securities exchanges. The valuation of time deposits fall into the Level 1 category of the fair value hierarchy because it is measured using approximated costs. The valuation of corporate fixed income and government securities fall into Level 2 because they are measured using the appropriate discount rate of the future value of the bond's coupon payments. The valuation of alternative investments fall into Level 3 because it is measured using unobservable estimated market values of the underlying investments.

Beneficial interest in split interest agreements: The valuation of the beneficial interest falls into the Level 3 category of the fair value hierarchy because it is measured using a mix of observable interest rate assumptions and unobservable cash flow estimates.

Interest in perpetual funds held by others: The valuation of the interest falls into the Level 3 category of the fair value hierarchy because it is measured using a mix of observable interest rate and discount rate assumptions and unobservable cash flow estimates.

Beneficial interest in assets held by others: Assets are reported at fair value utilizing Level 3 inputs as the fair value of these assets held at the Foundation have been valued, as a practical expedient, at the fair value of the District's share of the Foundation's investment pool as of the measurement date, utilizing valuations provided by the Foundation.

The following tables set forth, by level within the fair value hierarchy, the District's assets and liabilities measured at fair value on a recurring basis as of:

	Level 1	Level 2	Level 3	Total
January 31, 2026				
Investments				
Mutual funds	$ 93,294,042			$ 93,294,042
Time deposits	22,182			22,182
Alternative investments			26,020,264	26,020,264
	$ 93,316,224		$ 26,020,264	$ 119,336,488
Beneficial interest in split interest agreements			$ 704,802	$ 704,802
Interest in perpetual funds held by others			$ 4,504,226	$ 4,504,226
Beneficial interest in assets held by others			$ 3,385,468	$ 3,385,468

NOTE 4. FAIR VALUE MEASUREMENTS - Continued

	Level 1	Level 2	Level 3	Total
January 31, 2025				
Investments				
Mutual funds	$ 67,449,599			$ 67,449,599
Corporate fixed income		5,692,490		5,692,490
Government securities		250,576		250,576
Stocks	144,188			144,188
Time deposits	1,544,888			1,544,888
Alternative investments			23,467,321	23,467,321
	$ 69,138,675	$ 5,943,066	$ 23,467,321	$ 98,549,062
Beneficial interest in split interest agreements			$ 649,539	$ 649,539
Interest in perpetual funds held by others			$ 5,556,307	$ 5,556,307
Beneficial interest in assets held by others			$ 3,124,894	$ 3,124,894
January 31, 2024				
Investments				
Mutual funds	$ 31,865,543			$ 31,865,543
Corporate fixed income		5,242,506		5,242,506
Government securities		41,901,505		41,901,505
Stocks	136,931			136,931
Time deposits	7,022,182			7,022,182
Alternative investments			16,961,180	16,961,180
	$ 39,024,656	$ 47,144,011	$ 16,961,180	$ 103,129,847
Beneficial interest in split interest agreements			$ 600,809	$ 600,809
Interest in perpetual funds held by others			$ 3,289,391	$ 3,289,391
Beneficial interest in assets held by others			$ 2,943,346	$ 2,943,346

The following table presents additional information about alternative investments measured at fair value on a recurring basis for which Level 3 inputs are utilized to determine fair value:

	January 31,		
	2026	2025	2024
Balance, beginning of the year	$ 23,467,321	$ 16,961,180	$ 13,468,500
Purchases	8,661,970	11,165,841	6,471,855
Sold	(6,336,135)	(5,463,898)	(3,628,524)
Change in fair value	227,108	804,198	649,349
Balance, end of year	$ 26,020,264	$ 23,467,321	$ 16,961,180

The District's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no significant transfers into or out of Level 1, 2 or 3 for the years ended January 31, 2026, 2025 and 2024. See Notes 9, 10 and 11 for a roll forward of activity for the other assets measured at fair value using significant unobservable inputs, Level 3, for the years ended January 31, 2026, 2025 and 2024.

NOTE 5. INVESTMENTS

Investment income for the year ended January 31, 2026 is as follows:

	Without Donor Restrictions				
	Current Fund	Church Extension Fund	With Donor Restrictions	Eliminations	Total
Unrealized gain (loss)	$ 121,255	$ 1,805,316	$ 15,278		$ 1,941,849
Realized gain (loss)	(2,385)	1,193,180	(318)		1,190,477
Dividends and interest	326,902	5,974,316	15,479	(222,833)	6,093,864
Accretion and amortization, net		(48,375)			(48,375)
Fees	(6,941)	(271,737)	(1,021)		(279,699)
	$ 438,831	$ 8,652,700	$ 29,418	$ (222,833)	$ 8,898,116

Investment income for the year ended January 31, 2025 is as follows:

	Without Donor Restrictions				
	Current Fund	Church Extension Fund	With Donor Restrictions	Eliminations	Total
Unrealized gain (loss)	$ 64,786	$ 1,633,397	$ 4,878		$ 1,703,061
Realized gain (loss)	31,826	397,040	2,358		431,224
Dividends and interest	223,644	4,667,276	6,625	(135,269)	4,762,276
Accretion and amortization, net		629,356			629,356
Fees	(6,423)	(245,997)	(480)		(252,900)
	$ 313,833	$ 7,081,072	$ 13,381	$ (135,269)	$ 7,273,017

Investment income for the year ended January 31, 2024 is as follows:

	Without Donor Restrictions				
	Current Fund	Church Extension Fund	With Donor Restrictions	Eliminations	Total
Unrealized gain (loss)	$ 121,268	$ 1,887,450	$ 9,052		$ 2,017,770
Realized gain (loss)	(48,151)	690,925	(3,571)		639,203
Dividends and interest	152,462	3,701,349	5,323	(89,726)	3,769,408
Accretion and amortization, net		316,858			316,858
Fees	(5,857)	(224,785)	(438)		(231,080)
	$ 219,722	$ 6,371,797	$ 10,366	$ (89,726)	$ 6,512,159

NOTE 6. CHURCH EXTENSION FUND - LOANS RECEIVABLE

Major classifications of loans are as follows:

	January 31,		
	2026	2025	2024
Secured by real estate	$ 101,292,507	$ 109,149,636	$ 112,291,186
Unsecured	285,809	445,974	404,298
	101,578,316	109,595,610	112,695,484
Allowance for credit losses	(602,330)	(886,567)	(1,393,741)
Loans receivable, net	$ 100,975,986	$ 108,709,043	$ 111,301,743

An analysis of the allowance for credit losses for the years ended is as follows:

	January 31,		
	2026	2025	2024
Balance, beginning of the year prior to adoption of ASC 326	$ 886,567	$ 1,393,741	$ 1,418,335
Impact of adopting ASC 326			$ (28,314)
Losses charged to allowance			
Recoveries			
Provision charged to operating expense	(284,237)	(507,174)	3,720
Balance, end of year	$ 602,330	$ 886,567	$ 1,393,741

In situations where, for economic or legal reasons related to a borrower's financial difficulties, the District grants a concession to the borrower that the District would not otherwise consider, the related loan is classified as a loan modification. The loan terms which have been modified due to a borrower's financial difficulty, include but are not limited to a reduction in the stated interest rate; an extension of the maturity date; or a reduction in the principal balance or accrued interest to minimize the economic loss and to avoid foreclosure. There were no loan modification to borrowers who were experiencing financial difficulties during the years ended January 31, 2026, 2025 and 2024.

Church Extension Fund loans receivable consists of loans and receivables with various maturity dates and with interest rates ranging from 1.0% to 7.0% as of January 31, 2026, 2025 and 2024 with an average rate of approximately 4.3%, 3.9% and 3.5%, respectively.

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

The total recorded investment in loans on nonaccrual status as of January 31, 2026, 2025 and 2024, is $0.

Unexpended loan commitments as of January 31, 2026, 2025 and 2024, are $27,781,556, $21,643,465 and $13,303,568, respectively. The Church Extension Fund is not committed to lend additional funds to debtors whose loans have been modified.

NOTE 7. OTHER PROPERTIES

Other properties are recorded at the lower of cost or estimated fair value. Other properties, net of allowance for devaluation, are as follows:

	January 31, 2026	January 31, 2025	January 31, 2024
Other properties	$ 32,003	$ 32,003	$ 32,003
Allowance for devaluation of other properties			
Net other properties	$ 32,003	$ 32,003	$ 32,003

NOTE 8. LAND, BUILDINGS AND EQUIPMENT

Equipment and the related accumulated depreciation and amortization included in the Church Extension Fund are as follows:

	January 31, 2026	January 31, 2025	January 31, 2024
Equipment	$ 64,489	$ 55,045	$ 67,691
Conversion cost	86,612	86,612	86,612
Accumulated depreciation and amortization	(131,913)	(122,041)	(121,575)
	$ 19,188	$ 19,616	$ 32,728

Land, buildings and equipment and the related accumulated depreciation, and loans payable included in the Plant Fund are as follows:

Asset	Cost	Accumulated Depreciation	Loans Payable	Net Investment in Plant Fund January 31, 2026	2025	2024
Office building	$ 7,454,580	$ 477,858		$ 6,976,722	$ 7,168,111	$ 2,646,520
Land	851,767			851,767	851,767	851,767
Equipment	230,208	119,516		110,692	138,351	156,649
Autos	176,139	97,856	28,342	49,941	24,083	40,459
Campus Centers:						
Austin	855,353	215,055		640,298	664,193	688,089
College Station	1,666,745	101,782		1,564,963	1,607,080	1,649,196
Lubbock					18,750	18,750
Other:						
Upbring	1			1	1	1
Legacy Deo	1			1	1	1
Austin, Newton	1			1	1	1
SA, Abun. Grace	100,000	74,000		26,000	26,000	26,000
Houston, Mis.					63,023	80,079
Total	$ 11,334,795	$ 1,086,067	$ 28,342	$ 10,220,386	$ 10,561,361	$ 6,157,512

NOTE 9. BENEFICIAL INTEREST IN SPLIT INTEREST AGREEMENTS

The District's split interest agreements consist primarily of irrevocable charitable remainder trusts for which the assets are held by The Lutheran Foundation of Texas, dba Legacy Deo (the Foundation). Maturities of these trusts are based on the life expectancy of income beneficiaries or passage of time or specified purpose. The District's beneficial interest in these agreements is reported at fair value, which is measured as the net present value of the payments expected to be received at termination of the trusts. The fair value is measured using updated life expectancies, interest rates, and estimated cash flows to estimate fair value of the beneficial interest. At January 31, 2026, 2025 and 2024, the interest rate assumption used was 4.6%, 5.2% and 5.2%, respectively. Changes in these assets are as follows for the years ended:

	January 31,		
	2026	2025	2024
Balance, beginning of the year	$ 649,539	$ 600,809	$ 603,838
Contributions	2,008	1,291	899
Gain (loss)	65,059	58,666	40,154
Distributions	(11,804)	(11,227)	(44,082)
Balance, end of year	$ 704,802	$ 649,539	$ 600,809

NOTE 10. INTEREST IN PERPETUAL FUNDS HELD BY OTHERS

The District is a beneficiary of certain perpetual funds held and administered by the Foundation. The interest in these perpetual funds is reported at fair value, which is measured as the net present value of the annual payments expected to be received. The fair value is measured using interest rates and estimated cash flows to estimate fair value of the District's interest in these funds. At January 31, 2026, 2025 and 2024, the assumptions used were an earnings rate of 4.6%, 5.2% and 5.2%, respectively with a discount rate of 8.5%, 8.3% and 10%, respectively. The beneficial interest is recognized as an asset and as contribution revenue at the date such funds are established. Changes in these assets are as follows for the years ended:

	January 31,		
	2026	2025	2024
Balance, beginning of the year	$ 5,556,307	$ 3,289,391	$ 2,926,180
Contributions	10,588	17,167	161,150
Gain (loss)	(894,729)	2,413,481	355,701
Distributions	(167,940)	(163,732)	(153,640)
Balance, end of year	$ 4,504,226	$ 5,556,307	$ 3,289,391

NOTE 11. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The District has beneficial interest in various assets held by the Foundation. Distributions of the income earned from the beneficial interest are received at various times throughout the year based on the distribution policies as stated in the terms of the funds. Changes in the value are reported as gains or losses in the statement of activities and distributions received are reported as investment income. Changes in these assets are as follows for the years ended:

	January 31,		
	2026	2025	2024
Balance, beginning of the year	$ 3,124,894	$ 2,943,346	$ 2,859,457
Contributions	14,362	9,747	9,510
Gain (loss)	359,803	281,428	176,176
Distributions	(113,591)	(109,627)	(101,797)
Balance, end of year	$ 3,385,468	$ 3,124,894	$ 2,943,346

NOTE 12. SAVINGS STAMPS PAYABLE

Savings stamps are District-issued obligations designed to encourage children to invest in the Church Extension Fund. Stamps are sold on consignment to District congregations, which in turn sell them to individuals. These individuals then may redeem accumulated stamps in return for a Church Extension Fund savings account or cash. The balance of $260,566, $260,795 and $260,869, represent the Church Extension Fund's liability for outstanding savings stamps as of January 31, 2026, 2025 and 2024, respectively.

NOTE 13. CHURCH EXTENSION FUND - PAYABLE TO INVESTORS

Church Extension Fund payable to investors consists of the following:

	January 31,		
	2026	2025	2024
Demand notes	$ 41,138,218	$ 51,835,244	$ 69,987,226
1 year notes	45,651,822	40,966,090	35,524,536
3 year notes	14,081,246	15,144,265	17,344,917
5 year notes	29,554,818	32,728,168	35,073,118
IRA payable	2,230,938	2,311,662	2,181,906
Jumbo 18 month fixed notes	33,068,055	20,705,623	12,852,801
	$ 165,725,097	$ 163,691,052	$ 172,964,504

Included in payable to investors as of January 31, 2026, were time deposits maturing in years ending:

January 31, 2027	$ 81,038,029
January 31, 2028	21,447,823
January 31, 2029	8,972,934
January 31, 2030	7,595,593
January 31, 2031	5,502,077
Thereafter	7,217
	$ 124,563,673

Included in payable to investors are board member and executive management deposits of $567,240, $590,139, and $666,038 as of January 31, 2026, 2025 and 2024, respectively.

NOTE 14. LINE OF CREDIT

The Lutheran Church Extension Fund - Missouri Synod has agreed to extend a line of credit, up to $10,000,000, to the Church Extension Fund. The interest rate as of January 31, 2026 is 5.625%. As of January 31, 2026, 2025 and 2024 the line of credit balance was $0.

NOTE 15. BOARD DESIGNATED NET ASSETS

The board designated net assets without donor restrictions for the following purposes:

	January 31, 2026	2025	2024
Mission and ministry programs	$ 6,429,402	$ 4,198,772	$ 4,061,023
Special services, projects and assemblies	1,251,829	1,309,988	1,037,823
	$ 7,681,231	$ 5,508,760	$ 5,098,846

NOTE 16. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include the following:

	January 31, 2026	2025	2024
Subject to expenditure for specified purpose:			
Mission and ministry programs	$ 455,467	$ 268,114	$ 233,019
Special services, projects and assemblies	1,195,995	582,765	715,796
	1,651,462	850,879	948,815
Subject to the passage of time and specified purpose:			
Beneficial interest, mission and ministry programs	3,804,726	4,662,227	2,771,750
Beneficial interest, Church Extension Fund	1,217,106	1,309,750	976,170
	5,021,832	5,971,977	3,747,920
	6,673,294	6,822,856	4,696,735
Perpetual in nature:			
Development fund	105,716	105,716	105,716
Student endowment fund	8,413	8,413	8,413
Riemenschneider student fund	29,452	29,452	29,452
Concordia ministerial student endowment	18,440	18,440	18,440
Beneficial interest, mission and ministry programs	3,572,663	3,358,702	3,085,626
	3,734,684	3,520,723	3,247,647
	$ 10,407,978	$ 10,343,579	$ 7,944,382

NOTE 17. DISTRICT ASSOCIATIONS

The District is associated with various corporate entities and is entitled to all or a portion of their assets in the event of dissolution. The District provided support to these entities as follows:

	January 31, 2026	2025	2024
Lutheran Social Services of the South, dba Upbring	$ 20,000	$ 20,000	$ 20,000
Lutheran Outdoors Ministry of Texas, Inc.	25,000	100,000	25,000

In addition, the District has a capital investment of $855,354 as a tenant in common with the Evangelical Lutheran Church of America as of January 31, 2026, 2025 and 2024.

NOTE 18. OPERATING LEASES

The Current Fund has two 75 year land lease agreements with non-related Lutheran organizations for purposes of constructing a building and its use on the leased land. Within the agreement, the Current Fund will receive ownership of general purpose space within the building. Both leases include initial cash payments, lower payments during the construction phase, estimated value general purpose space and escalating annual lease payments that are used to calculate and recognize lease income on straight-line basis over the life of the leases. The prepaid expenses for upfront costs associated with obtaining the lease are included in prepaid assets and are amortized over the life of the lease. The associated deferred revenue from recognizing lease income on a straight-line bases is included in other liabilities. The future annual minimum lease payments to be received are as follows:

January 31, 2027	$ 377,350
January 31, 2028	402,350
January 31, 2029	427,350
January 31, 2030	452,350
January 31, 2031	477,350
Thereafter	30,514,825
	$ 32,651,575

Lease income, included in other income, totaled $552,701, $549,639 and $490,383 for the years ended January 31, 2026, 2025 and 2024, respectively.

NOTE 19. DEFINED BENEFIT RETIREMENT PLAN

The District participates in the Concordia Plan Services of the Lutheran Church - Missouri Synod, The Church's Plan. Substantially all full-time employees are covered by the retirement program. Based on actuarial rates established by the plan, the District contributes a fixed percentage of each participant's salary to the plan. Retirement expense for the years ended January 31, 2026, 2025 and 2024, was $335,591, $323,041 and $294,914 , respectively.

NOTE 20. TAX EXEMPT STATUS

The Texas District of the Lutheran Church - Missouri Synod is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and has received a determination letter from the Internal Revenue Service that it is exempt from federal income tax on its related exempt activities under Code Section 501(a).

NOTE 21. CONCENTRATION OF CREDIT RISK

The District maintains bank deposit accounts that generally exceed federally insured limits. The District has not experienced any losses in such accounts. The District's management believes that it is not exposed to any significant credit risk on cash or cash equivalents.

The District has significant investments held by an investment manager engaged by the District and is therefore subject to concentrations of credit risk. Investments are exposed to various risks such as significant world events, interest rates, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

As of January 31, 2026, loans receivable includes $35,564,226 from six borrowers, which represents 35% of the total loans receivable. The Church Extension Fund's management believes it is not exposed to any significant risk due to the concentration.

As of January 31, 2025, loans receivable includes $38,519,114 from six borrowers, which represents 35% of the total loans receivable. The Church Extension Fund's management believes it is not exposed to any significant risk due to the concentration.

As of January 31, 2024, loans receivable includes $44,225,065 from six borrowers, which represents 38% of the total loans receivable. The Church Extension Fund's management believes it is not exposed to any significant risk due to the concentration.

NOTE 22. RELATED PARTY TRANSACTION

A member of the Board for Church Extension provided development and implementation for newly defined strategic initiatives due to possessing specific knowledge to perform the work. Consulting fees of $18,000, $18,000 and $0 paid to the member are included in the statements of activities for the year ended January 31, 2026, 2025 and 2024, respectively.

NOTE 23. SUPPLEMENTAL DISCLOSURES OF CASH FLOW STATEMENTS

Cash payments for interest expense were as follows:

Interest paid during the year ended:	Current Fund	Church Extension Fund	Eliminations	Total
January 31, 2026		$ 5,796,257	$ (222,833)	$ 5,573,424
January 31, 2025		$ 5,156,218	$ (135,269)	$ 5,020,949
January 31, 2024		$ 4,473,354	$ (89,726)	$ 4,383,628

NOTE 24. OFFICE BUILDING CONSTRUCTION

During the year ended January 31, 2022, the District purchased land and entered into a construction contract for a new office building. The construction was completed in June, 2023. During the year ended January 31, 2025, the old office building and small adjacent parcel of land were sold.

NOTE 25. DONATION OF PROPERTY

During the year ended January 31, 2025, one of the other properties incurred fire damage. The insurance claim resulted in proceeds of $196,256. Due to the extensive damage and other factors, the District's Board of Directors voted to donate the property to a local ministry during the year ended January 31, 2026.

NOTE 26. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 28, 2026, the date which the financial statements were available to be issued, in determining the accounting for and disclosure of transactions and events that affect the financial statements. Management has determined that there were no events or transactions occurring during this period that required recognition or disclosure.

TEXAS DISTRICT CEF PRIVACY NOTICE

The Texas District Church Extension Fund understands the importance of keeping information we collect about you secure and confidential. It's important for you to know that unlike many financial institutions, we do not sell or share any nonpublic personal information with outside marketers. We also carefully manage information to give you better service.

This document describes Texas CEF's policy with respect to nonpublic personal information, which means personally identifiable information about a customers' current or former relationship with Texas CEF.

Categories of Information Collected
We collect and use various types of information in order to serve you. This enables us to help you learn more about the investments and products that may be of interest to you.
We collect consumer information from the following sources:

1. Information you provide to us on applications and through other means, such as your name, address, telephone number and social security number.
2. Information about your transactions and account experience with us, such as account balance and account activity.
3. Information obtained from congregations, such as a congregation name and volunteer activity.
4. Other general information we obtain about you, such as demographic information.

Disclosure of Customer Information in Certain Circumstances
Although we do not share Customer Information with outside marketers, we do share information in certain circumstances in an effort to provide our products and services with greater convenience and more choices, and also as permitted by law.

Sharing information with companies that work with us
We may disclose the Customer Information we collect, as described above, to companies that perform marketing services on our behalf with whom we have joint marketing agreements. We may also disclose Customer Information to third party service providers as necessary to process, service and provide access to your investments with Texas CEF in a manner that promotes a good customer experience.

The companies that work on our behalf are contractually obligated to Texas CEF to keep the Customer Information we provide to them confidential, and to use the information only to provide the services we have asked them to perform for you and us.

Disclosing information in other situations
We may also disclose Customer Information to credit reporting agencies and similar organizations, and otherwise when permitted by law. For example, this may include:

A court order such as a subpoena for information, garnishment, or similar legal process.
A Fraud investigation
An audit or examination

Making sure information is accurate
Keeping your account information accurate and up to date is of the upmost importance. It is helpful to us if you keep us informed of any changes in your personal information, such as change of address, name change, etc. We provide you with access to your investment information through various means such as account statements and online through My Texas CEF.

If you have questions, please contact us by calling 888-951-1233.

INVESTMENT APPLICATION

Texas District Church Extension Fund
1221 Satellite View, Round Rock, TX 78665
Phone 1-888-951-1233
Fax 512-535-1605
TexasCEF.org
facebook.com/texascef

STEP 1: Choose Your Investment Ownership (Select only ONE)

☐ **Sole or Joint Owners** (Must be at least 18 years old. Interest is reported to the IRS using the Social Security number of the first owner.)

And specify ownership: ☐ Individual ☐ Joint Tenants with Right of Survivorship

1. ______________________________
First Initial Last SSN Date of Birth (MM/DD/YYYY)

2. ______________________________
First Initial Last SSN Date of Birth Relationship to Owner #1

OR

☐ **Estate or Business**

____
Name of Estate or Business Social Security number/TIN/EIN

OR

☐ **Custodial Investment for Minor** (Texas Uniform Transfers to Minors Act. Interest is required to be reported to the IRS using the Social Security number of the minor.)

____
Minor: First Initial Last SSN Date of Birth (MM/DD/YYYY)

____
Custodian: First Initial Last SSN Date of Birth Relationship to Minor

____
Successor Custodian: First Initial Last SSN Date of Birth Relationship to Minor
(Optional. Successor Custodian will not be listed in mailing address.)

STEP 2: Contact Information and Supporting Investments

____
Address

____
City State Zip

____
Home Phone Cell Phone E-mail

____
Home Congregation (or other congregation to support) City

STEP 3: Choose Your Investment Type and Options

☐ **Fixed Rate Term Note** ☐ 1 Year ☐ 3 Year ☐ 5 Year Amount: $ ____________

☐ **Floating Rate Term Note** ☐ 1 Year ☐ 3 Year ☐ 5 Year Amount: $ ____________

☐ **Flex Savings** Amount: $ ____________

☐ **Rainy Day Fund** (Recurring EFT authorization required in Step 4) Amount: $ ____________

☐ **Jumbo Investment** (minimum investment of $100,000; 18-month fixed rate term) Amount: $ ____________

INTEREST PAYMENT METHOD (for notes only)

☐ **Accumulate interest** **OR** ☐ **Electronic Funds Transfer (ATTACH VOIDED CHECK)** ☐ Quarterly ☐ Monthly

____
Name of Bank Routing Number Account Number

STEP 4: Initial Funding Options and EFT Authorization (Recurring EFT required for Rainy Day Fund)

☐ **Check enclosed**

☐ **Transfer $ ___________ from my existing Texas CEF investment # ____________________________**(Not permitted for Rainy Day Fund)

☐ **Transfer $ ___________ from my bank account for initial investment.**

____

Name of Bank | Routing Number | Account Number

☐ **Recurring EFT** (Required For Rainy Day investments.)

Transfer $ ___________ from my bank account on the ______day of each month, beginning on ___________________
(Rainy Day Fund investors must transfer at least $25 per month) Date

Please attach a voided check for any EFT requests . This authorization is to remain in full force and effect until The Texas District Church Extension Fund has received reasonable written notification from me (or either of us) of its termination in such time and in such manner as to afford Texas District Church Extension Fund and my bank a reasonable opportunity to act on it.

STEP 5: My Texas CEF Online Access (Optional)

☐ **I would like to enroll in My Texas CEF** **Email Required:** ______________________________

Please note: Texas CEF will contact you to complete the registration.

STEP 6: Beneficiary Designation

This is only available for individual or joint tenants with right of survivorship (JTWROS) investments. It is **not** for custodial investments, tenants in common, trusts or businesses. List the person(s) or organization(s) such as the ministry of Texas District CEF, or a congregation to whom you want to transfer your investment(s) at your death (or at the death of the last surviving owner). If you name an LCMS-related ministry, simply provide the name, city, state and percentage amount. Information on this form will supersede any previous beneficiary designations. **The total percentages must equal 100%. If you have more than three beneficiaries, please include them on a separate piece of paper or on the back of the application.**

1.
____
Name | Date of Birth | Social Security Number

____
Address | Relationship

____
City | State | Zip | Percentage

2.
____
Name | Date of Birth | Social Security Number

____
Address | Relationship

____
City | State | Zip | Percentage

3.
____
Name | Date of Birth | Social Security Number

____
Address | Relationship

____
City | State | Zip | Percentage

STEP 7: Certification & Signatures

By signing this application, I certify that:

- I have received a current Offering Circular of the Texas District Church Extension Fund and I am of legal age and not a minor.
- Prior to receipt of the Offering Circular, I was a member of, contributor to or participant in The Lutheran Church—Missouri Synod or any district or other program, activity or organization which constitutes a part of the Synod or any of its districts or I was an ancestor, descendant or successor in interest to such person.
- I am a resident of Texas.
- Under penalty of perjury, the Social Security or Tax ID number shown on this application is correct.
- Under penalty of perjury, I am either exempt from withholding or otherwise not subject to backup withholding. The Internal Revenue Service (IRS) has not notified me that part of my dividend and interest income is to be withheld as a result of my failure to report all dividend and interest income. Please draw an "X" through this paragraph if you ARE subject to backup withholding.
  Note: The Internal Revenue Service does not require your consent to any provision of this application other than the certifications required to avoid backup withholding. Due to IRS regulations, the Texas CEF cannot open your investment until your Taxpayer Identification Number is provided and the below certification signed.

I/We, being all of the owner(s) of the Texas CEF investment(s), acknowledge that we have read and fully understand the instructions printed below and hereby request Texas CEF to register the investment(s) in beneficiary form, as directed above. I/We understand that I/we may change or revoke this Beneficiary/Bequest Form designation at any time. I/We understand that the beneficiaries shall receive the investment subject to all of the terms contained in this form, the instructions, and on the note. I/We also understand and agree that this form and the "Pay on Death" (POD) designation to be stated on the investment(s) are binding upon my/our heirs, beneficiaries, and legal representatives at my/our death(s) and shall be construed and applied in accordance with the Non-Probate Transfers Law of Texas.

____ ____________________
Signature of Account Owner/Authorized Signer/Custodian under TXUTMA — Date

____ ____________________
Signature of Joint Owner/Authorized Signer/Successor Custodian under TXUTMA — Date

Spousal Consent to Beneficiary Designation (complete only if Spouse is not an owner)

I am the spouse of the investment holder named above. I give to the investment holder any interest I have in the funds deposited in this investment. Therefore, I agree to my spouse's naming of a primary beneficiary other than myself. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. I also acknowledge that I shall have no claim whatsoever against Texas District CEF for any payment to my spouse's named beneficiary(ies).

____ ____________________
Signature of Spouse — Date

Beneficiary Designation Instructions

- This form allows the owner(s) of investment(s) issued by Texas District Church Extension Fund ("Texas CEF") to transfer these investment(s) to other individuals and/or organizations of the Synod ("the beneficiaries") upon their death. Organizations of The Lutheran Church–Missouri Synod may be named as beneficiaries as well as individuals. Please list selected individuals and/or organizations on the spaces provided.
- The owner(s) may designate one or more beneficiaries to whom they want to transfer their investment(s) at his or her death (or the death of the last surviving owner). When death occurs, the designated beneficiary(ies) will be entitled to the investment, as its new owner(s). If only one beneficiary is designated, that beneficiary shall be entitled to the investment on the death of the owner(s). If more than one beneficiary is designated, those beneficiaries that survive the owner(s) will each own that percentage of the investment that the owner(s) designates upon the death of the owner(s), and if a beneficiary dies, that deceased beneficiary's share will be allocated among the surviving beneficiaries in the proportion that the surviving beneficiaries' designated shares bear to each other. Each investment will be changed to state, following your name(s) as owner(s): "POD (name[s] of beneficiaries), no LDPS, as joint tenants with right of survivorship."
  The use of the phrase "no LDPS" means that if a named beneficiary has predeceased the owner(s), his or her share shall be transferred to the surviving beneficiaries, and not to the descendants of the deceased beneficiary. If only one beneficiary is named and predeceases the owner(s), the property will be transferred to the owner's or the last surviving owner's estate.
- In order to make the designation, all owners of the investment(s) must sign this form. If the spouse of any owner is not also an owner of the investment(s), that spouse must complete the Spousal Consent.
- This form will not be effective until it is signed by all owners.
- If you wish to name more than three beneficiaries, call toll-free, 888-951-1233, option 1 for assistance.
- Beneficiaries may be changed or revoked by the owner(s) at any time and naming beneficiaries does not affect the owner(s) rights to interest payments or to redeem the note(s) at maturity.
- POD (Payable on Death): On the death of the last owner of the investment, ownership of the investment passes to the POD beneficiary(ies) of the investment. The investment is not part of the decedent's estate.
- Please return your note certificate to Texas CEF for reprinting.

Through investments from Texas District LCMS congregations and their members, Church Extension Fund will be the preferred financial resources partner for district ministries focused on multiplying followers of Jesus.