

WELS INVESTMENT FUNDS, INC.

Waukesha, Wisconsin

FINANCIAL STATEMENTS
Including Independent Auditors' Report

As of and for the years ended June 30, 2024 and 2023

WELS INVESTMENT FUNDS, INC.

TABLE OF CONTENTS

As of and for the years ended June 30, 2024 and June 30, 2023

Independent Auditors' Report	1-2
---	-----

Financial Statements

Schedules of Investments.....	3-6
Statements of Assets and Liabilities	7
Statements of Operations	8
Statements of Changes in Net Assets	9
Financial Highlights	10
Notes to Financial Statements.....	11-17

Independent Auditors' Report

To the Board of Directors of
WELS Investment Funds, Inc. and
the Accounting Oversight Committee of the Wisconsin Evangelical Lutheran Synod

Opinion

We have audited the financial statements and financial highlights of WELS Investment Funds, Inc., including the WELS Endowment Fund, WELS Balanced Fund, WELS Equity Fund, and WELS Income Fund (collectively, the Funds), which comprise the statements of assets and liabilities, including the schedules of investments as of June 30, 2024 and 2023, and the related statements of operations, changes in net assets, and financial highlights for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements and financial highlights present fairly, in all material respects, the financial position of the Funds as of June 30, 2024 and 2023, and the results of its operations, its changes in net assets, and its financial highlights for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements and Financial Highlights section of our report. We are required to be independent of the Funds 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 and Financial Highlights

Management is responsible for the preparation and fair presentation of the financial statements and financial highlights 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 and financial highlights that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and financial highlights, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Funds' ability to continue as a going concern within one year after the date that the financial statements and financial highlights are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements and Financial Highlights

Our objectives are to obtain reasonable assurance about whether the financial statements and financial highlights as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 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 and financial highlights.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements and financial highlights, 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 and financial highlights.
- 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 Funds' 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 and financial highlights.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Funds' 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.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Milwaukee, Wisconsin
August 19, 2024

WELS INVESTMENT FUNDS, INC.
WELS ENDOWMENT FUND
SCHEDULES OF INVESTMENTS
As of June 30, 2024 and 2023

	2024		2023	
	<u>Shares</u>	<u>Fair Value</u>	<u>Shares</u>	<u>Fair Value</u>
Vanguard Mutual Funds				
Equity Income Fund				
Admiral Shares	95,121	\$ 8,460,106	88,905	\$ 7,484,933
Explorer Fund				
Admiral Shares	39,530	4,220,999	40,004	3,898,004
Intermediate-Term Investment-Grade Fund				
Admiral Shares	1,117,975	9,513,970	971,982	8,193,811
International Growth Fund				
Admiral Shares	131,173	14,392,339	125,663	12,893,049
International Value Fund	334,121	13,845,980	323,546	12,990,368
PRIMECAP Core Fund	644,193	23,145,865	637,593	19,574,105
Short-Term Investment-Grade Fund				
Institutional Shares	838,995	8,549,363	722,517	7,210,717
Total International Bond Index Fund				
Institutional Shares	163,633	4,766,616	152,497	4,457,500
Total International Stock Index Fund				
Institutional Shares	219,204	28,362,808	212,311	25,551,603
Total Bond Market Index Fund				
Institutional Shares	2,000,635	18,966,022	1,711,149	16,341,475
Total Stock Market Index Fund				
Institutional Shares	352,744	45,951,976	367,188	39,410,327
U.S. Growth Fund				
Admiral Shares	54,334	9,490,516	61,850	8,221,760
Ultra-Short-Term Bond Fund				
Admiral Shares	286,829	<u>5,710,763</u>	249,694	<u>4,933,958</u>
2024 Total Mutual Funds (Cost of \$164,028,854) 100.03%		195,377,323		
2023 Total Mutual Funds (Cost of \$156,763,720) 100.03%				171,161,610
2024 Other assets, less liabilities -0.03%		<u>(48,880)</u>		
2023 Other assets, less liabilities -0.03%				<u>(44,435)</u>
Total Net Assets 100.00%		<u>\$ 195,328,443</u>		<u>\$ 171,117,175</u>

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

WELS INVESTMENT FUNDS, INC.
WELS BALANCED FUND
SCHEDULES OF INVESTMENTS
As of June 30, 2024 and 2023

	2024		2023	
	Shares	Fair Value	Shares	Fair Value
Vanguard Mutual Funds				
Equity Income Fund				
Admiral Shares	48,281	\$ 4,294,071	46,333	\$ 3,900,810
Explorer Fund				
Admiral Shares	19,979	2,133,328	20,766	2,023,462
Intermediate-Term Investment-Grade Fund				
Admiral Shares	1,321,081	11,242,400	1,271,808	10,721,338
International Growth Fund				
Admiral Shares	64,421	7,068,301	66,700	6,843,438
International Value Fund	169,452	7,022,097	171,001	6,865,681
PRIMECAP Core Fund	310,383	11,152,052	330,054	10,132,666
Short-Term Investment-Grade Fund				
Institutional Shares	659,744	6,722,789	641,000	6,397,181
Total International Bond Index Fund				
Institutional Shares	151,775	4,421,215	146,550	4,283,646
Total International Stock Index Fund				
Institutional Shares	110,450	14,291,152	113,733	13,687,761
Total Bond Market Index Fund				
Institutional Shares	1,857,353	17,607,704	1,789,997	17,094,472
Total Stock Market Index Fund				
Institutional Shares	172,219	22,435,016	189,859	20,377,546
U.S. Growth Fund				
Admiral Shares	26,045	4,549,261	32,240	4,285,689
Ultra-Short-Term Bond Fund				
Admiral Shares	224,489	<u>4,469,574</u>	217,058	<u>4,289,064</u>
2024 Total Mutual Funds (Cost of \$103,857,017) 100.19%		117,408,960		
2023 Total Mutual Funds (Cost of \$105,209,067) 99.68%				110,902,754
2024 Other assets, less liabilities -0.19%		<u>(224,042)</u>		
2023 Other assets, less liabilities 0.32%				<u>351,417</u>
Total Net Assets 100.00%		<u>\$ 117,184,918</u>		<u>\$ 111,254,171</u>

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

WELS INVESTMENT FUNDS, INC.
WELS EQUITY FUND
SCHEDULES OF INVESTMENTS
As of June 30, 2024 and 2023

	2024		2023	
	Shares	Fair Value	Shares	Fair Value
Vanguard Mutual Funds				
Equity Income Fund				
Admiral Shares	5,671	\$ 504,373	5,679	\$ 478,086
Explorer Fund				
Admiral Shares	2,319	247,603	2,493	242,874
International Growth Fund				
Admiral Shares	7,682	842,837	7,629	782,709
International Value Fund	19,691	815,985	19,758	793,270
PRIMECAP Core Fund	36,142	1,298,599	39,220	1,204,048
Total International Stock Index Fund				
Institutional Shares	12,923	1,672,156	13,060	1,571,739
Total Stock Market Index Fund				
Institutional Shares	20,099	2,618,259	22,446	2,409,090
U.S. Growth Fund				
Admiral Shares	3,036	530,298	3,732	496,053
2024 Total Mutual Funds (Cost of \$6,717,657) 100.10%		8,530,110		
2023 Total Mutual Funds (Cost of \$7,051,573) 101.34%				7,977,869
2024 Other assets, less liabilities -0.10%		(8,448)		
2023 Other assets, less liabilities -1.34%				(105,160)
Total Net Assets 100.00%		\$ 8,521,662		\$ 7,872,709

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

WELS INVESTMENT FUNDS, INC.
WELS INCOME FUND
SCHEDULES OF INVESTMENTS
As of June 30, 2024 and 2023

	2024		2023	
	Shares	Fair Value	Shares	Fair Value
Vanguard Mutual Funds				
Intermediate-Term Investment-Grade Fund				
Admiral Shares	119,854	\$ 1,019,961	136,343	\$ 1,149,368
Short-Term Investment-Grade Fund				
Institutional Shares	84,910	865,228	97,243	970,480
Total International Bond Index Fund				
Institutional Shares	13,382	389,816	15,149	442,809
Total Bond Market Index Fund				
Institutional Shares	132,382	1,254,978	148,077	1,414,139
Ultra-Short-Term Bond Fund				
Admiral Shares	19,719	<u>392,605</u>	22,417	<u>442,968</u>
2024 Total Mutual Funds (Cost of \$4,323,500) 100.00%		3,922,588		
2023 Total Mutual Funds (Cost of \$4,918,936) 100.08 %				4,419,764
2024 Other assets, less liabilities 0.00%		<u>(149)</u>		
2023 Other assets, less liabilities -0.08%				<u>(3,657)</u>
Total Net Assets 100.00%		<u>\$ 3,922,439</u>		<u>\$ 4,416,107</u>

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

WELS INVESTMENT FUNDS, INC.
STATEMENTS OF ASSETS AND LIABILITIES
As of June 30, 2024 and 2023

	WELS Endowment Fund		WELS Balanced Fund		WELS Equity Fund		WELS Income Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
ASSETS										
Investments, at fair value	\$ 195,377,323	\$ 171,161,610	\$ 117,408,960	\$ 110,902,754	\$ 8,530,110	\$ 7,977,869	\$ 3,922,588	\$ 4,419,764	\$ 325,238,981	\$ 294,461,997
Due from WELS	10,500	13,541	21,097	506,051	660	3,625	-	24	32,257	523,241
Total assets	<u>\$ 195,387,823</u>	<u>\$ 171,175,151</u>	<u>\$ 117,430,057</u>	<u>\$ 111,408,805</u>	<u>\$ 8,530,770</u>	<u>\$ 7,981,494</u>	<u>\$ 3,922,588</u>	<u>\$ 4,419,788</u>	<u>\$ 325,271,238</u>	<u>\$ 294,985,238</u>
LIABILITIES										
Investor Redemptions Payable	\$ 59,380	\$ 57,976	\$ 245,139	\$ 154,634	\$ 9,108	\$ 108,785	\$ 149	\$ 3,681	\$ 313,776	\$ 325,076
Total liabilities	<u>59,380</u>	<u>57,976</u>	<u>245,139</u>	<u>154,634</u>	<u>9,108</u>	<u>108,785</u>	<u>149</u>	<u>3,681</u>	<u>313,776</u>	<u>325,076</u>
TOTAL NET ASSETS	<u>\$ 195,328,443</u>	<u>\$ 171,117,175</u>	<u>\$ 117,184,918</u>	<u>\$ 111,254,171</u>	<u>\$ 8,521,662</u>	<u>\$ 7,872,709</u>	<u>\$ 3,922,439</u>	<u>\$ 4,416,107</u>	<u>\$ 324,957,462</u>	<u>\$ 294,660,162</u>

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

WELS INVESTMENT FUNDS, INC.
STATEMENTS OF OPERATIONS
As of June 30, 2024 and 2023

	<u>WELS Endowment Fund</u>		<u>WELS Balanced Fund</u>		<u>WELS Equity Fund</u>		<u>WELS Income Fund</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
INVESTMENT INCOME										
Dividend income	\$ 4,270,892	\$ 3,444,698	\$ 3,050,596	\$ 2,466,415	\$ 147,952	\$ 147,929	\$ 169,129	\$ 129,317	\$ 7,638,569	\$ 6,188,359
Total income	4,270,892	3,444,698	3,050,596	2,466,415	147,952	147,929	169,129	129,317	7,638,569	6,188,359
EXPENSES										
Administration and fund accounting expenses	282,616	252,104	180,513	168,559	12,722	12,018	6,779	7,092	482,630	439,773
Professional fees	14,275	13,347	9,118	8,924	643	636	343	375	24,379	23,282
Board expenses	1,664	2,735	1,063	1,828	75	130	40	77	2,842	4,770
Total expenses	298,555	268,186	190,694	179,311	13,440	12,784	7,162	7,544	509,851	467,825
Net investment income	3,972,337	3,176,512	2,859,902	2,287,104	134,512	135,145	161,967	121,773	7,128,718	5,720,534
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS										
Net realized gain (loss) on investments	2,605,364	1,416,715	2,036,382	8,248	218,364	234,167	(78,821)	(252,441)	4,781,289	1,406,689
Net unrealized gain on investments	16,950,579	14,327,733	7,858,256	7,682,284	886,157	694,104	98,260	115,132	25,793,252	22,819,253
Net realized and unrealized gain (loss) on investments	19,555,943	15,744,448	9,894,638	7,690,532	1,104,521	928,271	19,439	(137,309)	30,574,541	24,225,942
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 23,528,280</u>	<u>\$ 18,920,960</u>	<u>\$ 12,754,540</u>	<u>\$ 9,977,636</u>	<u>\$ 1,239,033</u>	<u>\$ 1,063,416</u>	<u>\$ 181,406</u>	<u>\$ (15,536)</u>	<u>\$ 37,703,259</u>	<u>\$ 29,946,476</u>

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

WELS INVESTMENT FUNDS, INC.
STATEMENTS OF CHANGES IN NET ASSETS
As of June 30, 2024 and 2023

	WELS Endowment Fund		WELS Balanced Fund		WELS Equity Fund		WELS Income Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
OPERATIONS										
Net investment income	\$ 3,972,337	\$ 3,176,512	\$ 2,859,902	\$ 2,287,104	\$ 134,512	\$ 135,145	\$ 161,967	\$ 121,773	\$ 7,128,718	\$ 5,720,534
Net realized gain (loss) on investments	2,605,364	1,416,715	2,036,382	8,248	218,364	234,167	(78,821)	(252,441)	4,781,289	1,406,689
Net unrealized gain on investments	16,950,579	14,327,733	7,858,256	7,682,284	886,157	694,104	98,260	115,132	25,793,252	22,819,253
Net increase (decrease) in net assets resulting from operations	23,528,280	18,920,960	12,754,540	9,977,636	1,239,033	1,063,416	181,406	(15,536)	37,703,259	29,946,476
Investor transactions:										
Contributions	7,014,143	7,588,947	2,379,934	9,802,418	649,553	2,281,687	151,866	724,096	10,195,496	20,397,148
Redemptions	(6,331,155)	(10,361,801)	(9,203,727)	(12,512,223)	(1,239,633)	(1,900,319)	(826,940)	(785,551)	(17,601,455)	(25,559,894)
TOTAL INCREASE (DECREASE) IN NET ASSETS	24,211,268	16,148,106	5,930,747	7,267,831	648,953	1,444,784	(493,668)	(76,991)	30,297,300	24,783,730
NET ASSETS										
Beginning of year	171,117,175	154,969,069	111,254,171	103,986,340	7,872,709	6,427,925	4,416,107	4,493,098	294,660,162	269,876,432
End of year	<u>\$ 195,328,443</u>	<u>\$ 171,117,175</u>	<u>\$ 117,184,918</u>	<u>\$ 111,254,171</u>	<u>\$ 8,521,662</u>	<u>\$ 7,872,709</u>	<u>\$ 3,922,439</u>	<u>\$ 4,416,107</u>	<u>\$ 324,957,462</u>	<u>\$ 294,660,162</u>

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

WELS INVESTMENT FUNDS, INC.
FINANCIAL HIGHLIGHTS
For the years ended June 30, 2024 and 2023

	<u>WELS Endowment Fund</u>		<u>WELS Balanced Fund</u>		<u>WELS Equity Fund</u>		<u>WELS Income Fund</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Total return	13.85%	12.42%	12.00%	9.74%	16.88%	14.45%	4.67%	(0.18)%
Ratio of expenses to average net assets ¹	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
Ratio of net investment income to average net assets	2.24%	2.00%	2.54%	2.16%	1.70%	1.78%	3.91%	2.75%

¹ The ratio of expenses to average net assets includes only the expenses of the Funds and not the underlying portfolio fees.

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

WELS INVESTMENT FUNDS, INC.

Notes to Financial Statements
As of and for the years ended June 30, 2024 and June 30, 2023

NOTE (1) — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Organization

WELS Investment Funds, Inc. (WIF) was incorporated under the laws of the State of Wisconsin on June 17, 1997, as a charitable nonstock, not-for-profit corporation for the purpose of providing and managing investment portfolios for the benefit of the Wisconsin Evangelical Lutheran Synod (WELS) and its schools, congregations, and other affiliated organizations. WELS is a Wisconsin not-for-profit religious organization of congregations, pastors, and teachers that believe in a common theological doctrine and is the sole corporate member of WIF. WIF is included in the consolidated financial statements of WELS. In addition to WIF, WELS has eight additional legal entities to carry out its activities, including:

- Wisconsin Lutheran Seminary, Inc. (WLS) — WLS is WELS seminary in Mequon, WI focused on the theological training of men who intend to enter the pastoral ministry of WELS.
- Martin Luther College (MLC) — MLC is WELS college in New Ulm, MN that specializes in training pastors, teachers, staff ministers, and early childhood coordinators and care providers to serve WELS.
- Michigan Lutheran Seminary (MLS) — MLS is a WELS preparatory school in Saginaw, MI focused on training students for the public ministry of WELS.
- Luther Preparatory School, Inc. (LPS) — LPS is a WELS preparatory school in Watertown, WI focused on training students for the public ministry of WELS.
- Northwestern Publishing House (NPH) — NPH develops, publishes, and sells Biblically sound Christ-centered resources including curriculum, periodicals, books, pamphlets, and other religious materials within WELS.
- WELS Church Extension Fund, Inc. (WELS CEF) — WELS CEF accepts investments from WELS entities, congregations, and members in order to provide financing to qualified congregations for purposes of acquiring land and building or renovating ministry facilities.
- WELS Foundation, Inc. (WELS Foundation) — WELS Foundation supports the philanthropic desires of Christians by providing planned giving services and administrative support for donor directed gifts benefiting WELS' congregations and ministries.
- WELS Historical Institute (WHI) — WHI was founded to preserve and present the history of WELS.

WELS INVESTMENT FUNDS, INC.

Notes to Financial Statements
As of and for the years ended June 30, 2024 and June 30, 2023

NOTE (1) — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Organization (continued)

WIF establishes objectives and guidelines for its investment portfolio, monitors performance and serves as administrator and fund accountant of WELS Endowment Fund, WELS Balanced Fund, WELS Equity Fund, and WELS Income Fund (the Funds).

The Funds' transactions are processed on the first business day of each month. Contributions and/or redemption requests must be received by the Funds at least one business day prior to month end processing. Funds received prior to month end will be held in a non-interest bearing cash account, at WELS, until processed. Redemption proceeds will be deposited in the organization's bank account via direct deposit. The Funds' investment objectives are as follows:

- WELS Endowment Fund – This fund's objective is to provide a mixture of growth and income by investing 75% in a portfolio of equity mutual funds and 25% in a portfolio of fixed income mutual funds that are well diversified by geography, industry and market capitalization.
- WELS Balanced Fund – This fund's objective is to provide a mixture of growth and income by investing 60% in a portfolio of equity mutual funds and 40% in a portfolio of fixed income mutual funds that are well diversified by geography, industry and market capitalization.
- WELS Equity Fund – This fund's objective is to provide long-term capital growth by investing in a portfolio of equity mutual funds that are well diversified by geography, industry and market capitalization.
- WELS Income Fund – This fund's objective is to provide income by investing in a portfolio of fixed income mutual funds that are well diversified by geography, industry and market capitalization.

WIF focuses on three primary factors when managing investment portfolios: 1) controlling market risks through asset allocation, 2) selection of quality investment managers, and 3) controlling direct and indirect costs. WIF retains institutional investment consulting services to manage the investment portfolios. Historically, WIF has utilized Vanguard Institutional Advisory Services (VIAS). During the year ended June 30, 2024, Vanguard sold its VIAS business to Mercer. While the investment consulting services have transitioned to Mercer, the underlying funds within the investment portfolios continue to be held in Vanguard funds.

WELS INVESTMENT FUNDS, INC.

Notes to Financial Statements
As of and for the years ended June 30, 2024 and June 30, 2023

NOTE (1) — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

(c) Basis of Accounting

The Funds follow accounting and reporting guidance in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 946, Financial Services – Investment Companies.

(d) Investments

Investments in the underlying funds are valued at their reported net asset value, which was determined at the close of the New York Stock Exchange on the day of valuation. Investments are inherently exposed to various risks, including market volatility risk, credit risk, asset allocation risk, and manager risk, among others. Due to the level of risk associated with certain investments, it is reasonably possible that changes in values of these investments will occur and that such changes could materially affect the amounts reported in the financial statements.

Accounting guidance requires disclosures about assets and liabilities carried at fair value and 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 (exit price) and establishes a framework for measuring fair value.

Accounting standards establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement). Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as listed equities and mutual funds. All of WIF's investments for 2024 and 2023 are Level 1.

WELS INVESTMENT FUNDS, INC.

Notes to Financial Statements
As of and for the years ended June 30, 2024 and June 30, 2023

NOTE (1) — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Due from WELS

Due from WELS represents a related party receivable for investor contributions held by WELS on behalf of WIF.

(f) Investor Redemptions Payable

Investor redemptions payable represents amounts due to investors based on redemption and transfer requests received June 1 through June 30, 2024 and 2023, respectively.

(g) Investment Income

Dividend income is recorded on the ex-dividend date.

WELS INVESTMENT FUNDS, INC.

Notes to Financial Statements
As of and for the years ended June 30, 2024 and June 30, 2023

NOTE (1) — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Fund Expenses

The Funds monthly reimburse WELS for indirect costs (i.e. human resource support, accounting support, etc.) through a cost allocation. Administration and fund accounting expenses are paid by WELS and reimbursed by WIF. Expenses are prorated across the Funds based on the net asset balance of each fund and were as follows:

Year ended June 30, 2024					
	Endowment Fund	Balanced Fund	Equity Fund	Income Fund	Total
Wages and benefits	\$ 113,172	\$ 72,285	\$ 5,094	\$ 2,715	\$ 193,266
Indirect costs	20,964	13,390	944	502	35,800
Investment consultant	87,836	56,103	3,954	2,107	150,000
Insurance	28,468	18,183	1,281	683	48,615
Other	32,176	20,552	1,449	772	54,949
Administration and fund accounting expenses	<u>\$ 282,616</u>	<u>\$ 180,513</u>	<u>\$ 12,722</u>	<u>\$ 6,779</u>	<u>\$ 482,630</u>

Year ended June 30, 2023					
	Endowment Fund	Balanced Fund	Equity Fund	Income Fund	Total
Wages and benefits	\$ 109,321	\$ 73,094	\$ 5,212	\$ 3,075	\$ 190,702
Indirect costs	21,841	14,604	1,041	614	38,100
Investment consultant	68,556	45,836	3,268	1,929	119,589
Insurance	26,430	17,671	1,260	744	46,105
Other	25,956	17,354	1,237	730	45,277
Administration and fund accounting expenses	<u>\$ 252,104</u>	<u>\$ 168,559</u>	<u>\$ 12,018</u>	<u>\$ 7,092</u>	<u>\$ 439,773</u>

WELS INVESTMENT FUNDS, INC.

Notes to Financial Statements
As of and for the years ended June 30, 2024 and June 30, 2023

NOTE (1) — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Allocation of Net Profits and Losses

Net investment income and net realized and unrealized gains and losses are determined and allocated as of the close of business on the last day of each month to and among the investors in proportion to their respective Fund percentage, determined by dividing the amount of each investors capital account by the capital accounts of all the investor's as of the beginning of each month. The investors within the WELS Endowment Fund and WELS Balanced Fund are separated into various investor pools. Income, gains and losses are allocated similarly but in proportion to the investors investment in the respective pools.

Investment transactions are recorded on the trade date. Realized gains and losses are determined on the identified cost basis.

NOTE (2) — TAX EXEMPT STATUS

The Internal Revenue Service has issued rulings that the WELS, its districts, congregations, educational institutions, and charitable and religious organizations are exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

NOTE (3) — GUARANTEES AND INDEMNIFICATIONS

In the normal course of business, WIF enters into contracts with service providers that contain general indemnification clauses. The maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. However, based on experience, WIF expects the risk of loss to be remote.

NOTE (4) — RELATED PARTY INVESTMENT TRANSACTIONS

WELS controlled entities are the primary investors in the Funds. WELS controlled entities' holdings represented 74% and 73% of the net assets of the Funds as of June 30, 2024 and 2023, respectively.

	2024	2023
WELS Foundation, Inc.	\$195,171,097	\$174,950,509
WELS Church Extension Fund, Inc.	34,142,410	31,172,486
Martin Luther College	4,481,024	4,121,429
Northwestern Publishing House	6,527,473	5,852,727

WELS INVESTMENT FUNDS, INC.

Notes to Financial Statements

As of and for the years ended June 30, 2024 and June 30, 2023

NOTE (5) — SUBSEQUENT EVENTS

WIF has evaluated subsequent events through August 19, 2024; the date that the financial statements were available to be issued. The evaluation identified no subsequent events requiring adjustment or disclosure.