

WELS INVESTMENT FUNDS, INC.

Waukesha, Wisconsin

FINANCIAL STATEMENTS
Including Independent Auditors' Report

As of and for the years ended June 30, 2025 and 2024

WELS INVESTMENT FUNDS, INC.

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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, 2025 and 2024, 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, 2025 and 2024, 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 18, 2025

WELS INVESTMENT FUNDS, INC.
WELS ENDOWMENT FUND
SCHEDULES OF INVESTMENTS
As of June 30, 2025 and 2024

	2025		2024	
	Shares	Fair Value	Shares	Fair Value
Vanguard Mutual Funds				
Equity Income Fund				
Admiral Shares	106,863	\$ 9,963,876	95,121	\$ 8,460,106
Explorer Fund				
Admiral Shares	46,978	4,956,664	39,530	4,220,999
Intermediate-Term Investment-Grade Fund				
Admiral Shares	1,664,173	14,661,361	1,117,975	9,513,970
International Growth Fund				
Admiral Shares	140,804	16,603,627	131,173	14,392,339
International Value Fund				
Investor Shares	365,888	15,883,210	334,121	13,845,980
PRIMECAP Core Fund				
Investor Shares	695,617	25,188,307	644,193	23,145,865
Short-Term Investment-Grade Fund				
Institutional Shares	849,899	8,898,445	838,995	8,549,363
Total International Bond Index Fund				
Institutional Shares	178,854	5,297,662	163,633	4,766,616
Total International Stock Index Fund				
Institutional Shares	224,954	33,376,456	219,204	28,362,808
Total Bond Market Index Fund				
Institutional Shares	2,568,874	24,866,702	2,000,635	18,966,022
Total Stock Market Index Fund				
Institutional Shares	343,119	50,791,975	352,744	45,951,976
U.S. Growth Fund				
Admiral Shares	53,972	10,831,635	54,334	9,490,516
Ultra-Short-Term Bond Fund				
Admiral Shares	-	-	286,829	5,710,763
2025 Total Mutual Funds (Cost of \$176,308,664) 100.00%		221,319,920		
2024 Total Mutual Funds (Cost of \$164,028,854) 100.03%				195,377,323
2025 Other Assets, Less Liabilities 0.00%		(4,148)		
2024 Other Assets, Less Liabilities -0.03%				(48,880)
Total Net Assets 100.00%		<u>\$ 221,315,772</u>		<u>\$ 195,328,443</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, 2025 and 2024

	2025		2024	
	Shares	Fair Value	Shares	Fair Value
Vanguard Mutual Funds				
Equity Income Fund				
Admiral Shares	50,685	\$ 4,725,912	48,281	\$ 4,294,071
Explorer Fund				
Admiral Shares	21,269	2,244,133	19,979	2,133,328
Intermediate-Term Investment-Grade Fund				
Admiral Shares	1,795,825	15,821,217	1,321,081	11,242,400
International Growth Fund				
Admiral Shares	59,660	7,035,152	64,421	7,068,301
International Value Fund				
Investor Shares	160,782	6,979,548	169,452	7,022,097
PRIMECAP Core Fund				
Investor Shares	331,307	11,996,640	310,383	11,152,052
Short-Term Investment-Grade Fund				
Institutional Shares	575,420	6,024,642	659,744	6,722,789
Total International Bond Index Fund				
Institutional Shares	158,512	4,695,117	151,775	4,421,215
Total International Stock Index Fund				
Institutional Shares	94,854	14,073,499	110,450	14,291,152
Total Bond Market Index Fund				
Institutional Shares	2,194,633	21,244,049	1,857,353	17,607,704
Total Stock Market Index Fund				
Institutional Shares	164,006	24,277,813	172,219	22,435,016
U.S. Growth Fund				
Admiral Shares	24,595	4,935,972	26,045	4,549,261
Ultra-Short-Term Bond Fund				
Admiral Shares	-	-	224,489	4,469,574
2025 Total Mutual Funds (Cost of \$104,914,686) 99.82%		124,053,694		
2024 Total Mutual Funds (Cost of \$103,857,017) 100.19%				117,408,960
2025 Other Assets, Less Liabilities 0.18%		227,553		
2024 Other Assets, Less Liabilities -0.19%				(224,042)
Total Net Assets 100.00%		<u>\$ 124,281,247</u>		<u>\$ 117,184,918</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, 2025 and 2024

	2025		2024	
	Shares	Fair Value	Shares	Fair Value
Vanguard Mutual Funds				
Equity Income Fund				
Admiral Shares	7,030	\$ 655,475	5,671	\$ 504,373
Explorer Fund				
Admiral Shares	3,089	325,954	2,319	247,603
International Growth Fund				
Admiral Shares	7,434	876,590	7,682	842,837
International Value Fund				
Investor Shares	20,911	907,741	19,691	815,985
PRIMECAP Core Fund				
Investor Shares	46,000	1,665,674	36,142	1,298,599
Total International Stock Index Fund				
Institutional Shares	12,402	1,840,036	12,923	1,672,156
Total Stock Market Index Fund				
Institutional Shares	22,378	3,312,624	20,099	2,618,259
U.S. Growth Fund				
Admiral Shares	3,336	669,573	3,036	530,298
2025 Total Mutual Funds (Cost of \$7,667,936) 99.99%		10,253,667		
2024 Total Mutual Funds (Cost of \$6,717,657) 100.10%				8,530,110
2025 Other Assets, Less Liabilities 0.01%		723		
2024 Other Assets, Less Liabilities -0.10%				(8,448)
Total Net Assets 100.00%		<u>\$ 10,254,390</u>		<u>\$ 8,521,662</u>

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, 2025 and 2024

	2025		2024	
	Shares	Fair Value	Shares	Fair Value
Vanguard Mutual Funds				
Intermediate-Term Investment-Grade Fund				
Admiral Shares	142,929	\$ 1,259,206	119,854	\$ 1,019,961
Short-Term Investment-Grade Fund				
Institutional Shares	47,748	499,918	84,910	865,228
Total International Bond Index Fund				
Institutional Shares	12,910	382,381	13,382	389,816
Total Bond Market Index Fund				
Institutional Shares	178,889	1,731,642	132,382	1,254,978
Ultra-Short-Term Bond Fund				
Admiral Shares	-	-	19,719	392,605
2025 Total Mutual Funds (Cost of \$4,186,604) 100.09%		3,873,147		
2024 Total Mutual Funds (Cost of \$4,323,500) 100.00%				3,922,588
2025 Other Assets, Less Liabilities -0.09%		(3,540)		
2024 Other Assets, Less Liabilities 0.00%				(149)
Total Net Assets 100.00%		\$ 3,869,607		\$ 3,922,439

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

WELS INVESTMENT FUNDS, INC.
STATEMENTS OF ASSETS AND LIABILITIES
As of June 30, 2025 and 2024

	WELS Endowment Fund		WELS Balanced Fund		WELS Equity Fund		WELS Income Fund		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
ASSETS										
Investments, at										
Fair Value	\$ 221,319,920	\$ 195,377,323	\$ 124,053,694	\$ 117,408,960	\$ 10,253,667	\$ 8,530,110	\$ 3,873,147	\$ 3,922,588	\$ 359,500,428	\$ 325,238,981
Due From WELS	21,604	10,500	373,456	21,097	833	660	-	-	395,893	32,257
Total Assets	<u>\$ 221,341,524</u>	<u>\$ 195,387,823</u>	<u>\$ 124,427,150</u>	<u>\$ 117,430,057</u>	<u>\$ 10,254,500</u>	<u>\$ 8,530,770</u>	<u>\$ 3,873,147</u>	<u>\$ 3,922,588</u>	<u>\$ 359,896,321</u>	<u>\$ 325,271,238</u>
LIABILITIES										
Investor Redemptions										
Payable	\$ 25,752	\$ 59,380	\$ 145,903	\$ 245,139	\$ 110	\$ 9,108	\$ 3,540	\$ 149	\$ 175,305	\$ 313,776
Total Liabilities	<u>25,752</u>	<u>59,380</u>	<u>145,903</u>	<u>245,139</u>	<u>110</u>	<u>9,108</u>	<u>3,540</u>	<u>149</u>	<u>175,305</u>	<u>313,776</u>
TOTAL NET ASSETS	<u><u>\$ 221,315,772</u></u>	<u><u>\$ 195,328,443</u></u>	<u><u>\$ 124,281,247</u></u>	<u><u>\$ 117,184,918</u></u>	<u><u>\$ 10,254,390</u></u>	<u><u>\$ 8,521,662</u></u>	<u><u>\$ 3,869,607</u></u>	<u><u>\$ 3,922,439</u></u>	<u><u>\$ 359,721,016</u></u>	<u><u>\$ 324,957,462</u></u>

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

WELS INVESTMENT FUNDS, INC.
STATEMENTS OF OPERATIONS
As of June 30, 2025 and 2024

	WELS Endowment Fund		WELS Balanced Fund		WELS Equity Fund		WELS Income Fund		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
INVESTMENT INCOME										
Dividend Income	\$ 4,681,166	\$ 4,270,892	\$ 3,173,872	\$ 3,050,596	\$ 158,014	\$ 147,952	\$ 169,237	\$ 169,129	\$ 8,182,289	\$ 7,638,569
Total Investment Income	4,681,166	4,270,892	3,173,872	3,050,596	158,014	147,952	169,237	169,129	8,182,289	7,638,569
EXPENSES										
Administration and Fund Accounting Expenses	306,660	282,616	180,712	180,513	14,055	12,722	6,016	6,779	507,443	482,630
Professional Fees	16,545	14,275	9,750	9,118	758	643	325	343	27,378	24,379
Board Expenses	1,856	1,664	1,094	1,063	85	75	36	40	3,071	2,842
Total Expenses	325,061	298,555	191,556	190,694	14,898	13,440	6,377	7,162	537,892	509,851
Net Investment Income	4,356,105	3,972,337	2,982,316	2,859,902	143,116	134,512	162,860	161,967	7,644,397	7,128,718
REALIZED AND UNREALIZED GAIN ON INVESTMENTS										
Net Realized Gain (Loss) on Investments	6,579,840	2,605,364	4,263,208	2,036,382	382,901	218,364	(1,576)	(78,821)	11,224,373	4,781,289
Net Unrealized Gain on Investments	13,662,787	16,950,579	5,587,065	7,858,256	773,278	886,157	87,455	98,260	20,110,585	25,793,252
Net Realized and Unrealized Gain on Investments	20,242,627	19,555,943	9,850,273	9,894,638	1,156,179	1,104,521	85,879	19,439	31,334,958	30,574,541
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 24,598,732</u>	<u>\$ 23,528,280</u>	<u>\$ 12,832,589</u>	<u>\$ 12,754,540</u>	<u>\$ 1,299,295</u>	<u>\$ 1,239,033</u>	<u>\$ 248,739</u>	<u>\$ 181,406</u>	<u>\$ 38,979,355</u>	<u>\$ 37,703,259</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, 2025 and 2024

	WELS Endowment Fund		WELS Balanced Fund		WELS Equity Fund		WELS Income Fund		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
OPERATIONS										
Net Investment Income	\$ 4,356,105	\$ 3,972,337	\$ 2,982,316	\$ 2,859,902	\$ 143,116	\$ 134,512	\$ 162,860	\$ 161,967	\$ 7,644,397	\$ 7,128,718
Net Realized Gain (Loss) on Investments	6,579,840	2,605,364	4,263,208	2,036,382	382,901	218,364	(1,576)	(78,821)	11,224,373	4,781,289
Net Unrealized Gain on Investments	13,662,787	16,950,579	5,587,065	7,858,256	773,278	886,157	87,455	98,260	20,110,585	25,793,252
Net Increase in Net Assets Resulting From Operations	24,598,732	23,528,280	12,832,589	12,754,540	1,299,295	1,239,033	248,739	181,406	38,979,355	37,703,259
INVESTOR TRANSACTIONS										
Contributions	8,416,528	7,014,143	5,798,178	2,379,934	1,378,535	649,553	177,523	151,866	15,770,764	10,195,496
Redemptions	(7,027,931)	(6,331,155)	(11,534,438)	(9,203,727)	(945,102)	(1,239,633)	(479,094)	(826,940)	(19,986,565)	(17,601,455)
Net Investor Transactions	1,388,597	682,988	(5,736,260)	(6,823,793)	433,433	(590,080)	(301,571)	(675,074)	(4,215,801)	(7,405,959)
TOTAL INCREASE (DECREASE) IN NET ASSETS	25,987,329	24,211,268	7,096,329	5,930,747	1,732,728	648,953	(52,832)	(493,668)	34,763,554	30,297,300
NET ASSETS										
Beginning of Year	195,328,443	171,117,175	117,184,918	111,254,171	8,521,662	7,872,709	3,922,439	4,416,107	324,957,462	294,660,162
End of Year	<u>\$ 221,315,772</u>	<u>\$ 195,328,443</u>	<u>\$ 124,281,247</u>	<u>\$ 117,184,918</u>	<u>\$ 10,254,390</u>	<u>\$ 8,521,662</u>	<u>\$ 3,869,607</u>	<u>\$ 3,922,439</u>	<u>\$ 359,721,016</u>	<u>\$ 324,957,462</u>

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

WELS INVESTMENT FUNDS, INC.
FINANCIAL HIGHLIGHTS
For the years ended June 30, 2025 and 2024

	<u>WELS Endowment Fund</u>		<u>WELS Balanced Fund</u>		<u>WELS Equity Fund</u>		<u>WELS Income Fund</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Total Return	12.67%	13.85%	11.38%	12.00%	14.39%	16.88%	6.66%	4.67%
Ratio of Expenses to Average Net Assets ¹	0.16%	0.17%	0.16%	0.17%	0.16%	0.17%	0.16%	0.17%
Ratio of Net Investment Income to Average Net Assets	2.14%	2.24%	2.50%	2.54%	1.53%	1.70%	4.14%	3.91%

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, 2025 and 2024

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, 2025 and 2024

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, 2025 and 2024

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 2025 and 2024 are Level 1.

WELS INVESTMENT FUNDS, INC.

Notes to Financial Statements
As of and for the years ended June 30, 2025 and 2024

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, 2025, and 2024, 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, 2025 and 2024

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, 2025					
	Endowment Fund	Balanced Fund	Equity Fund	Income Fund	Total
Wages and Benefits	\$ 117,033	\$ 68,967	\$ 5,364	\$ 2,296	\$ 193,660
Indirect Costs	21,635	12,749	992	424	35,800
Investment Consultant	108,778	64,102	4,986	2,134	180,000
Insurance	26,693	15,730	1,223	524	44,170
Other	32,521	19,164	1,490	638	53,813
Administration and Fund Accounting Expenses	<u>\$ 306,660</u>	<u>\$ 180,712</u>	<u>\$ 14,055</u>	<u>\$ 6,016</u>	<u>\$ 507,443</u>

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>

WELS INVESTMENT FUNDS, INC.

Notes to Financial Statements
As of and for the years ended June 30, 2025 and 2024

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% of the net assets of the Funds as of June 30, 2025 and 2024.

	2025	2024
WELS Foundation, Inc.	\$218,128,054	\$195,171,097
WELS Church Extension Fund, Inc.	37,052,777	34,142,410
Martin Luther College	4,800,133	4,481,024
Northwestern Publishing House	7,251,698	6,527,473

WELS INVESTMENT FUNDS, INC.

Notes to Financial Statements
As of and for the years ended June 30, 2025 and 2024

NOTE (5) — SUBSEQUENT EVENTS

WIF has evaluated subsequent events through August 18, 2025; the date that the financial statements were available to be issued. The evaluation identified no subsequent events requiring adjustment or disclosure.