LUTHERAN SERVICES IN AMERICA, INCORPORATED

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

LUTHERAN SERVICES IN AMERICA, INCORPORATED
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lutheran Services in America, Incorporated
Washington, DC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statements of financial position of Lutheran Services in America, Incorporated (the Organization), as of June 30, 2024 and 2023, 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 Organization as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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* 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 for one year after the date the financial statements are available to be issued.

Auditors' 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 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.

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, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
October 11, 2024

LUTHERAN SERVICES IN AMERICA, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,284,833	$ 2,028,753
Short-Term Certificates of Deposit	750,000	650,000
Pledges Receivable	-	8,500
Accounts Receivable	62,600	151,457
Prepaid Expenses	15,245	29,626
Total Current Assets	4,112,678	2,868,336
ASSETS LIMITED AS TO USE		
Cash Held for Managed Networks	94,002	119,326
Restricted Cash Held for Grant	2,245,560	2,663,626
Total Assets Limited as to Use	2,339,562	2,782,952
INVESTMENTS		
Long-Term Certificates of Deposit	400,000	500,000
Mutual Funds	2,850,880	2,505,705
Deferred Compensation Assets	-	47,323
Total Investments	3,250,880	3,053,028
RIGHT-OF-USE ASSETS - LEASES	597,700	27,231
FIXED ASSETS		
Information Technology	2,995	2,995
Less: Accumulated Depreciation	2,995	2,995
Total Fixed Assets	-	-
Total Assets	$ 10,300,820	$ 8,731,547

See accompanying Notes to Financial Statements.

LUTHERAN SERVICES IN AMERICA, INCORPORATED
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2024 AND 2023

	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 263,403	$ 408,008
Operating Lease Liabilities	125,136	16,397
Deferred Membership Support Revenue	729,258	350,621
Deferred Grant Revenue - Refundable Advance	214,783	-
Total Current Liabilities	1,332,580	775,026
DEPOSIT LIABILITIES		
Deposits Held for Managed Networks	94,002	119,326
LONG-TERM LIABILITIES		
Deferred Compensation	-	47,323
Operating Lease Liabilities, Net of Current Portion	471,568	-
Total Long-Term Liabilities	471,568	47,323
Total Liabilities	1,898,150	941,675
NET ASSETS		
Without Donor Restrictions:		
Unrestricted	2,082,927	1,991,509
With Board Designations	3,137,783	2,845,189
Total Net Assets Without Donor Restrictions	5,220,710	4,836,698
With Donor Restrictions	3,181,960	2,953,174
Total Net Assets	8,402,670	7,789,872
Total Liabilities and Net Assets	$ 10,300,820	$ 8,731,547

See accompanying Notes to Financial Statements.

LUTHERAN SERVICES IN AMERICA, INCORPORATED
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Board Designations	Total Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, CONTRIBUTIONS, AND OTHER SUPPORT					
Membership Support	$ 944,230	$ -	$ 944,230	$ -	$ 944,230
Events - Conferences and Training	208,888	-	208,888	-	208,888
Service Fees and Others	203,344	-	203,344	-	203,344
Interest and Dividend Income	110,754	83,479	194,233	68,511	262,744
Realized and Unrealized Gain (Loss)	26,079	319,115	345,194	-	345,194
Contributions - ELCA	347,667	-	347,667	-	347,667
Contributions - LCMS	35,000	-	35,000	-	35,000
Contributions - Individuals and Organizations	315,913	-	315,913	-	315,913
Grants	-	-	-	3,935,217	3,935,217
Total	2,191,875	402,594	2,594,469	4,003,728	6,598,197
Net Assets Released from Restrictions:					
Satisfaction of Board Designations	110,000	(110,000)	-	-	-
Satisfaction of Fundraising Restrictions	-	-	-	-	-
Satisfaction of Program Restrictions	3,774,942	-	3,774,942	(3,774,942)	-
Total Revenues, Contributions, and Other Support	6,076,817	292,594	6,369,411	228,786	6,598,197
EXPENSES					
Program Services:					
Creating Member Solutions	4,137,202	-	4,137,202	-	4,137,202
Leadership Development and Convenings	286,266	-	286,266	-	286,266
Raising Visibility for Lutheran Social Ministry	243,149	-	243,149	-	243,149
LSA Advocacy/Public Policy	265,844	-	265,844	-	265,844
Total Program Services	4,932,461	-	4,932,461	-	4,932,461
Supporting Services:					
Management and General	739,662	-	739,662	-	739,662
Fundraising	313,276	-	313,276	-	313,276
Total Supporting Services	1,052,938	-	1,052,938	-	1,052,938
Total Expenses	5,985,399	-	5,985,399	-	5,985,399
CHANGES IN NET ASSETS	91,418	292,594	384,012	228,786	612,798
Net Assets - Beginning of Year	1,991,509	2,845,189	4,836,698	2,953,174	7,789,872
NET ASSETS - END OF YEAR	$ 2,082,927	$ 3,137,783	$ 5,220,710	$ 3,181,960	$ 8,402,670

See accompanying Notes to Financial Statements.

LUTHERAN SERVICES IN AMERICA, INCORPORATED
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Board Designations	Total Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, CONTRIBUTIONS, AND OTHER SUPPORT					
Membership Support	$ 905,157	$ -	$ 905,157	$ -	$ 905,157
Events - Conferences and Training	267,532	-	267,532	-	267,532
Service Fees and Others	190,911	-	190,911	-	190,911
Interest and Dividend Income	37,163	166,111	203,274	41,351	244,625
Realized and Unrealized Gain (Loss)	8,751	124,290	133,041	-	133,041
Contributions - ELCA	346,000	-	346,000	-	346,000
Contributions - LCMS	35,000	-	35,000	-	35,000
Contributions - Individuals and Organizations	318,185	-	318,185	-	318,185
Grants	-	-	-	3,364,000	3,364,000
Total	2,108,699	290,401	2,399,100	3,405,351	5,804,451
Net Assets Released from Restrictions:					
Satisfaction of Board Designations	184,142	(184,142)	-	-	-
Satisfaction of Fundraising Restrictions	42,536	-	42,536	(42,536)	-
Satisfaction of Program Restrictions	4,162,229	-	4,162,229	(4,162,229)	-
Total Revenues, Contributions, and Other Support	6,497,606	106,259	6,603,865	(799,414)	5,804,451
EXPENSES					
Program Services:					
Creating Member Solutions	4,608,453	-	4,608,453	-	4,608,453
Leadership Development and Convenings	308,758	-	308,758	-	308,758
Raising Visibility for Lutheran Social Ministry	288,827	-	288,827	-	288,827
LSA Advocacy/Public Policy	223,527	-	223,527	-	223,527
Total Program Services	5,429,565	-	5,429,565	-	5,429,565
Supporting Services:					
Management and General	659,738	-	659,738	-	659,738
Fundraising	259,597	-	259,597	-	259,597
Total Supporting Services	919,335	-	919,335	-	919,335
Total Expenses	6,348,900	-	6,348,900	-	6,348,900
CHANGES IN NET ASSETS	148,706	106,259	254,965	(799,414)	(544,449)
Net Assets - Beginning of Year	1,842,803	2,738,930	4,581,733	3,752,588	8,334,321
NET ASSETS - END OF YEAR	$ 1,991,509	$ 2,845,189	$ 4,836,698	$ 2,953,174	$ 7,789,872

See accompanying Notes to Financial Statements.

LUTHERAN SERVICES IN AMERICA, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services					Supporting Services			
	Creating Member Solutions	Leadership Dev and Convenings	Raising Visibility	LSA Advocacy/ Public Policy	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
EXPENSES									
Staff Compensation and Benefits	$ 1,083,154	$ 92,155	$ 174,081	$ 230,522	$ 1,579,912	$ 339,074	$ 257,803	$ 596,877	$ 2,176,789
Travel	163,249	8,887	3,432	603	176,171	28,893	7,910	36,803	212,974
Professional Services Purchased	654,698	1,685	33,396	6,440	696,219	259,276	17,498	276,774	972,993
Financial Expenses	-	4,899	-	-	4,899	23,328	569	23,897	28,796
Event - Facilities and Programs	13,609	166,075	907	-	180,591	-	-	-	180,591
Office and Related Expenses	-	-	-	-	-	154,053	-	154,053	154,053
External Communications	26,059	730	10,072	5,050	41,911	13,588	76	13,664	55,575
Printing and Mailing	701	2,128	2,635	-	5,464	12,878	334	13,212	18,676
Telecom and Information Technology	22,992	70	2,083	-	25,145	92,731	-	92,731	117,876
Programmatic Subgrants to Members	2,065,085	-	-	-	2,065,085	-	-	-	2,065,085
Other Expenses	455	-	-	-	455	(278)	1,814	1,536	1,991
Allocated	107,200	9,637	16,543	23,229	156,609	(183,881)	27,272	(156,609)	-
Total Expenses	$ 4,137,202	$ 286,266	$ 243,149	$ 265,844	$ 4,932,461	$ 739,662	$ 313,276	$ 1,052,938	$ 5,985,399

See accompanying Notes to Financial Statements.

LUTHERAN SERVICES IN AMERICA, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services					Supporting Services			
	Creating Member Solutions	Leadership Dev and Convenings	Raising Visibility	LSA Advocacy/ Public Policy	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
EXPENSES									
Staff Compensation and Benefits	$ 968,472	$ 116,718	$ 230,707	$ 197,579	$ 1,513,476	$ 279,794	$ 190,831	$ 470,625	$ 1,984,101
Travel	83,025	4,306	532	311	88,174	40,982	4,145	45,127	133,301
Professional Services Purchased	745,395	3,100	20,700	-	769,195	280,483	39,612	320,095	1,089,290
Financial Expenses	-	4,725	-	-	4,725	19,889	1,631	21,520	26,245
Event - Facilities and Programs	4,550	156,953	-	-	161,503	-	-	-	161,503
Office and Related Expenses	11	668	-	-	679	122,551	-	122,551	123,230
External Communications	27,467	551	10,915	5,283	44,216	15,676	497	16,173	60,389
Printing and Mailing	247	9,960	647	-	10,854	2,954	402	3,356	14,210
Telecom and Information Technology	19,872	102	2,279	-	22,253	67,537	-	67,537	89,790
Programmatic Subgrants to Members	2,661,611	-	-	-	2,661,611	-	-	-	2,661,611
Other Expenses	915	-	374	-	1,289	930	3,011	3,941	5,230
Allocated	96,888	11,675	22,673	20,354	151,590	(171,058)	19,468	(151,590)	-
Total Expenses	$ 4,608,453	$ 308,758	$ 288,827	$ 223,527	$ 5,429,565	$ 659,738	$ 259,597	$ 919,335	$ 6,348,900

See accompanying Notes to Financial Statements.

LUTHERAN SERVICES IN AMERICA, INCORPORATED
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 612,798	$ (544,449)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Realized and Unrealized Gain on Investments	(345,194)	(133,041)
Donated Securities	(20,168)	-
Deferred Compensation	47,323	22,001
Noncash Lease Expense	9,838	-
Effects of Changes in Operating Assets and Liabilities:		
Pledges Receivable	8,500	16,950
Accounts Receivable	88,857	(93,040)
Prepaid Expenses	14,381	16,856
Accounts Payable and Accrued Expenses	(144,605)	193,582
Deferred Compensation	(47,323)	(21,742)
Deposit Liabilities	(25,324)	(11,133)
Deferred Revenue:		
Membership Support	378,637	(251,914)
Grant Revenue	214,783	-
Net Cash Provided (Used) by Operating Activities	792,503	(805,930)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	-	(66,493)
Proceeds from Sale of Investments	20,187	-
Net Cash Provided (Used) by Investing Activities	20,187	(66,493)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	812,690	(872,423)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	4,811,705	5,684,128
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 5,624,395	$ 4,811,705

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

Lutheran Services in America, Incorporated (the Organization) is one of the largest health and human services networks in the country, with a membership of over 300 independent Lutheran nonprofit organizations throughout the United States and the Caribbean, with combined revenue of $23 billion. The Organization connects and empowers its member organizations to transform the lives of the one in fifty Americans it serves each year by establishing strong partnerships, securing financial and technical resources to drive change, and amplifying their voice. Each member organization is separately governed and is responsible for its own operations. The Organization is affiliated with the Evangelical Lutheran Church in America (ELCA) and the Lutheran Church-Missouri Synod (LCMS).

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The financial statement presentation is in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, as amended by Accounting Standards Update (ASU) 2016-14. Under ASC 958, as amended, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: those without donor restrictions and those with donor restrictions.

Net assets without donor restrictions are those net assets that are not subject to donor-imposed restrictions. They do include board-designated net assets, whose use has been restricted by the Organization’s board of directors. The Organization had $3,137,783 and $2,845,189 in board-designated net assets at June 30, 2024 and 2023, respectively.

Net assets with donor restrictions are subject to donor stipulations that limit the use of their contributions. Donor restrictions may result in time or purpose restricted net assets, where the use of contributions is limited by donor-imposed stipulations that either expire by the passage of time or when used for specified purposes. Donor restrictions may also result from endowed net assets, where the donor stipulations neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization’s actions. The Organization had no endowed net assets with donor restrictions at June 30, 2024 and 2023.

The term “fiscal year” is used at times in these financial statements. Such reference refers to the year in which June 30 falls.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all short-term investments which are to be used for operations and have a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include $150,000 of maturing certificates of deposits at June 30, 2024 and 2023 that previously were classified as short-term or long-term.

Certificates of Deposit

The investment in certificates of deposit are with the Mission Investment Fund of the ELCA with original maturities from 1 to 4 years as deemed appropriate by management to provide the necessary cash management flexibility. The certificates of deposit can be redeemed prior to maturity upon incurrence of a penalty. Certificates are stated at cost basis which approximates fair value.

Pledges Receivable

Unconditional pledges receivable are recognized as revenue in the period acknowledged. Conditional pledges are only recognized when the conditions on which they depend are substantially met. Unconditional pledges receivable are carried at fair value less an estimate made for doubtful pledges based on a review of all outstanding pledges on an annual basis. Management determines the allowance for credit losses by using the historical experience applied to an aging of pledges. Pledges are written off when deemed uncollectible. No allowance was considered necessary at June 30, 2024 and 2023.

Accounts Receivable

Accounts receivable are primarily receivables for royalties and amounts due from member and affiliated organizations. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances which may affect the ability of members and others to meet their obligations. No allowance for credit losses was considered necessary at June 30, 2024 and 2023.

Assets Limited as to Use

Managed Networks: The Organization facilitates collaboration among its members for the purpose of advancing the ministries of the members. The collaborative groups are called Networks. The Organization provides fiscal agent services for some of these Networks, which are referred to as Managed Networks in the financial statements.

Cash Held for Grant: The Organization has set up a separate bank account to segregate from other revenue sources the money it has received related to a grant from the Margaret A. Cargill Philanthropies.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Limited as to Use (Continued)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	2024	2023
Cash and Cash Equivalents	$ 3,284,833	$ 2,028,753
Cash Held for Managed Networks	94,002	119,326
Restricted Cash Held for Grant	2,245,560	2,663,626
Total Cash, Cash Equivalents, and Restricted Cash	$ 5,624,395	$ 4,811,705

Fixed Assets

All individual acquisitions of equipment in excess of $3,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Information technology consists of computer equipment and software applications. These assets are depreciated on the straight-line method over their estimated useful lives, which is three years. Purchased equipment is carried at cost. Donated equipment is carried at fair value at the date of donation, if sufficient fair market value can be evidenced.

Leases

In accordance with FASB ASC 842, *Leases*, as amended by ASU 2016-02, operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities in the statement of financial position. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term. Since the Organization’s leases do not provide an implicit rate, the Organization has used a five-year risk-free rate of 4.60% for calculation of the interest component of the liability calculation. Lease expense is recognized on a straight-line basis over the lease term.

Grants Payable

Grant commitments are charged to operations at the time the grants are approved. Grants are paid to a grantee at the time of authorized action by the grantee to fulfill the terms of the grant. There were no grants payable as of June 30, 2024 and 2023.

Revenue Recognition

The financial statements of the Organization have been prepared in accordance with FASB ASC 606, *Revenue from Contracts with Customers*, as amended by ASU 2014-09.

Membership support, event revenue, and service fees are recognized as revenue in the fiscal year to which they relate. Membership support that is received in advance is recorded as deferred revenue.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions and grants are recognized in accordance with ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958).* Contributions and grants that are restricted by the donor are reported as increases in net assets with donor restrictions in the reporting period in which the revenue is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. However, small contributions restricted by donors for broad program may be reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or when a purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Additionally, the Organization recognizes contributions when cash or other assets, or an unconditional promise to give are received. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend on have been met. As of June 30, 2024 and 2023, conditional grants and contributions were $2,089,783 and $1,000,000, respectively.

Programs

Raising Visibility for Lutheran Social Ministry: The Organization champions Lutheran social ministry by building valuable connections, amplifying their voice and empowering its members in their mission to answer God’s call to love and care for our neighbor. By telling a clear and compelling story through a unified voice, the Organization leads a network of 300 connected, strong and thriving Lutheran social ministries and raises critical issues, programs and the positive impact on the 1 in 50 people in America they reach each year.

Creating Member Solutions: The Organization creates the environment for its national network to learn, grow and thrive and to transform the lives of people and communities across the country. The Organization leverages the power and knowledge of its network in ways that strengthen community leaders, build capacity and foster learning and accountability. The Organization convenes its network members to sustain and expand their valued services by establishing national partnerships with philanthropy, academia, health care, and others to address the most critical challenges people face today. And the Organization leads learning collaboratives to bring together members with shared challenges and opportunities to craft innovative solutions that advance a healthier, more equitable future for children, youth and families, people with disabilities, older adults and others experiencing need.

Leadership Development and Convenings: The Organization unites one of the largest and most broad-based networks of health and human services providers in the United States. The Organization mobilizes its network through collaborations with outside experts from the worlds of academia, philanthropy, health care, and the private sector. Working with its members and strategic partners, the Organization stimulates thinking and action on complex, challenging issues affecting people across the country. Through its collaborations, the Organization leads programs to support communities and empower people to lead their best lives.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Programs (Continued)

Advocacy and Public Policy: The Organization amplifies the faith-based voice of its $23 billion network through advocacy on policy matters affecting children, families, older adults, people with disabilities, veterans, refugees and others experiencing need in the United States. The Organization's advocacy mobilizes its network members to improve health and opportunity for all, enhance the health and well-being of people in America and strengthen the nonprofit sector. The Organization is a trusted resource for legislators and their teams and a critical partner with all levels of government, health systems and regulatory decision makers.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Certain categories of expenses are attributable to more than one program or supporting function and, therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include telecom and information technology, occupancy, and office expenses. All expenses are allocated based on total salary costs, whose distribution to programs is determined based on the Organization's time reporting system.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) as an organization that is not a private foundation. The Organization is generally exempt from federal and state income taxes. Unrelated business income may be subject to federal and state income taxes. Management believes that it has no material uncertain tax positions that would require recognition under the accounting codification guidance.

NOTE 2 FAIR VALUE MEASUREMENTS

The Fair Value Topic of the FASB Codification (the 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 and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

> *Level 1* — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access at the measurement date.

NOTE 2 FAIR VALUE OF INVESTMENTS (CONTINUED)

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than observable quoted prices for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's 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 must maximize the use of observable inputs and minimize the use of unobservable inputs.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to the fair value disclosures of the Codification.

Following is a description of the valuation methodologies used for assets measured at fair value at June 30, 2024 and 2023.

Mutual Funds — Valued using identical or similar assets or liabilities in active markets that the Organization has the ability to access at the measurement date.

The following summarizes the Organization's investments using fair value measurements at June 30:

	2024			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 2,850,880	$ -	$ -	$ 2,850,880
Total	$ 2,850,880	$ -	$ -	$ 2,850,880

	2023			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 2,505,705	$ 47,323	$ -	$ 2,553,028
Total	$ 2,505,705	$ 47,323	$ -	$ 2,553,028

Included in the market value totals above are $-0- and $47,323 related to the 457(b) plan as of June 30, 2024 and 2023, respectively.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable are due to be collected in the following periods:

	2024	2023
Less Than One Year	$ -	$ 8,500
Total	$ -	$ 8,500

NOTE 4 MARGARET A. CARGILL PHILANTHROPIES GRANTS

In October 2020, the Organization received notification of a grant from MACP to expand direct services to reach families in crisis through its Children, Youth, and Families initiative. Beginning January 1, 2021, the grant provides a maximum of $4,250,000 in funding over three years. Under the terms of the grant, each year's funding was conditional, based upon the acceptance by MACP of the Organization's annual report for the previous grant year. The Organization received the first $1,650,000 in funding in December 2020 and recognized this amount as grant revenue in January 2021 upon the beginning of the first grant year. The Organization received the second year's funding of $1,650,000 in November 2021 and recognized this amount during the year ended June 30, 2022 upon meeting the grant conditions. The Organization received the third year's funding of $950,000 in November 2022 and recognized this amount during the year ended June 30, 2023 upon meeting the grant conditions.

In November 2021, the Organization received notification of a grant from MACP to expand direct services to address gaps in care for underserved and isolated older adults in rural communities. Beginning January 1, 2022, the grant provides a maximum of $4,800,000 in funding over three years with terms and conditions like those of the above grant. The Organization received the first $2,490,000 in funding in December 2021 and recognized this amount as grant revenue in January 2022 upon the beginning of the first grant year. The Organization received the second year's funding of $1,310,000 in October 2022 and recognized this amount as grant revenue during the year ended June 30, 2023 upon meeting the grant conditions. The Organization received the third year's funding of $1,000,000 in October 2023 and recognized this amount during the year ended June 30, 2024 upon meeting the grant conditions.

In November 2023, the Organization received notification of a phase 2 grant from MACP to expand services and support related to the Family Stabilization Initiative. Beginning January 1, 2024, the grant provides a maximum of $3,500,000 in funding over three years with terms and conditions like those of the above grants. The Organization received the first $1,625,000 in funding in January 2024. The granting agency approved budgeted expenditures in the first year of the grant of $1,410,217. The $214,783 amount received in excess of the approved first-year amount could be subject to repayment, depending on the granting agency's discretionary review of the first-year report. As such, this amount is recorded as "Deferred Grant Revenue – Refundable Advance" on the statement of financial position. $1,410,217 was recognized as grant revenue with donor restrictions during the year ended June 30, 2024, upon the beginning of the first grant year.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	2024	2023
Creating Member Solutions:		
Social Determinants of Health	$ 1,288,775	$ -
Rural Aging Action Network	918,983	1,706,595
Family Stabilization Initiative	889,400	446,819
OASIS	59,785	59,785
Consumer Technology Association Foundation	24,017	24,000
Community Development	1,000	1,000
Results Innovation Lab	-	425,137
Connect Home Program	-	129,838
Lutheran Services Children's Endowment	-	80,000
Lutheran Services Elderly Endowment	-	80,000
Total	$ 3,181,960	$ 2,953,174

Donors typically do not provide specific time frames in which to use contributions, but the Organization anticipates that the majority of its net assets with donor restrictions will be released over the next 12 to 36 months.

NOTE 6 NET ASSETS RELEASED FROM RESTRICTIONS

All net assets released from donor restrictions were for programmatic purposes, and the amounts were as follows during the years ended June 30:

	2024	2023
Rural Aging Action Network	$ 1,832,867	$ 1,533,208
Family Stabilization Initiative	990,892	1,972,955
Results Innovation Lab	425,137	74,863
Social Determinants of Health	211,226	-
Connect Home Program	129,838	321,295
Lutheran Services Children's Endowment	80,000	80,000
Lutheran Services Elderly Endowment	80,000	80,000
Consumer Technology Association Foundation	24,982	20,000
Children, Youth, and Families	-	66,658
Lasting Change Campaign	-	42,536
Twin Lakes Berg Memorial Fund	-	10,000
Community Development	-	3,250
Total	$ 3,774,942	$ 4,204,765

NOTE 7 BOARD-DESIGNATED FUNDS

At its April 2021 meeting, the board of directors created two board-designated funds, which are included within Net Assets Without Donor Restriction on the statement of financial position and statement of activities:

Strategic Investment Fund — To provide a reserve available to make investments in infrastructure to support the Organization, pursue new business or partnership opportunities, or otherwise use the funding to advance the mission and sustainability of the Organization.

Quasi-Endowment Fund — To provide ongoing support for the annual budget.

At June 30, net assets with board designations were:

	2024	2023
Quasi-Endowment Fund	$ 2,636,830	$ 2,344,236
Strategic Investment Fund	500,953	500,953
Total Board-Designated Funds	$ 3,137,783	$ 2,845,189

NOTE 8 LEASE COMMITMENTS

The Organization leases its Washington, DC, headquarters office. The Organization amended the lease in September 2023 to extend the term for an additional 65 months through February 2029. The amended lease provides for base monthly rent of $11,591, subject to annual escalation provisions.

The following table provided quantitative information concerning the Organization’s leases:

	2024	2023
Lease Costs:		
Operating Lease Costs	$ 131,376	$ 116,968
Other Information:		
Operating Cash Flows from Operating Leases	$ 127,020	$ 108,664
Right-Of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	$ 672,051	$ -
Weighted-Average Remaining Lease Term - Operating	4.6 Years	0.3 Years
Weighted Average Discount Rate - Operating	4.60%	2.73%

NOTE 8 LEASE COMMITMENTS (CONTINUED)

Future minimum rental payments required under noncancellable operating leases having initial or remaining lease terms in excess of one year at June 30, 2024 are as follows:

Year Ended June 30,	Amount
2025	$ 134,247
2026	137,849
2027	141,551
2028	145,355
2029	93,734
Total	652,736
Less: Present Value Discount	(56,032)
Total Lease Liability	$ 596,704

NOTE 9 RETIREMENT PLAN

The Organization has established a 403(b) retirement plan (the Plan). Employees who work 20 or more hours a week and have attained age 18 are eligible to participate in the Plan. Employees may make contributions to the Plan up to the maximum amount allowed by the IRS. The Organization provides a matching contribution of 100% of participant contributions, up to 3% of annual salary as of June 30 at the end of each fiscal year. All contributions to the Plan are 100% vested immediately. The Organization recorded employer match expenses of $56,458 and $41,304 for the years ended June 30, 2024 and 2023, respectively.

In January 2020, the Organization established a 457(b) deferred compensation plan for its president and chief executive officer. Contributions are only made by plan participants as determined by the 457(b) deferred compensation plan. The assets and liabilities associated with the 457(b) deferred compensation plan totaled $-0- and $47,323 at June 30, 2024 and 2023, respectively, and are included as deferred compensation assets and liabilities in the accompanying statements of financial position.

NOTE 10 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in one commercial bank. Balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. The balance on deposit was $18,329 and $25,771 at June 30, 2024 and 2023, respectively.

Cash equivalents and certificate of deposits are maintained with the Lutheran Church Extension Fund of The Lutheran Church — Missouri Synod, and the Mission Investment Fund of the ELCA. These accounts are uninsured. The balances on deposit with these entities as of June 30, 2024 and 2023, amounted to $4,839,637 and $4,863,614, respectively.

NOTE 11 CONCENTRATION OF REVENUE

The Organization recognized grant revenue of $2,410,217 and $2,260,000 during the years ended June 30, 2024 and 2023, respectively, from MACP, as described in Note 4. This represented 37% of total revenue in 2024 and 39% of revenue in 2023. As provided by the grants, the Organization would make subgrants to members totaling $1,146,320 of 2024 MACP revenue and $1,594,566 of 2023 MACP revenue. The remainder of the MACP grants are primarily spent on consulting, training, and personnel costs.

Additionally, contributions to the Organization from the ELCA accounted for 5% and 20% of total revenues in 2024 and 2023, respectively.

NOTE 12 LIQUIDITY

As provided by the Organization's board standing policies, the Organization seeks to maintain a minimum reserve of cash and equivalents plus short-term investments equal to at least 50% of the current year's budget, not counting expenses budgeted to be funded by grants. The Organization's Investment Policy Statement further defines the Organization's investment objectives so that all funds held in its Operating Fund and its Short-Term Reserve Fund are available to meet this board-specified objective.

Under its policies, the Organization's reserve target and the amount of its reserves as of June 30 were:

	2024	2023
Targeted Reserve	$ 1,190,328	$ 1,210,400
Actual Liquidity - June 30	4,434,833	3,178,753

The Organization's financial assets due within one year of the date of these financial statements that are available for general expenditures, including grant-funded activities, are as follows:

	2024	2023
Total Assets - June 30	$ 10,300,820	$ 8,731,547
Less:		
Prepaid Expenses	15,245	29,626
Mutual Funds *	2,850,880	2,505,705
Deferred Compensation Assets	-	47,323
Right-of-Use Asset	597,700	27,231
Cash Held for Managed Networks	94,002	119,326
Net Assets With Donor Restrictions	3,181,960	2,953,174
Net Assets Available	$ 3,561,033	$ 3,049,162

* Mutual funds could be made available to meet financial obligations, if necessary.

NOTE 13 LUTHERAN CONNECTION, INC.

From 2017 through April 2019, the Organization operated a program called LSA Senior Connect. All revenue for the program came from the member organizations participating in it.

In April 2019, a new nonprofit corporation called Lutheran Connection, Inc. (LCI) was established as a separate IRC Section 501(c)3 entity by 11 participating member organizations, including the Organization. The Organization's president and CEO was elected LCI's chair at the first meeting on April 30, 2019. The purpose of LCI is to promote better health and health care for senior citizens. LCI is governed by a member board of directors, independent of the Organization, maintaining its own books and records, that is composed of one member from each of the participating member organizations, including one member from the Organization.

NOTE 14 SUBSEQUENT EVENTS

Management evaluated subsequent events through October 11, 2024, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2024, but prior to October 11, 2024 that provided additional evidence about conditions that existed at June 30, 2024, have been recognized in the financial statements for the year ended June 30, 2024. Events or transactions that provided evidence about conditions that did not exist at June 30, 2024, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2024.