

ANNUAL MEMBER MEETING  
MATERIALS AND EXHIBITS  
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## **AGENDA FOR ANNUAL MEETING AND AWARD CEREMONY**

Tuesday, January 28 12:00 PM to 1:30 pm EST  
CEO Summit

- I. Call to Order  
Colleen Frankenfield, Chairperson, Board of Directors, Lutheran Services in America, Incorporated
- II. Opening Prayer  
Rev. Chris Slinger, President & CEO of Lutheran Church Charities
- III. This is what happens when come together  
Alesia Frerichs, President and CEO Lutheran Services in America
- IV. Approval of Agenda  
Colleen Frankenfield

### **RECOMMENDED ACTION**

**That the Agenda for the 2025 Lutheran Services in America Annual Meeting be approved as presented.**

- V. Minutes of the January 30, 2024 Lutheran Services in America Annual Meeting  
Colleen Frankenfield

### **RECOMMENDED ACTION**

**That the Minutes of the 2024 Lutheran Services in America Annual Meeting be approved as presented.**

- VI. Report of the Chairperson  
Colleen Frankenfield

Financial Report for Lutheran Services in America Fiscal Year 2024

Report of the Governance Committee

### **RECOMMENDED ACTIONS**

That Damyn Kelly be elected to a first term on the Board of Directors beginning July 1, 2025.

- VII. Lutheran Services in America Fiscal Year 2026 Budget

Colleen Frankenfield

**RECOMMENDED ACTION**

**That the Lutheran Services in America Fiscal Year 2025 Budget be adopted as presented**

- VIII. Presentation of Fifth Annual Lutheran Services in America Leadership Awards.
  
- IX. Closing Prayer  
Deacon Nancy J. Ackerman, CFRE  
President and CEO California Lutheran Homes Foundation
  
- X. Adjournment of Meeting  
Colleen Frankenfield

## **Minutes of the 2024 Annual Meeting**

Of the Membership of Lutheran Services in America, Incorporated  
Tuesday, January 30, 2024/ 12:15 PM to 1:30 PM EST  
CEO Summit

### **I. Call to Order**

Ms. Colleen Frankenfield, Chairperson of Board of Directors of the Lutheran Services in America, welcomed the attendees to the Annual Meeting. She announced the presence of a quorum and called the Meeting to order at 12:15 PM.

### **II. Opening Prayer**

John Moeller, President and CEO of Inspiritus gave the opening prayer.

### **III. Approval of Agenda**

#### **Motion**

**ADOPTED**

*That the Agenda for the 2024 Lutheran Services in America Annual Meeting be approved as presented.*

### **IV. Minutes of the January 24, 2023 Lutheran Services in America Annual Meeting**

#### **Motion**

**ADOPTED**

*That the Minutes of the 2023 Lutheran Services in America Annual Meeting be approved as presented.*

### **V. Report to the Chairperson**

Ms. Colleen Frankenfield provided a brief report of the Chairperson.

### **VI. Financial Report for the Lutheran Services in America Fiscal Year 2023**

Ms. Colleen Frankenfield, reported on the Lutheran Services in America financial report for FY 2023. She noted that the audited financial statements were provided in the Annual Meeting section of the program. The independent auditing firm, CliftonLarsonAllen, LLP, performed an audit of Lutheran Services in America as of June 30, 2023 and 2022.

The audit represented a clean opinion with no material weaknesses or significant deficiencies. No internal control letters were issued. The Audit Committee membership consisted of Jeff Thiemann (Chair), Eric Gurley, Bill Andrews, and outside members, Chris Reighard, SVP Finance and Planning, Allegheny Lutheran

Social Ministries and Kirby Nickerson, Chief Financial Officer, Lutheran Services Carolinas.

## **VII. Report of the Governance Committee**

Colleen Frankenfield referenced the Annual Meeting materials and on behalf of the Board of Directors brought the following motions that were moved and seconded:

<b>Motion</b>	<b>ADOPTED</b>
<i>That David Trost be elected to a first term on the Board of Directors beginning July 1, 2024, and David Duea to a first full-term beginning July 1, 2024. David completed the remainder of an unexpired term from October 2021 to June 2024.</i>	

## **VIII. Lutheran Services in America Fiscal Year 2025 Budget**

Colleen Frankenfield presented the Lutheran Services in America FY 2025 Budget. She referenced the proposed budget provided to the membership in the Annual Meeting materials.

He noted the proposed revenue for FY 2025 is \$6.64 million with expenses of \$6.62 million for a positive net income of \$18,200. The budget includes no increase in member dues. The Board of Directors recommended the FY 2025 budget, as presented, to the Lutheran Services in America membership for approval.

Colleen Frankenfield received no questions from the Membership on the Lutheran Services in America FY 2025 Budget

A motion to approve the Fiscal Year 2025 Budget was moved and seconded.

<b>Motion</b>	<b>ADOPTED</b>
<i>That the Lutheran Services in America Fiscal Year 2025 Budget be adopted as presented.</i>	

## **IX. Presentation of the Fourth Annual Lutheran Services in America Leadership Awards**

Alesia Frerichs, President and CEO of Lutheran Services in America welcomed and thanked the members for attending the 2024 Lutheran Services in America Annual Membership Meeting.

Lutheran Services in America continued a new tradition that was launched in 2021, to recognize three distinguished members in the network for their

exceptional work and leadership and for exemplifying the network's core values.

Alesia Frerichs then introduced Dan Brown and Blake Brown of the Lutheran Church Extension Fund to present the Third Annual Lutheran Services in America Award winners.

The Innovator Award was presented to Ascentria Cares Alliance and Ms. Angela Bovill for its work to focus on first on the client's well-being, helping vulnerable people and families to move forward with dignity and purpose. The Micah Award was presented to Sharif Walker and his team at Bethel New Life for its work leading the way to advance justice, mercy, equity and inclusion. The Paragon Award: The Ken Daly Award for Excellence in Mentorship was presented to Luanne Fisher of Liberty Lutheran for assisting other network CEOs and supporting them through leadership challenges, offering advice, insights and connection to others. Each received a gift from Lutheran Services in America in appreciation of their work and service.

## **X. Closing Prayer**

Rev. Linda Norman, President and CEO of Mission Investment Fund led the closing prayer.

## **XI. Adjournment of the Meeting**

Colleen Frankenfield thanked the membership and adjourned the meeting at 1:30 pm.

Respectfully submitted.



Colleen Frankenfield  
Chair, Lutheran Services in America Board of Directors

**LUTHERAN SERVICES IN AMERICA, INCORPORATED**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2024 AND 2023**



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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**

Baltimore, Maryland  
October 11, 2024

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

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
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
<b>ASSETS LIMITED AS TO USE</b>		
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
<b>INVESTMENTS</b>		
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
<b>RIGHT-OF-USE ASSETS - LEASES</b>	597,700	27,231
<b>FIXED ASSETS</b>		
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
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
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
<b>DEPOSIT LIABILITIES</b>		
Deposits Held for Managed Networks	94,002	119,326
<b>LONG-TERM LIABILITIES</b>		
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
<b>NET ASSETS</b>		
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
<b>REVENUES, CONTRIBUTIONS, AND OTHER SUPPORT</b>					
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
<b>Total</b>	<u>2,191,875</u>	<u>402,594</u>	<u>2,594,469</u>	<u>4,003,728</u>	<u>6,598,197</u>
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)	-
<b>Total Revenues, Contributions, and Other Support</b>	<u>6,076,817</u>	<u>292,594</u>	<u>6,369,411</u>	<u>228,786</u>	<u>6,598,197</u>
<b>EXPENSES</b>					
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
<b>Total Program Services</b>	<u>4,932,461</u>	<u>-</u>	<u>4,932,461</u>	<u>-</u>	<u>4,932,461</u>
Supporting Services:					
Management and General Fundraising	739,662	-	739,662	-	739,662
<b>Total Supporting Services</b>	<u>313,276</u>	<u>-</u>	<u>313,276</u>	<u>-</u>	<u>313,276</u>
<b>Total Expenses</b>	<u>1,052,938</u>	<u>-</u>	<u>1,052,938</u>	<u>-</u>	<u>1,052,938</u>
<b>Total Expenses</b>	<u>5,985,399</u>	<u>-</u>	<u>5,985,399</u>	<u>-</u>	<u>5,985,399</u>
<b>CHANGES IN NET ASSETS</b>					
Net Assets - Beginning of Year	91,418	292,594	384,012	228,786	612,798
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,082,927</u>	<u>\$ 3,137,783</u>	<u>\$ 5,220,710</u>	<u>\$ 3,181,960</u>	<u>\$ 8,402,670</u>

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
<b>REVENUES, CONTRIBUTIONS, AND OTHER SUPPORT</b>					
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	<u>2,108,699</u>	<u>290,401</u>	<u>2,399,100</u>	<u>3,405,351</u>	<u>5,804,451</u>
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
<b>EXPENSES</b>					
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	<u>5,429,565</u>	<u>-</u>	<u>5,429,565</u>	<u>-</u>	<u>5,429,565</u>
Supporting Services:					
Management and General Fundraising	659,738	-	659,738	-	659,738
Total Supporting Services	<u>259,597</u>	<u>-</u>	<u>259,597</u>	<u>-</u>	<u>259,597</u>
Total Supporting Services	<u>919,335</u>	<u>-</u>	<u>919,335</u>	<u>-</u>	<u>919,335</u>
Total Expenses	<u>6,348,900</u>	<u>-</u>	<u>6,348,900</u>	<u>-</u>	<u>6,348,900</u>
<b>CHANGES IN NET ASSETS</b>					
Net Assets - Beginning of Year	148,706	106,259	254,965	(799,414)	(544,449)
Net Assets - End of Year	<u>1,842,803</u>	<u>2,738,930</u>	<u>4,581,733</u>	<u>3,752,588</u>	<u>8,334,321</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,991,509</u>	<u>\$ 2,845,189</u>	<u>\$ 4,836,698</u>	<u>\$ 2,953,174</u>	<u>\$ 7,789,872</u>

See accompanying Notes to Financial Statements.

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

	Program Services				Supporting Services			Total Expenses	
	Creating Member Solutions	Leadership Dev and Convenings	Raising Visibility	LSA Advocacy/ Public Policy	Total Program Services	Management and General	Fundraising		Total Supporting Services
<b>EXPENSES</b>									
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)	-
<b>Total Expenses</b>	<b>\$ 4,137,202</b>	<b>\$ 286,266</b>	<b>\$ 243,149</b>	<b>\$ 265,844</b>	<b>\$ 4,932,461</b>	<b>\$ 739,662</b>	<b>\$ 313,276</b>	<b>\$ 1,052,938</b>	<b>\$ 5,985,399</b>

See accompanying Notes to Financial Statements.

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

	Program Services					Supporting Services			Total Expenses
	Creating Member Solutions	Leadership Dev and Convenings	Raising Visibility	LSA Advocacy/ Public Policy	Total Program Services	Management and General	Fundraising	Total Supporting Services	
<b>EXPENSES</b>									
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)	-
<b>Total Expenses</b>	<b>\$ 4,608,453</b>	<b>\$ 308,758</b>	<b>\$ 288,827</b>	<b>\$ 223,527</b>	<b>\$ 5,429,565</b>	<b>\$ 659,738</b>	<b>\$ 259,597</b>	<b>\$ 919,335</b>	<b>\$ 6,348,900</b>

See accompanying Notes to Financial Statements.



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

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	-	(66,493)
Proceeds from Sale of Investments	20,187	-
Net Cash Provided (Used) by Investing Activities	20,187	(66,493)
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	812,690	(872,423)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	4,811,705	5,684,128
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<b>\$ 5,624,395</b>	<b>\$ 4,811,705</b>

See accompanying Notes to Financial Statements.

**LUTHERAN SERVICES IN AMERICA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**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.

**LUTHERAN SERVICES IN AMERICA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**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.

**LUTHERAN SERVICES IN AMERICA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**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	<u>\$ 5,624,395</u>	<u>\$ 4,811,705</u>

**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.

**LUTHERAN SERVICES IN AMERICA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**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.

**LUTHERAN SERVICES IN AMERICA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**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.

**LUTHERAN SERVICES IN AMERICA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**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.

**LUTHERAN SERVICES IN AMERICA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**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.



**LUTHERAN SERVICES IN AMERICA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2024</u>	<u>2023</u>
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	<u>\$ 3,181,960</u>	<u>\$ 2,953,174</u>

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:

	<u>2024</u>	<u>2023</u>
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	<u>\$ 3,774,942</u>	<u>\$ 4,204,765</u>

**LUTHERAN SERVICES IN AMERICA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**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:

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

**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:

	<u>2024</u>	<u>2023</u>
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%

**LUTHERAN SERVICES IN AMERICA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**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.

**LUTHERAN SERVICES IN AMERICA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**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:

	<u>2024</u>	<u>2023</u>
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:

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	<u>3,181,960</u>	<u>2,953,174</u>
Net Assets Available	<u>\$ 3,561,033</u>	<u>\$ 3,049,162</u>

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

**LUTHERAN SERVICES IN AMERICA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**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.



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Report of the Governance Committee  
**to the Membership of Lutheran Services in America  
at the Annual Meeting: January 28, 2025**

In accordance with its Bylaws, Lutheran Services in America has a Board of Directors consisting of 10 to 13 members that includes:

- Four to six Chief Executive Officers of Lutheran social ministry organizations elected by the Membership at the Annual Membership meeting
- Four to six members elected by the Board of Directors
- One representative from the Evangelical Lutheran Church in America and one representative from The Lutheran Church-Missouri Synod

All Board members except those from the two national church bodies can serve for a maximum of two full three-year terms, in accordance with the Bylaws.

The Governance Committee's responsibilities include development and recommendation to the Membership of a slate of Chief Executive Officer candidates from Lutheran social ministry organizations. Pursuant to the Board's Standing Policies, the Committee is assisted by appointed non-Board member Chief Executive Officers of Lutheran social ministry organizations. The Committee also identifies and recommends candidates for election by the Lutheran Services in America Board of Directors. The Governance Committee recommended to the Board of Directors the individual identified below as the nominee for election at the Annual Meeting of members.

**Chief Executive Officer Nominations for Recommendation to the Lutheran Services in America Membership**

The Board of Directors recommends that Damyn Kelly be elected to a first term on the Lutheran Services in America Board of Directors beginning July 1, 2025.

**Three-Year Terms** *July 1, 2025 – June 30, 2028*

**Damyn Kelly** *(First Term)*

President and CEO, Lutheran Social Services of New York

Respectfully Submitted,

Paula Phillippe (Chair)  
David Duea  
Colleen Frankenfield

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**BUDGET PROPOSAL – FISCAL YEAR 2026**  
**Lutheran Services in America, Incorporated**  
**January 2025**

### Overview

Lutheran Services in America ("LSA") enters Fiscal Year ("FY") 2026 in a strong financial position. The FY 2026 budget proposes \$6,614,700 in revenue and \$6,570,400 in expenses, resulting in a net income of \$44,300. This budget supports LSA's strategic mission and priorities in the following ways:

- **Building on Innovations:** Expanding programs launched in FY 2025, including the Housing Solutions Collaborative, Strengthening Families Initiative/-Healthcare partnerships, and the Lived Voices Fellowship.
- **Broadening Partnerships:** Engaging a wider set of partners and additional investment sources.
- **Conservative Projections:** Maintaining operational vitality with conservative revenue projections while positioning for growth.

### Highlights of the FY 2026 Budget vs. FY 2025

- **Stable Contributions:** Unrestricted contributions and program and services revenues remain consistent.
- **Membership Fees Adjusted.** Reflecting actual dues revenue in FY23 and FY24 and the addition of new categories for organizations with 150M+ operating expenses.
- **Revenue Diversification:** Addition of new funding partners.
- **Stable Staffing Costs:** No significant increases projected.
- **Regrants:** to members primarily through the Rural Aging Action Networks (RAAN/MACP) and the Family Stabilization Initiative (FSI/MACP)

### Cash Position

LSA's financial strength is underscored by:

- **Net assets to total assets ratio** on June 30, 2024 was over 81.57%, and its ratio of net assets without donor restriction – the funds over which it has full control – was 50.68%. LSA opened Fiscal Year 2025 with more than 100% of its budget covered by its net assets. Another metric that provides an indication of LSA's effective stewardship of funds is its ratio of 2024 program expenses to total expenses, which was 82.38%.



- **Reserve Policy Compliance:** Maintaining unrestricted cash reserves above the target of \$1,190,300 for FY 2026.

### **Proposed FY 2026 Budget Summary**

The proposed budget details in the following table are presented alongside FY 2024 audited results and FY 2025 projections, emphasizing continued financial stability and alignment with LSA's strategic goals. The FY 2026 budget reflects a prudent balance between innovation, operational efficiency, and long-term growth.

## Lutheran Services in America Financial Reports

\$(000's)

	Fiscal Year 2024 Actual	Fiscal Year 2025 Budget	Fiscal Year 2025 Projection	Fiscal Year 2026 Budget
<b>REVENUE</b>				
<i>Without Donor Restrictions:</i>				
<b>Contributions - Cash</b>				
ELCA	347.7	350.0	350.0	350.0
LCMS	35.0	35.0	35.0	35.0
Organizations & Individuals	315.9	450.0	450.0	450.0
<b>Membership Support</b>	944.2	900.0	980.0	975.0
<b>Programs &amp; Services</b>				
Events	208.9	280.0	318.0	265.0
New Americans Collaborative	-	-	48.0	-
Services delivered & Others	193.5	157.0	169.4	202.6
<b>Other Sources</b>				
Investments	136.8	106.7	104.8	109.3
Royalties & all other	7.0	-	1.0	-
Reimbursed expenses	2.8	-	-	-
Investment Portfolio			-	
Variable Strategic Investment Release	-	-	-	-
Annual Quasi-Endowment Release	110.0	120.1	120.1	142.9
<b>Sub-total - Without Donor Restrictions</b>	<b>2,301.8</b>	<b>2,398.8</b>	<b>2,576.3</b>	<b>2,529.8</b>
<i>With Donor Restrictions:</i>				
<b>Sub-total With Donor Restrictions</b>	<b>3,774.9</b>	<b>4,237.3</b>	<b>4,704.8</b>	<b>4,084.9</b>
<b>TOTAL REVENUE</b>	<b>6,076.7</b>	<b>6,636.1</b>	<b>7,281.1</b>	<b>6,614.7</b>
<b>EXPENSES - Natural Categories</b>				
<b>Human Resources</b>				
LSA Staff	2,176.4	2,625.6	2,554.2	2,556.5
Professional Services	973.0	1,587.0	1,681.5	1,332.1
<b>Sub-total - Human Resources</b>	<b>3,149.4</b>	<b>4,212.6</b>	<b>4,235.7</b>	<b>3,888.6</b>
<b>Travel</b>	213.0	241.9	187.6	276.2
<b>Events</b>	180.6	270.1	270.1	274.5
<b>External Communications &amp; Relationships</b>	55.6	76.7	76.7	87.4
<b>Office &amp; related</b>	154.1	159.3	159.3	160.7
<b>Printing &amp; Mailing</b>	18.7	16.5	16.5	21.5
<b>Telecom &amp; Info. Tech.</b>	117.9	134.2	134.8	124.1
<b>Financial Expenses</b>	28.8	57.8	61.0	46.1
<b>All Other Operating Expenses</b>	2.0	5.8	5.8	5.8
<b>Re-Grant To Members</b>	2,065.1	1,443.0	2,098.9	1,685.5
<b>TOTAL EXPENSES</b>	<b>5,985.2</b>	<b>6,617.9</b>	<b>7,246.4</b>	<b>6,570.4</b>
<b>NET -- REVENUES LESS EXPENSES</b>	<b>91.5</b>	<b>18.2</b>	<b>34.7</b>	<b>44.3</b>

## LSA's Membership Support Structure

### July 1, 2025 – June 30, 2026

Annual Consolidated Operating Expense Budget (\$ in millions) <small>From the most recently completed fiscal year. <b>Total combined budget for all affiliated and subsidiary organizations.</b></small>	Sustainer  Minimum dues that contribute to our shared work	Catalyst  Dues that expand services such as leadership development, funding opportunities, advocacy, and telling our story more broadly
<b>&lt; = 1.0</b>	<b>250</b>	<b>350+</b>
<b>&gt; 1.0 - 2.5</b>	<b>500</b>	<b>750+</b>
<b>&gt; 2.5 - 5.0</b>	<b>750</b>	<b>1,000+</b>
<b>&gt; 5.0 - 7.5</b>	<b>1,500</b>	<b>1,900+</b>
<b>&gt; 7.5 - 10.0</b>	<b>2,200</b>	<b>2,700+</b>
<b>&gt; 10.0 - 15.0</b>	<b>3,200</b>	<b>3,750+</b>
<b>&gt; 15.0 - 20.0</b>	<b>3,750</b>	<b>4,200+</b>
<b>&gt; 20.0 - 30.0</b>	<b>4,700</b>	<b>5,700+</b>
<b>&gt; 30.0 - 40.0</b>	<b>6,430</b>	<b>8,500+</b>
<b>&gt; 40.0 - 50.0</b>	<b>8,300</b>	<b>10,000+</b>
<b>&gt; 50.0 - 60.0</b>	<b>10,200</b>	<b>13,000+</b>
<b>&gt; 60.0 - 70.0</b>	<b>12,000</b>	<b>15,000+</b>
<b>&gt; 70.0 - 80.0</b>	<b>14,000</b>	<b>17,000+</b>
<b>&gt; 80.0 - 90.0</b>	<b>16,000</b>	<b>19,000+</b>
<b>&gt; 90.0 - 100.0</b>	<b>18,000</b>	<b>20,075+</b>
<b>&gt; 100.0 - 150.0</b>	<b>20,000</b>	<b>23,000+</b>
<b>&gt; 150.0 - 200.0</b>	<b>21,000</b>	<b>25,000+</b>
<b>&gt; 200.0 - 250.0</b>	<b>22,055</b>	<b>26,000+</b>
<b>&gt; 250.0 - 300.0</b>	<b>26,000</b>	<b>30,000+</b>
<b>300+</b>	<b>30,000</b>	<b>35,000+</b>

**BOARD OF DIRECTORS ROSTER  
FY 2025  
Lutheran Services in America, Incorporated**

Officer	Director Name Class and Term	Organization Title and Postal Address	Other Contact Info Voice, Cell, Fax, Email
<b>CHAIRPERSON</b>  Second Term 2024-2025	<b>MS. COLLEEN FRANKENFIELD</b>  CEO Member Term I July 2019 – June 2022 Term II July 2022 – June 2025	<b>President and CEO</b> Lutheran Social Ministries of New Jersey 3 Manhattan Dr. Burlington, NJ 08016-4119	609 699-4101 484-680-0612 (cell) 609 386-7191 (fax) <a href="mailto:cfrankenfield@lsmnj.org">cfrankenfield@lsmnj.org</a>
<b>VICE CHAIRPERSON</b>  Second Term 2024-2025	<b>MR. ERIC GURLEY</b>  CEO Member Term I July 2022 – June 2025	<b>President and CEO</b> Immanuel 1044 N. 114th Street, Suite 500 Omaha, NE 68130	402-547-9594 <a href="mailto:egurley@immanuel.com">egurley@immanuel.com</a>
<b>SECRETARY</b>  Second Term 2024-2025	<b>DR. KRISTEN GAY</b>  CEO Member Term I July 2020 – June 2023 Term II July 2023 – June 2026	<b>President and CEO</b> Gemma Services 512 Township Line Road Plymouth Meeting, PA 19462	610-825-4440 <a href="mailto:KGay@gemmaservices.org">KGay@gemmaservices.org</a>
<b>TREASURER</b>  Second Term 2024-2025	<b>MR. WILLIAM ANDREWS</b>  Elected Member Term I April 2023 – March 2026	<b>VP and Worldwide Director (Ret.)</b> 126 Turvey Ct Chapel Hill, NC 27514	570-369-3728 (cell) <a href="mailto:wandrews99@gmail.com">wandrews99@gmail.com</a>
	<b>MS. REGINA BIDDINGS-MURO</b> Elected Member Term I Jan 2025 – Dec 2027	<b>Vice President of Advancement</b> California Lutheran University 60 West Olsen Road #1700 Thousand Oaks, CA 91360	805-493-3160 <a href="mailto:rbiddingsmuro@callutheran.edu">rbiddingsmuro@callutheran.edu</a>
	<b>MR. DAVID DUEA</b>  CEO Member Term July 2021 – June 2024 (Beginning October 2021 to complete remainder of unexpired term) Term I July 2024 – June 2027	<b>President &amp; CEO</b> Lutheran Community Services Northwest 4040 S 188th St Ste 300 Seatac, WA 98188-5070	206-901-1685 253-318-4048 (cell) <a href="mailto:DDuea@lcsnw.org">DDuea@lcsnw.org</a>
	<b>REV. BARBARA LUND</b>  ELCA Member Term began April 2023 Term by Tenure of ELCA Office	<b>Senior Director, Operations and Innovation, ELCA</b> Service and Justice Home Area 8765 W. Higgins Road, Chicago, IL	1.800.638.3522 x5071 <a href="mailto:Barbara.Lund@elca.org">Barbara.Lund@elca.org</a>

Officer	Director Name Class and Term	Organization Title and Postal Address	Other Contact Info Voice, Cell, Fax, Email
	<p><b>DR. ANTONIO M. OFTELIE</b></p> <p>Elected Member Term I April 2019 – March 2022 Term II April 2022 – March 2025</p>	<p><b>Executive Director of Leadership for a Networked World</b></p> <p>Harvard University 465 Nicollet Mall, 1812 Minneapolis, MN 55401</p>	<p>617-909-4173 (cell) <a href="mailto:Aoftelie@seas.harvard.edu">Aoftelie@seas.harvard.edu</a></p>
	<p><b>MS. PAULA PHILLIPPE</b></p> <p>Elected Member Term I Jan. 2024 – Dec. 2027</p>	<p><b>Self-Employed Consultant</b></p> <p>221 1st Ave NE #20 Minneapolis, MN 55413</p>	<p>612-730-8443 (cell) <a href="mailto:pphilippe62@gmail.com">pphilippe62@gmail.com</a></p>
	<p><b>REV. MICHAEL W. MEYER</b></p> <p>LCMS Member Term began March 2024 Term by Tenure of LCMS Office</p>	<p><b>Managing Director, LCMS</b></p> <p>The Office of National Mission 1333 S. Kirkwood Road St. Louis, MO 63122</p>	<p>314-526-6421 <a href="mailto:michael.meyer@lcms.org">michael.meyer@lcms.org</a></p>
	<p><b>MS. ELIZABETH SULLIVAN</b></p> <p>Elected Member Term I April 2024 – March 2027</p>	<p><b>Managing Program Director (Retired)</b></p> <p>1120 Bedford Rd Grosse Pointe Park, MI 48230</p>	<p>(313) 608-2970 <a href="mailto:ecsullivan@comcast.net">ecsullivan@comcast.net</a></p>
	<p><b>REV. JEFFREY D. THIEMANN</b></p> <p>Elected Member Term I July 2020 – June 2023 Term II July 2023 – June 2026</p>	<p><b>Executive Director</b></p> <p>Church Alliance Church Benefits Association 17225 33<sup>rd</sup> Ave N. Minneapolis, MN 55447</p>	<p>612-486-2660 (cell) <a href="mailto:jthiemann@gmail.com">jthiemann@gmail.com</a></p>
	<p><b>MR. DAVID TROST</b></p> <p>CEO Member Term July 2021 – June 2024 (Beginning March 2024 to complete remainder of unexpired term) Term I July 2024 – June 2027</p>	<p><b>President &amp; CEO</b></p> <p>St. John's United 3940 Rimrock Rd Billings, MT 59102</p>	<p>(406) 655-5600 <a href="mailto:dtrost@stjohnsunited.org">dtrost@stjohnsunited.org</a></p>
<p><b>Board Adjunct</b></p>			
<p><b>THEOLOGIAN IN RESIDENCE</b></p>	<p><b>TBD</b></p> <p>Board Appointed /LCMS Rotation Year 1 / Calendar Year 2024</p>		