

THE 2015 ANNUAL MEETING OF THE LSA MEMBERSHIP

MATERIALS AND EXHIBITS

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THE 2015 ANNUAL MEETING OF THE LSA MEMBERSHIP

MATERIALS AND AGENDA

Wednesday, April 22, 2015 - 8:30 AM to 10:00 AM

- I. Call to Order**
Samuel M. Sipes, Chairperson, Board of Directors, Lutheran Services in America, Inc.
- II. Welcome**
Charlotte Haberaecker, President and CEO, Lutheran Services in America, Inc.
- III. Opening Prayer**
Rev. J. Bart Day, Executive Director, Office of National Mission, The Lutheran Church-Missouri Synod (LCMS)
- IV. Approval of Agenda** **RECOMMENDED ACTION**
Samuel M. Sipes *That the Agenda for the 2015 LSA Annual Meeting be approved as presented.*
- V. Minutes of the April 30, 2014 LSA Annual Meeting** **RECOMMENDED ACTION**
Samuel M. Sipes *That the Minutes of the 2014 LSA Annual Meeting be approved as presented.*
- VI. Report of the Chairperson**
Samuel M. Sipes
- VII. Report of the President and CEO**
Charlotte Haberaecker
- VIII. Financial Report for LSA Fiscal Year 2014**
Junia John-Straker, Committee Chair, LSA Audit Committee
- IX. Presentation: LSA Fiscal Year 2016 Budget** **RECOMMENDED ACTION**
Frederick Kraegel, Treasurer, LSA Board of Directors *That the LSA Fiscal Year 2016 Budget be adopted as presented.*
- X. Report of the Governance Committee** **RECOMMENDED ACTION**
Frederick Kraegel, Committee Chair *That Jodi Harpstead, Christie Hinrichs and Junia John-Straker be elected as Class A Board Members for three year terms (July 1, 2015 – June 30, 2018).*
- XI. Recognition of Board Services**
Newly or Re-Elected Board Members
Newly-Elected Board Officers (*New Officers begin service on July 1, 2015.*)
Departing Board Members and/or Officers – *Mr. Samuel M. Sipes, Mr. William Hanawalt, and Mr. Frederick Kraegel*
- XII. Invitation to the 2016 LSA Annual Conference:** The 2016 LSA Annual Conference will be held, Tuesday to Thursday, April 26-28, 2016 at the Hilton Minneapolis, 1001 Marquette Avenue South, Minneapolis, MN.
- XIII. Closing Prayer**
Rev. Dr. Phyllis Anderson, President Emeritus, Pacific Lutheran Theological Seminary
- XIV. Adjournment of Meeting**
Samuel M. Sipes

THE 2015 ANNUAL MEETING OF THE LSA MEMBERSHIP

MINUTES OF THE 2014 ANNUAL MEETING

of the Membership of Lutheran Services in America, Inc.

Wednesday, April 30, 2014, 8:30 AM to 10:00 AM

Blackstone Ballroom, Hilton Omaha, Omaha, Nebraska

The Annual Members Meeting was preceded by a plated breakfast sponsored by LSA member organization, Immanuel.

I. Call to Order

Dr. John E. Bauer, Chairperson of the LSA Board of Directors, announced the presence of a quorum for the Meeting and called the Meeting to order at 8:50 AM.

II. Welcome

Charlotte Haberaecker, President and CEO of LSA, welcomed the attendees to the Annual Meeting and the 2014 Annual Conference. Charlotte mentioned that this year's conference has 331 participants from 130 member organizations in attendance, including 111 first-time attendees. Members in attendance represented 34 states and the Virgin Islands as well as guests from Hong Kong and Germany. In conclusion, Charlotte noted that LSA's first President and CEO, Joanne Negstaed was in attendance at the conference.

III. Opening Prayer

Rev. Patricia Davenport, Director for Evangelical Mission, Southeastern Pennsylvania Synod, Evangelical Lutheran Church in America (ELCA) led the devotion with prayer and reflection on the work of LSA members.

IV. Approval of Agenda

Motion

ADOPTED

That the Agenda for the 2013 LSA Annual Meeting be approved as presented.

VI. Report of the Chairperson

John Bauer welcomed the members and gave a brief history of his professional background in academia and his experience at Bethesda Lutheran Communities. John briefly noted the LSA Strategic Plan and the LSA 20-500 Fund campaign and encouraged all members to support and commit to this endeavor.

VII. Report of the President and CEO

Charlotte Haberaecker welcomed and thanked the Members for attending the 2014 Annual Conference. Charlotte presented an overview of the new LSA Strategic Plan. This plan was developed to meet the needs of LSA members to grow and thrive. Through a national listening tour and survey of our members CEOs, LSA learned the four top priorities that have guided the development of our strategic plan: (1) Leverage the national network and presence to provide funding and service opportunities for members; (2) Help members evolve and transform in a rapidly changing environment; (3) Create close and trusted relationships among members; and (4) Advocate on their behalf and serve as the voice of Lutheran Social Ministry.

THE 2015 ANNUAL MEETING OF THE LSA MEMBERSHIP

Charlotte provided an overview of LSA's four strategic priorities in response to our members' request:

- LSA will bring people, resources, and expertise together to help our member innovate, transform and thrive. LSA has engaged with major foundations, including the Margaret A. Cargill Foundation and the Kresge Foundation, to share the story of Lutheran Social Ministry and our unique national network. LSA has also reshaped the content of our events to better meet the needs of our members. To help LSA members create close trusted relationship, LSA has developed new groups (Children, Youth and Family and the Senior Services groups), to leverage the strength of the network and to help members take collective action.
- LSA will be a recognized and visible network and voice for Lutheran Social Ministry. LSA has worked to raise awareness of our network in national publications such as The Non Profit Digest. LSA has also partnered with other faith-based organizations and recently represented Lutheran Social Ministry at the 3rd Annual National Poverty Summit in Washington, DC. LSA has revamped our advocacy strategy to address our members' needs. LSA will connect members to federal funding opportunities and foster relationships with key decision makers within the administration.
- LSA will foster, strengthen and expand faith-based connections. LSA has developed the new Associate Membership Class to welcome Lutheran organizations, who are not currently affiliated with the ELCA or recognized by The LCMS, into our network and broaden our community. LSA is also strengthening and fostering relationships with Lutheran colleges and universities.
- LSA will create and implement a sustainable LSA business model. LSA will not raise member dues for FY 2015. The LSA FY 2014 Budget included a strategic financial investment. LSA is on track in our multi-year plan to create funding opportunities for members and LSA. LSA will launch the LSA 20-500 Fund; a three year fundraising campaign to build toward the 20th Anniversary of LSA and the 500th Anniversary of the Reformation. Our three year fundraising goal is \$500,000 and currently 25 member organizations have pledged their financial support on top of their dues.

Charlotte concluded her report stating that LSA envisions a network of connected, strong and thriving Lutheran Social Ministries that transform the lives of people and communities. In response to a member question, Charlotte provided clarification that LSA will pursue funding opportunities for both LSA and our members. The funding for LSA will be in support of our members and will add value to all members.

VIII. Financial Report for LSA Fiscal Year 2013

Junia John-Straker, CEO of Lutheran Social Services of the Virgin Islands and Member of the LSA Audit Committee, reported on the LSA financial report for FY 2013, on behalf of the Committee Chair, Rev. Alan Erdman. She noted that the audited financial statements were provided in the Annual Meeting section of the Conference program booklet. The independent auditing firm CliftonLarsonAllen, LLP, performed an audit of LSA as of June 30, 2013 and 2012. The Audit Committee met with the auditors at the beginning of the audit and at the end of the examination to discuss the results. The audit was completed in August and represented a clean, unqualified opinion. There were no material weaknesses or significant deficiencies in the audit. Ms. Straker thanked the LSA Vice President for Finance, Bruce Cropf, for his work in leading the LSA Audit.

THE 2015 ANNUAL MEETING OF THE LSA MEMBERSHIP

At the January 2014 Board Meeting, the Board of Directors reappointed CliftonLarsonAllen, LLP, to conduct the FY 2014 audit. The Audit Committee membership consists of Board Members, Junia John-Straker (Chair), Brian Hofland, and Betty Oldenkamp and outside members, Richard M. Barger, CPA and Executive Vice President and CFO, Diakon Lutheran Social Ministries, and Jennings I. (Chan) Chandler, CPA and CFO, Lutheran Retirement Ministries of Alamance County, North Carolina.

IX. LSA Fiscal Year 2015 Budget

Frederick Kraegel, Treasurer of the LSA Board of Directors, presented the LSA FY 2015 Budget. He referenced the proposed budget provided to the membership in the Annual Meeting materials. It was noted that the proposed budget had been reviewed and approved by the appropriate individuals from the ELCA and The LCMS as required.

In 2013, The LSA Board endorsed a strategic investment to increase value to members and create a sustainable financial future for LSA. Similar to its members, LSA faces financial challenges. Both the ELCA and The LCMS have contributed to LSA generously and have been very supportive of LSA, however, funding declined approximately 40% over the past two years (\$875,000 for FY 2012 to \$525,000 for FY 2014).

The LSA will not increase our member dues for FY 2015. LSA will launch the LSA 20-500 Fund, a three year fundraising campaign. In addition, LSA will continue to pursue grants and foundation funding in support of our members and for our members directly.

LSA had historically accumulated cash balances in excess of Board required reserves. A portion of these cash balances will be used to fund the strategic investments. The Board will not use previously established board reserves. The cash and investment position will remain sound for the remainder of FY 2013 and FY 2014. The LSA Board considered the proposed FY 2015 budget at its meeting on April 28, 2014 and recommended it as presented to the LSA membership for approval.

John Bauer requested and received a second to the motion.

Motion

ADOPTED

That the LSA Fiscal Year 2015 Budget be adopted as presented.

X. Report of the Governance Committee

Frederick Kraegel, Governance Committee Chair, referenced the materials on the Associate Membership in the Annual Meeting. Fred noted that this change to the LSA Bylaws would provide an opportunity for Lutheran Social Ministry organizations that are currently not affiliated by the ELCA or recognized by the LMCS, to become members of LSA. The proposed amendment also includes technical changes in titles of the respective organizational units of the ELCA and The LCMS. In response to a member question, Fred noted that a fee structure for Associate Membership class has not yet been determined.

Motion

ADOPTED

That the Members amend the Bylaws to allow a new Associate Membership class and make revisions in title of the respective organizational units of the ELCA and The LCMS.

THE 2015 ANNUAL MEETING OF THE LSA MEMBERSHIP

XI. Report of the Governance Committee

Frederick Kraegel, Governance Committee Chair, referenced the Annual Meeting materials pertinent to the following slate of nominees as recommended for the open Class A positions of the Board of Directors of Lutheran Services in America as Class A Directors for three year terms from July 1, 2014 to June 30, 2017.

John Bauer requested and received a second to the motion.

Motion

ADOPTED

That David Fenoglietto, Armena Mnatsakanyan and Ann Vazquez be elected as Class A Board Members for three year terms (July 1, 2014 – June 30, 2017)

XII. Recognition of Board Service

Newly-Elected Board Members

John Bauer congratulated the newly elected board members.

Newly-Elected Board Officers

The Chairperson of the LSA Board of Directors announced newly elected officers of the LSA Board of Directors, whose new terms begin on July 1, 2014: John Bauer, Chairperson (second term); Junia John-Straker, Vice Chair (second term); Frederick Kraegel (second term), Treasurer; and Patricia Davenport (first term), Secretary.

Departing Board Members

John Bauer expressed gratitude to departing board member, Rev. Alan Erdman, President and CEO of Lutheran Family and Children's Services of Missouri and Mr. Ted W. Goins, Jr., President and CEO of Lutheran Services Carolinas. Both Rev. Erdman and Mr. Goins served as Class A members of the LSA Board. Ted accepted the LSA signature gift from the LSA Board of Directors in appreciation of his service to the Board. Rev. Erdman was unable to attend the Annual Meeting and will be sent the LSA signature gift in recognition of his service.

XIII. Invitation to the 2015 Annual Conference

Kurt Senske, President and CEO, Lutheran Social Services of the South, invited everyone to attend the 2015 Annual Conference on April 20-23, 2015 at the Hyatt Regency San Antonio in San Antonio, Texas.

XIV. Closing Prayer

Rev. John Fale, Associate Executive Director, Mercy Operations, Lutheran Church-Missouri Synod (LCMS) led the closing prayer.

XV. Adjournment of Meeting

John Bauer thanked the membership and adjourned the meeting at 9:44AM.

Respectfully submitted,



Brian F. Hofland
Secretary

**LUTHERAN SERVICES IN AMERICA,
INCORPORATED
Washington, DC**

**FINANCIAL STATEMENTS
June 30, 2014 and 2013**

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying statements of financial position of Lutheran Services In America, Incorporated (the Organization) as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Lutheran Services In America, Incorporated as of June 30, 2014 and 2013, and the changes in its net assets, functional expenses, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Baltimore, Maryland
September 25, 2014



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FINANCIAL STATEMENTS

LUTHERAN SERVICES IN AMERICA, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 432,568	\$ 774,445
Accounts receivable	5,045	9,879
Prepaid expenses	<u>25,365</u>	<u>8,469</u>
Total current assets	<u>462,978</u>	<u>792,793</u>
ASSETS LIMITED AS TO USE		
Cash held for managed networks	<u>123,376</u>	<u>95,895</u>
CERTIFICATES OF DEPOSIT		
	<u>1,300,000</u>	<u>1,350,000</u>
FIXED ASSETS		
Information technology	272,070	259,570
Less accumulated depreciation	<u>260,075</u>	<u>256,575</u>
Total fixed assets	<u>11,995</u>	<u>2,995</u>
TOTAL ASSETS	<u><u>\$ 1,898,349</u></u>	<u><u>\$ 2,241,683</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 180,655	\$ 158,210
Lease abandonment obligation	46,299	62,975
Deferred membership dues	<u>180,486</u>	<u>208,759</u>
Total current liabilities	407,440	429,944
DEPOSIT LIABILITIES		
Deposits held for managed networks	<u>123,376</u>	<u>95,895</u>
Total liabilities	<u>530,816</u>	<u>525,839</u>
NET ASSETS		
Unrestricted	1,124,707	1,220,096
Temporarily restricted	<u>242,826</u>	<u>495,748</u>
Total net assets	<u>1,367,533</u>	<u>1,715,844</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,898,349</u></u>	<u><u>\$ 2,241,683</u></u>

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

LUTHERAN SERVICES IN AMERICA, INCORPORATED
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES, CONTRIBUTIONS AND OTHER SUPPORT						
Membership dues	\$ 732,234	\$ -	\$ 732,234	\$ 703,453	\$ -	\$ 703,453
Events - conferences and training	343,853	-	343,853	311,145	-	311,145
Service fees and others	175,307	-	175,307	141,314	-	141,314
Investment income	21,356	-	21,356	26,698	-	26,698
Contributions - ELCA	385,600	-	385,600	388,100	-	388,100
Contributions - LCMS	140,000	-	140,000	140,000	-	140,000
Contributions - Other	47,458	-	47,458	47,439	-	47,439
Grants	73,980	1,020	75,000	85,927	137,293	223,220
	<u>1,919,788</u>	<u>1,020</u>	<u>1,920,808</u>	<u>1,844,076</u>	<u>137,293</u>	<u>1,981,369</u>
Net assets released from restrictions	253,942	(253,942)	-	70,896	(70,896)	-
	<u>2,173,730</u>	<u>(252,922)</u>	<u>1,920,808</u>	<u>1,914,972</u>	<u>66,397</u>	<u>1,981,369</u>
Total revenues, contributions and other support						
EXPENSES						
Program services	1,855,216	-	1,855,216	1,694,436	-	1,694,436
Management and general	413,903	-	413,903	438,597	-	438,597
	<u>2,269,119</u>	<u>-</u>	<u>2,269,119</u>	<u>2,133,033</u>	<u>-</u>	<u>2,133,033</u>
Total expenses						
	(95,389)	(252,922)	(348,311)	(218,061)	66,397	(151,664)
CHANGES IN NET ASSETS						
NET ASSETS, BEGINNING OF YEAR	1,220,096	495,748	1,715,844	1,438,157	429,351	1,867,508
NET ASSETS, END OF YEAR	<u>\$ 1,124,707</u>	<u>\$ 242,826</u>	<u>\$ 1,367,533</u>	<u>\$ 1,220,096</u>	<u>\$ 495,748</u>	<u>\$ 1,715,844</u>

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

LUTHERAN SERVICES IN AMERICA, INCORPORATED
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2014 and 2013

	2014			2013		
	Program Services	Management and General	Total Expenses	Program Services	Management and General	Total Expenses
EXPENSES						
Staff compensation and benefits	\$ 1,108,303	\$ 189,395	\$ 1,297,698	\$ 1,045,928	\$ 135,454	\$ 1,181,382
Travel	58,970	38,869	97,839	51,317	26,425	77,742
Professional services purchased	190,956	103,186	294,142	67,494	172,033	239,527
Insurance, banking, and taxes	16,204	8,454	24,658	4,130	9,507	13,637
Depreciation	1,684	1,816	3,500	-	-	-
Event - facilities and programs	208,688	12,763	221,451	210,307	16,440	226,747
Office and related expenses	137,074	28,949	166,023	119,630	32,557	152,187
Communications and external relationships	105,809	20,940	126,749	118,618	30,601	149,219
Lease obligation expense	10,621	-	10,621	68,876	-	68,876
Other expenses	16,907	9,531	26,438	8,136	15,580	23,716
TOTAL EXPENSES	\$ 1,855,216	\$ 413,903	\$ 2,269,119	\$ 1,694,436	\$ 438,597	\$ 2,133,033

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

LUTHERAN SERVICES IN AMERICA, INCORPORATED
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (348,311)	\$ (151,664)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	3,500	-
Effects of changes in operating assets and liabilities:		
Accounts receivable	4,834	10,431
Prepaid expenses	(16,896)	9,443
Accounts payable and accrued expenses	22,445	(48,896)
Deferred membership dues	(28,273)	57,489
	<u>(362,701)</u>	<u>(123,197)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(12,500)	(2,995)
Purchase of certificates of deposit	-	(950,000)
Proceeds from certificates of deposit redeemed	50,000	950,000
	<u>37,500</u>	<u>(2,995)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Abandonment of lease	(16,676)	62,975
	<u>(16,676)</u>	<u>62,975</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(341,877)	(63,217)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>774,445</u>	<u>837,662</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 432,568</u>	<u>\$ 774,445</u>

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

LUTHERAN SERVICES IN AMERICA, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

Lutheran Services in America, Incorporated (the Organization) was founded in 1997 as an alliance of the Evangelical Lutheran Church in America, The Lutheran Church - Missouri Synod, and their over 300 related health and human service organizations. The Organization creates opportunities with people in thousands of communities in all 50 states and the Caribbean. Working neighbor-to-neighbor through support of health care, aging, disability, community development, housing, and child and family strengthening initiatives, these organizations touch the lives of more than six million people every year – or one in fifty Americans.

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.

Basis of 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 FASB ASC 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by the passage of time or used for specified purposes.

Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions. The Organization has no permanently restricted net assets at June 30, 2014 and 2013.

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

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.

LUTHERAN SERVICES IN AMERICA, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are related to unpaid invoices for consulting services and require payment within thirty days from the invoice date. Interest is not charged for late payment of invoices. 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 customers to meet their obligations. No allowance was considered necessary at June 30, 2014 and 2013.

Certificates-of-Deposit

The investment in certificates-of-deposit are with the Mission Investment Fund of the ELCA with original maturities from one to four 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.

Fixed Assets

All individual acquisitions of equipment in excess of \$2,000 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 3 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.

Revenue Recognition

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

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets in the reporting period in which the revenue is recognized, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

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 managed networks and the related deposit liability was \$123,376 and \$95,895 at June 30, 2014 and 2013, respectively.

LUTHERAN SERVICES IN AMERICA, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization is required to report unrelated business income to the IRS and Maryland, as well as pay certain other taxes to local jurisdictions. The Organization did not have any unrelated business income for the years ended June 30, 2014 and 2013.

The Organization files income tax returns in the U.S. federal jurisdiction. The federal income tax returns of the Organization for 2013, 2012 and 2011 are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Retirement Plan

The Organization has established a 403(b) Retirement 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 Internal Revenue Service. The Organization provides a matching contribution of 100% of participant contributions, up to 1% of annual salary as of June 30, 2014. All contributions to the Plan are 100% vested immediately. The Organization recorded employer match expenses of \$9,796 and \$9,447 for the years ended June 30, 2014 and 2013, respectively.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense totaled \$2,349 and \$2,123 for the years ended June 30, 2014 and 2013, respectively.

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Board Development/Everson	\$ 10,780	\$ 10,780
OASIS	59,786	59,786
Community Development Collaboration/ELCA	3,053	3,053
Berg Memorial Fund for Leadership	-	1,070
Social Ministry Organization Capacity Building	20,719	20,719
Replication Initiative	-	30,654
Technology for Independence	42,798	41,778
LSEE Partnership	90,180	161,913
LSCE Resources & Opportunities	<u>15,510</u>	<u>165,995</u>
Total	<u>\$ 242,826</u>	<u>\$ 495,748</u>

LUTHERAN SERVICES IN AMERICA, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Donors typically do not provide specific timeframes in which to use contributions, but the Organization anticipates that the majority of its temporarily restricted assets will be released over the next twelve to thirty-six months.

NOTE 3 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from temporary donor restrictions were as follows during the years ended June 30:

	<u>2014</u>	<u>2013</u>
OASIS	\$ -	\$ 1,236
Berg Memorial Fund for Leadership	1,070	-
Replication Initiative	-	18,970
LSEE Partnership	102,387	-
LSCE Resources & Opportunities	<u>150,485</u>	<u>50,690</u>
Total	<u>\$ 253,942</u>	<u>\$ 70,896</u>

NOTE 4 – PROGRAM SERVICES

The Organization conducted the following programs during the years ended June 30:

	<u>2014</u>	<u>2013</u>
Lutheran Identity and Awareness	\$ 415,819	\$ 303,111
Leadership Development	438,847	512,636
Advocacy and Member Engagement	472,950	471,295
Creating Member Connections	413,953	334,952
Other	<u>113,647</u>	<u>72,442</u>
Total	<u>\$ 1,855,216</u>	<u>\$ 1,694,436</u>

NOTE 5 – LEASE COMMITMENT

The Organization leased its Baltimore operating facility on a month-to-month basis for \$3,792, with annual escalation amounts of 3.5%. In March 2013, the Organization ended this lease with no penalties or fees.

The Organization leased its Washington, DC, C Street operating facility under an operating sublease. The lease provides for base monthly rentals of \$2,876 through May 1, 2018, and is subject to annual escalation provisions. In March 2013, the Organization terminated this lease, and negotiated the maximum termination liability of \$101,321 for the remainder of the lease term with the lessor. As of June 30, 2013, the Organization estimated that they will be able to supplement this liability with sublease income of \$32,445 over the remainder of lease term, for a net liability of \$68,876. This amount was expensed during fiscal year 2013. As of June 30, 2014, the Organization secured a sublease agreement with sublease income of \$21,824 over the remainder of the lease term, for a net liability of \$79,497. The difference between the estimated liability and actual of \$10,621 was expenses in fiscal year 2014. At June 30, 2014 and 2013, the lease abandonment obligation was \$46,299 and \$62,975, respectively.

LUTHERAN SERVICES IN AMERICA, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 5 – LEASE COMMITMENT (CONTINUED)

The Organization leases its Washington, DC operating facility under an operating lease. The lease provides for base monthly rentals of \$7,942 through June 30, 2018, and is subject to annual escalation provisions.

Total rent expense, including all leases, for the years ended June 30, 2014 and 2013 was \$111,165 and \$64,260, respectively.

Future minimum rental payments required under non-cancellable operating leases having initial or remaining lease terms in excess of one year at June 30, 2014 are as follows:

2015	\$	93,600
2016		97,158
2017		100,858
2018		<u>112,448</u>
Total	\$	<u>404,064</u>

NOTE 6 – 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 \$343,411 and \$312,150 at June 30, 2014 and 2013, 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, 2014 and 2013, amount to \$1,525,249 and \$1,927,001, respectively.

NOTE 7 – RELATED PARTY RELIANCE

The Organization receives a major portion of its contributions from ELCA and LCMS. The amounts received during the current year are disclosed within the financial statements. A significant reduction in the level of this support, if this were to occur, may have a material effect on the Organization's programs and activities.

NOTE 9 – SUBSEQUENT EVENTS

Management evaluated subsequent events through September 25, 2014, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2014, but prior to September 25, 2014 that provided additional evidence about conditions that existed at June 30, 2014, have been recognized in the financial statements for the year ended June 30, 2014. Events or transactions that provided evidence about conditions that did not exist at June 30, 2014, 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, 2014.

This information is an integral part of the accompanying financial statements.

THE 2015 ANNUAL MEETING OF THE LSA MEMBERSHIP

REPORT OF THE GOVERNANCE COMMITTEE to the Membership of Lutheran Services in America, Inc. at the Annual Meeting: Wednesday, April 22, 2015

LSA has three types of Board members, all equal in role and authority, but distinguished by the way in which they come to the Board:

- Class A Board members are CEOs of Lutheran health and human service organizations and the slate is elected by peer CEOs at the LSA Annual Meeting. There are nine Class A seats.
- Class B Board members are appointed by the ELCA (six seats) and The LCMS (three seats). The Executive Directors of the units at the ELCA and the LCMS to which LSA connects sit on the Board by virtue of office. A District representative and a Synod representative are also prescribed as designations on the Board.
- Class C Board members are a newer category voted on at the 2009 Annual Meeting and addressed in Bylaw changes. There are two at-large positions to be elected by the LSA Board of Directors.

All Board members except those who serve by virtue of office can serve for a maximum of two full three-year terms.

The Committee's charge is to develop and recommend a slate of Class A Directors to be voted on by the social ministry organization CEOs at the LSA Annual Meeting. The Committee identifies Class C Director candidates for election by the LSA Board of Directors. The responsibilities of the Committee related to nominations are assisted by appointed non-Board Class A CEOs.

Class A Nominations for Recommendation to the LSA Membership

The current term for Junia John-Straker on the LSA Board of Directors ends June 30, 2015 and she is eligible for another term. The Committee agreed unanimously to request her service for an additional term and she has indicated a willingness to serve. The following slate of nominees is recommended for the open positions on the Board of Directors of Lutheran Services in America as Class A Directors:

Three-Year Term July 1, 2015 – June 30, 2018

Jodi Harpstead *(First Term)*

President and CEO, Lutheran Social Service of Minnesota, St. Paul, MN

Christie Hinrichs *(First Term)*

President and CEO, Tabitha Health Services, Lincoln, NE

Junia John-Straker *(Final Term)*

President and CEO, Lutheran Social Services of the Virgin Islands, Frederiksted, VI

*Respectfully Submitted,
Frederick G. Kraegel, Committee Chair
James Barclay
William Hanawalt
Junia John-Straker
David Larson
Robert Rundle*

THE 2015 ANNUAL MEETING OF THE LSA MEMBERSHIP

BIOGRAPHICAL INFORMATION for the Class A Board Member Nominees

Eligible for Three year Term, July 1, 2015 – June 30, 2018



Jodi Harpstead

Jodi Harpstead has served as President and CEO of Lutheran Social Service of Minnesota since 2011. LSS offers a broad array of community services touching 1 in every 65 Minnesotans in all 87 counties of the state - including services for people with disabilities, older adults, children, youth, and families. Prior to taking on the role of CEO, Ms. Harpstead served as Chief Advancement Officer and then Executive Vice President and Chief Operating Officer of LSS.

Prior to joining LSS, Ms. Harpstead spent 23 years with Medtronic, Inc. where she held several key positions, including President of Global Marketing and U.S. Sales in Cardiac Rhythm Management and Vice President and General Manager of Cardiac Surgery Technologies. A native of the Chicago area, Ms. Harpstead received an MBA and BA in Business Administration from Michigan State University before settling in Minnesota.

Ms. Harpstead serves as immediate Past-Chair of the Board of Regents of Augsburg College. She has previously served on the Boards of LSA-member Plymouth Christian Youth Center and Lutheran Campus Ministry of Minnesota. She also served on the Mutual Funds Board of Thrivent Financial.



Christie Hinrichs

Since 2010 Christie Hinrichs has served as President and CEO of Tabitha, a non-profit, mission-centered provider of health care services for older adults, headquartered in Lincoln and serving 28 southeast Nebraska counties. She began her career in compassion in 1993 as a Tabitha Hospice social worker before advancing to leadership roles within Tabitha Hospice and the organization's in-home support program. Ms. Hinrichs then served as the Nebraska Heart Hospital's Chief Operating Officer and as a branch manager with Coram Healthcare. She returned to Tabitha in 2006 as Vice President of Clinical Services. She served on Tabitha's corporate Board of Directors from November 2004 through May 2006.

Ms. Hinrichs has been instrumental in the growth of Tabitha's physical presence across southeast Nebraska. She helped bring innovative vision to life on Tabitha's main campus in Lincoln in 2006 with the introduction of the Green House home, a family-centered, residential-style skilled nursing and long-term care community. In 2014, in collaboration with Immanuel, she helped introduce Tabitha at The Landing, a fifth residential-style community in Lincoln, managed by Tabitha in the same spirit and lifestyle as the organization's four Green House homes. For her work on the Tabitha at the Landing project, Hinrichs was the co-recipient of the Innovator of the Year award from Nebraska Leading Age.

Junia John-Straker



Junia John-Straker has served as the Chief Executive Officer of Lutheran Social Services of the Virgin Islands, Inc., the largest non-profit in the Virgin Islands, since February, 2007. Before her appointment to CEO, She served the organization for 16 years as Chief Fiscal Officer. She oversees a number of residential and non-residential programs that serve the needs of children, low-income adults and seniors, and the disabled of all ages. Ms. Straker has over 33 years of financial and management experience and holds a bachelor's degree in accounting. Her experience also includes nine years with a Certified Public Accounting firm. Junia has served and currently serves on several non-profits and governmental boards. She is committed to honor the command of Galatians 5:13 of "By Love serve one another".

THE 2015 ANNUAL MEETING OF THE LSA MEMBERSHIP

LSA BOARD OF DIRECTORS ROSTER April 2015

Officer	Director Name Class and Term	Organization Title and Postal Address	Other Contact Info Voice, Cell, Fax, Email
CHAIRPERSON First Term 2014-2015 (Beginning in October 2014 to complete unexpired term)	MR. SAMUEL SIPES Class A Member Term I July 2009 – June 2012 Term II July 2012 – June 2015	President and CEO Lutheran Services Florida 3627 A West Waters Avenue Tampa, FL 33614	813-676-9500 813-446-4254 (cell) ssipes@lsfnet.org
VICE CHAIRPERSON Second Term 2014-2015	MS. JUNIA JOHN-STRAKER Class A Member July 2009 – June 2012 (Completed 1 year of unexpired term) Term I July 2012 – June 2015	Chief Executive Officer Lutheran Social Services of the Virgin Islands 516 Hospital Street Frederiksted, St. Croix, VI 00840	340-772-4099 x22 juniajohnssvi@yahoo.com
SECRETARY First Term 2014-2015	REV. PATRICIA A. DAVENPORT Class B ELCA Member Term I July 2009 – June 2012 (Beginning April 2012 to complete remainder of unexpired term) Term II July 2012 – June 2015	Director for Evangelical Mission Southeastern Pennsylvania Synod, ELCA 7241 Germantown Avenue Philadelphia PA 19119	267-323-3746 215-919-6525 (cell) 267-323-3777 (fax) pdavenport@sepa.org
TREASURER Second Term 2014-2015 (Beginning in August 2013 to complete unexpired term)	MR. FREDERICK G. KRAEGEL Class B LCMS Member Term I July 2009 – June 2012 Term II July 2012 – June 2015	Managing Director Parham Partners, LLC PO Box 71840 Richmond, VA 23255-1840	804-741-1029 804-363-5010 (cell) 312-577-0879 (eFax) fkraegel@parhamllc.com Mailing Address: 1225 Hyde Lane Henrico, VA 23229
	REV. DR. STEPHEN P. BOUMAN Class B ELCA Member Term began November 2010 Term by Tenure of ELCA Office	Executive Director, ELCA Congregational and Synodical Mission 8765 West Higgins Road Chicago, IL 60631-4190	773-380-2700 800-638-3522 x2670 773-380-2691 773-380-2707 (fax) Stephen.Bouman@elca.org
	REV. MELODY EASTMAN Class B ELCA Member Term July 2011 – June 2014 Term July 2014 – June 2017	Senior Pastor St. Paul Lutheran Church 515 South Wheaton Avenue Wheaton, IL 60187	630-668-5953 630-668-0020 (fax) Meastman.stpaul@sbcglobal.net
	REV. JOHN FALE Class B LCMS Member Term began November 2010 Term by Tenure of LCMS Office	Associate Executive Director LCMS Mercy Operations 1333 S. Kirkwood Road St. Louis, MO 63122	314-996-1384 314-346-1383 (cell) John.Fale@lcms.org
	MR. DAVID FENOGLIETTO Class A Member Term I July 2014 – June 2017	President and CEO Lutheran SeniorLife 191 Scharberry Lane Mars, PA 16046-2429	724-742-2224 724-321-3665 (cell) david.fenoglio@lutheranseniorlife.org
	MS. WENDY Z. GOLDSTEIN Class A Member Term I July 2010 – June 2013 Term II July 2013 – June 2016	President and CEO Lutheran HealthCare 150 55 th Street Brooklyn, NY 11220	718-630-7300 914-462-0002 (cell) wgoldstein@lmcrc.com
	MR. WILLIAM HANAWALT Class A Member Term I July 2009 – June 2012 Term II July 2012 – June 2015	Executive Director Peace Community Center 2106 South Cushman Avenue Tacoma, WA 98405	253-383-0702 x102 253-219-8275 (cell) billh@peacecommunitycenter.org

THE 2015 ANNUAL MEETING OF THE LSA MEMBERSHIP

LSA BOARD OF DIRECTORS ROSTER April 2015 (continued)

Officer	Director Name Class and Term	Organization Title and Postal Address	Other Contact Info Voice, Cell, Fax, Email
	DR. BRIAN F. HOFLAND Class B ELCA Member Term I July 2010 – June 2013 Term I July 2013 – June 2016	President Research to Prevent Blindness 645 Madison Avenue New York, NY 10022	212-752-4333 914-325-4797 (cell) bhofland@rpbusa.org Brian.F.Hofland@gmail.com Mailing Address: 20 Macri Avenue West Harrison, NY 10604
	REV. KURT F. KUSSEROW Class B ELCA Member Term July 2012 – June 2015	Bishop Southwestern PA Synod, ELCA 9625 Perry Highway Pittsburgh, PA 15237	412-367-8222 kurt.kusserow@swpasynod.org
	MS. ARMENA MNATSAKANYAN Class A Member Term I July 2014 – June 2017	Executive Director Lutheran Social Services of Nevada 73 Spectrum Blvd. Las Vegas, NV 89101	702-639-1730 702-839-8777 (cell) armena@lssnv.org
	MS. BETTY L. OLDENKAMP Class A Member Term I July 2013 – June 2016	President and CEO Lutheran Social Services of South Dakota 705 East 41st Street #200 Sioux Falls, SD 57105-6048	605-357-0101 Betty.oldenkamp@lsssd.org
	MS. JULIE E. SWANSON Class A Member Term I July 2014 – June 2016 (Beginning October 2014 to complete remainder of unexpired term)	President and CEO Lutheran Family Services of Virginia, Inc. 2609 McVitty Road Roanoke, VA 24018-3513	540-562-8461 540-922-3274 (cell) jswanson@lfsva.org
	MR. DAVID SWARTLING Class B Member Term July 2011 – June 2014 Term July 2014 – June 2017 (Beginning January 2014 to complete remainder of unexpired term)	Of Counsel Mills Meyers Swartling Attorneys 1000 Second Avenue, 30th Fl. Seattle, WA 98104-1064	(206) 317-6160 dswartling@millsmeyers.com Mailing Address: 1017 Aaron Avenue NE Bainbridge Island, WA 98110
	MS. ANN VAZQUEZ Class A Member Term I July 2011 – June 2014 Term II July 2014 – June 2017	President and CEO Lutheran Foundation of St. Louis 8860 Ladue Road, Suite 200 St. Louis, MO 63124	314-231-2244 x4 314-497-7652 (cell) ann@lutheranfoundation.org
	REV. GREGORY S. WALTON Class B LCMS Member Term July 2012 – June 2015	District President Florida-Georgia District, LCMS 5850 T.G. Lee Boulevard Suite 500 Orlando, FL 32822	407-857-5556 877-457-5556 770-337-0497 (cell) gwalton@flga-lcms.org
Board Adjunct			
THEOLOGIAN IN RESIDENCE	REV. DR. PHYLLIS ANDERSON Board Appointed /ELCA Rotation Year I / Calendar Year 2015	President Emeritus Pacific Lutheran Theological Seminary 19495 Laurelbrook Ct. Sonoma, California 95476	707 343 1795 phyllis.b.anderson@icloud.com

Proposed LSA Budget for FY 2016

GENERAL NOTES

Overview:

The Board of Directors approved the need for strategic investment in LSA at its April 2013 Board meeting to address significant financial challenges facing LSA. Revenue, particularly from the ELCA and LCMS, had dropped significantly (e.g., 40% from FY 2012 to FY 2014) and the Board recognized that LSA needed to update its business model. LSA required financial investment to expand its internal capabilities to be in a position to generate additional revenue. Specifically investment was needed to expand staff capabilities, build fundraising capabilities, enhance member engagement, and create opportunities to expand revenue for LSA and its members.

In the three-year plan approved by the Board of Directors, LSA projected net losses in FY 2014 and FY 2015 and net revenue in FY 2016. To date, LSA has been ahead of plan with a projected net loss of \$135,600 versus Budget net loss of \$368,600 in FY 2015.

The FY 2016 proposed budget results in net revenue of \$16,500. This includes approximately \$350,000 in new grant revenue as well as additional contributions from individuals and organizations. Work is underway to obtain this funding; however, specific funding for the full amount has not yet been identified.

LSA's staff levels have remained stable over the last two years. There has been a significant shift in staff skills from operational and administrative skills to skills in member engagement, marketing and development. LSA plans to have 13 FTEs in FY 2016 including a fundraising support position that was previously budgeted beginning in FY 2015.

LSA's cash position as of February 28, 2015 is approximately \$2,130,000. LSA Board policy requires unrestricted cash balances to be maintained at levels at least equal to 50% of the prior fiscal year's expense budget excluding expenses for projects funded from temporarily restricted accounts. LSA is projected to end FY 2015 with unrestricted cash balance of approximately \$1,562,300. LSA does not expect to fall below the required cash reserve threshold of \$1,145,000. LSA expects to end FY 2016 with cash balances of approximately \$1,600,000.

The proposed FY 2016 Budget is based on:

- Revenue of \$2.6 million which is approximately \$185,000 higher than FY 2015 projected revenue.
- Church body funding where the ELCA has agreed to a goal of \$450,000, an increase of \$24,400 from projected FY 2015 contributions. The LCMS reduced its core contributions from \$140,000 to \$126,000 but has invited LSA to submit a \$50,000 proposal for targeted funding.
- Expenses of \$2.6 million, which is \$34,400 higher than FY 2015 projected expenses.
- New grant revenue of \$350,000. Work is underway to secure the additional grant funding. The grant initiatives will be supported by existing expenses and, if needed, additional revenue obtained to support incremental project costs.
- \$130,000 in contributions from individuals and organizations. In FY 2015, LSA recorded three-year commitments of \$90,635 from individuals, of which \$34,668 is expected to be paid in FY 2016 and FY 2017. Per accounting policy, LSA recorded revenue related to the entire three-year commitments in FY 2015.

LSA continues its focus on developing long term strategies that will result in strengthening the Lutheran network combined with potential revenue growth.

LSA proposes to increase membership fees by a modest 4%, the first increase in three years. In addition, LSA is simplifying its complex 22 category dues structure by combining several categories which are based on member budget size. Eight of the 22 categories are being combined into four new categories:

- \$10-\$15 million (previously \$10.0-\$12.5 million and \$12.5-\$15.0 million)
- \$15-\$20 million (previously \$15.0-\$17.5 million and \$17.5-\$20.0 million)
- \$20-\$30 million (previously \$20-\$25 million and \$25-\$30 million)
- \$30-\$40 million (previously \$30-\$35 million and \$35-\$40 million)

In addition, a new category is being created for members with budgets exceeding \$200 million to reflect the diverse budgets of members with operating budgets over \$100 million (from \$100 million to \$4 billion).

Members contributing to the LSA 20-500 Fund will have their dues increase waived in FY 2016.

Finally, we are consolidating the four choices of payment per dues category from four to three which provides members the opportunity to pay the minimum dues (Sustainer), additional dues beyond the minimum level (Futurist), or at a higher (Catalyst) level.

**Lutheran Services in America
Proposed FY 2016 Budget**

\$ (000's)

REVENUE	Fiscal Year 2014 YTD Actual	Fiscal Year 2015 Projected	Fiscal Year 2015 Budget	Fiscal Year 2016 Proposed Budget
Contributions - Cash				
ELCA	385.6	425.6	385.6	450.0
LCMS	140.0	140.0	140.0	126.0
Organizations & Individuals	53.5	150.0	125.0	130.0
Membership Fees	726.2	750.0	735.0	780.0
LSA 20-500 Fund from Member Organizations		145.0		100.0
Programs & Services				
Events	341.2	300.0	380.0	400.0
Services delivered	124.4	164.5	128.9	185.6
Other Sources				
Investments	21.4	16.0	14.0	14.0
Royalties & all other	48.5	30.0	30.0	27.0
Reimbursed expenses	2.4	2.4	7.5	2.4
Sub-total - Unrestricted	1,843.2	2,123.5	1,946.0	2,215.0
Grants - Temporarily Restricted				
Berg Memorial	50.0	50.0	50.0	30.0
Lutheran Community Foundation	25.0			
Other Grants (incl. new LSEE and LSCE)		235.0	330.0	300.0
LCMS Grants				50.0
Sub-total Temp. Restricted	75.0	285.0	380.0	380.0
TOTAL REVENUE	1,918.2	2,408.5	2,326.0	2,595.0
EXPENSES - Natural Categories				
Human Resources				
LSA Staff	1,297.7	1,392.8	1,673.8	1,549.9
Professional Services	294.1	466.3	259.0	289.9
Sub-total - Human Resources	1,591.8	1,859.1	1,932.8	1,839.8
Travel	97.8	115.0	140.0	140.0
Events	219.3	245.5	245.5	270.0
External Communications & Relationships	43.4	47.4	52.4	49.6
Office & related	125.2	111.1	125.8	120.3
Printing & Mailing	30.8	34.7	60.3	34.0
Telecom & Info. Tech. Financial Expenses	93.3	82.4	81.5	78.9
Lease write-off	24.7	35.9	35.9	35.9
All Other	10.6	13.0	20.4	10.0
30.9	30.9	13.0	20.4	10.0
TOTAL EXPENSES	2,267.8	2,544.1	2,694.6	2,578.5
NET -- REVENUES LESS EXPENSES	(349.6)	(135.6)	(368.6)	16.5

DETAILED ASSUMPTIONS OF LSA REVENUE AND EXPENSE CATEGORIES:**REVENUE**

- Contributions from ELCA and LCMS – The ELCA has agreed to a goal of \$450,000, an increase of \$24,400 from projected FY 2015 contributions. The LCMS reduced its core contributions by 10% to \$126,000.
- Contributions from organizations and individuals – FY 2016 assumes that contributions will be \$130,000. 100% of the revenue from individuals' three-year LSA 20-500 Fund commitments in FY 2015 were recorded in FY 2015.
- Membership fees – FY 2016 is based on a dues schedule that is 4% higher than in FY 2015. In addition, there are fewer categories of dues. Dues increases will be waived for members paying into the LSA 20-500 Fund in FY 2016.
- Events – This includes registration fees, exhibit fees and sponsorships associated with the Annual Conference to be held in Minneapolis in April 2016 as well as the CEO Academy and Lutheran Leadership Summit in early 2016. Additional event revenue are expected to be attained through enhanced strategies for identifying event sponsors.
- Services Delivered– This revenue category includes support for the LSA Disability Network, LSA Disaster Network, and related services.
- Investments – FY 2016 investment income is based on beginning balances of \$1,300,000 in CDs and \$298,882 in money market accounts yielding a composite return of 0.7%.
- Royalties and all other – This reflects small recurring revenue amounts from preferred business relationships.
- Grants – Temporarily restricted funds received in prior years will provide carry-over funding that will be expended by LSA into FY 2016. LSA will be pursuing additional resources in FY 2016 to obtain additional grant funding. The Berg Memorial Fund grant through Lutheran Retirement Ministries of Alamance County, NC for the CEO Academy and Lutheran Leadership Summit is expected to decline from \$50,000 to \$30,000 in FY 2016.

EXPENSES

- LSA Staff – FY 2016 proposed salaries and benefits are based on 13 FTEs. This line item includes salaries, payroll taxes, health and welfare benefits, and retirement plan matching. LSA has not budgeted for a one-time contribution of 2% to employee 403(b) accounts to offset the plan reduction implemented in previous years (LSA match reduced from 3% to 1%).
- Professional Services - This line item includes consulting support for marketing and grant-related projects. This line item also includes costs associated with many activities LSA outsources in lieu of developing in-house expertise including accounting, auditing, legal and graphic design.
- Travel – Includes travel for LSA staff and Board members. In addition, limited travel for members funded by grants is included.
- Events – Includes facility and program costs for the Annual Conference, CEO Academy, and Lutheran Leadership Summit.
- External Communications & Relationships – Includes LSA's membership in national organizations related to the services and missions of LSA's members and a modest amount for communications.
- Office & Related – Rent, office equipment, and office supplies are the prime components of this line item
- Printing & Mailing – The FY 2016 proposed budget is flat compared to projected FY 2015 expenses. LSA has taken measures to control expenses for LSA's Conference brochure, Annual Report, and other printed materials.
- Telecommunications & Information Technology – Telephone, network, computer support, computers, and software comprise this group.
- Financial Expenses – Includes depreciation, bank fees, insurance, and non-employment taxes.
- All Other – The FY 2016 proposed budget includes funding for e-commerce and other expenses.

NET

- FY 2015 Projected – LSA expects to have expenses exceed revenue by \$135,600 versus Budget net loss of \$368,600 in FY 2015.
- FY 2016 Proposed – LSA expects net revenue of \$16,500 in FY 2016.

LSA Proposed Dues Structure for FY 2016

July 1, 2015 – June 30, 2016

Dues increase of 4%

Numbers are rounded to the nearest \$5.

Annual Consolidated Operating Expense Budget (\$ in millions) From the most recently completed fiscal year. Total combined budget for all affiliated and subsidiary organizations.	Sustainer Minimum dues that contribute to our shared work	Futurist Dues that open new opportunities for members to strengthen our service capacity	Catalyst Dues that expand services such as leadership development, funding opportunities, advocacy, and telling our story more broadly Add your target.
<= 1.0	\$ 125	\$ 145	\$ 145+ \$ _____
>1.0 - 2.0	205	235	235+ \$ _____
>2.0 - 3.0	340	390	390+ \$ _____
>3.0 - 4.0	470	540	540+ \$ _____
>4.0 - 5.0	605	695	695+ \$ _____
>5.0 - 7.5	925	1,055	1,055+ \$ _____
>7.5 - 10.0	1,285	1,475	1,475+ \$ _____
>10.0 – 15.0	2,005	2,305	2,305+ \$ _____
>15.0 – 20.0	2,745	3,145	3,145+ \$ _____
>20.0 – 30.0	4,345	4,980	4,980+ \$ _____
>30.0 – 40.0	5,940	6,800	6,800+ \$ _____
>40.0 – 50.0	7,670	8,780	8,780+ \$ _____
>50.0 – 60.0	9,375	10,730	10,730+ \$ _____
>60.0 – 70.0	11,085	12,690	12,690+ \$ _____
>70.0 – 80.0	12,790	14,640	14,640+ \$ _____
>80.0 – 90.0	14,490	16,590	16,590+ \$ _____
>90.0 – 100.0	16,210	18,550	18,550+ \$ _____
>100.0 – 200.0	18,280	20,915	20,915+ \$ _____
200.0 +	20,384	23,320	23,320+ \$ _____