

MATERIALS AND EXHIBITS

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The 2011 Annual Meeting of the Membership

LUTHERAN SERVICES IN AMERICA

ANNUAL MEETING AGENDA

Thursday, May 5, 2011, 8:30 am to 9:45 am
Regency Ballroom, C and D
Hyatt Regency Milwaukee, Milwaukee, Wisconsin

♦ A continental networking breakfast will be served at 7:30 am in the Exhibit Hall Atrium, second floor ♦

- I. **Call to Order**
Ted W. Goins, Jr., Chairperson, LSA Board of Directors
- II. **Devotions**
Dr. Doug Kahl, Chair, Chaplains' Network
Director of Chaplaincy Services, Organization's Chaplain, Lutheran Social Services of Michigan, Saginaw, MI

Rev. Joan Randall, Chaplains' Network
Director of Pastoral Care, Sunny View Retirement Community, Cupertino, CA
- III. **Approval of Agenda** **RECOMMENDED ACTION**
That the Agenda for the 2011 LSA Annual Meeting be approved as presented.
- IV. **Minutes of April 28, 2010 LSA Annual Meeting (page 1)** **RECOMMENDED ACTION**
That the Minutes of the 2010 LSA Annual Meeting be approved as presented.
- V. **Report of the Chairperson**
Ted W. Goins, Jr.
- VI. **Report of the President and CEO** *(Please see back pocket of this program folder.)*
Jill Schumann, President and CEO, Lutheran Services in America
- VII. **Financial Report for LSA Fiscal Year 2010 (page 6)**
Toni McNeal, CFO, KenCrest Centers, Plymouth Meeting, PA; member of LSA Audit Committee
- VIII. **Presentation: LSA Fiscal Year 2012 Budget (page 23)** **RECOMMENDED ACTION**
Frederick Kraegel, Treasurer, LSA Board of Directors *That the LSA Fiscal Year 2012 Budget be adopted as presented.*
- IX. **Report of the Board Member Nomination Committee (page 27)** **RECOMMENDED ACTION**
John Bauer, LSA Board Member Nomination Committee *That Alan Erdman, Ted Goins and Ann Vazquez be elected as Class A Board Members for three year terms (July 1, 2011 – June 30, 2014) and that Junia John-Straker be elected as a Class A Board Member for one year of an unexpired term (July 1, 2011 – June 30, 2012) eligible in 2012 for one three year term.*
- X. **Recognition of Board Service**
Newly-Elected Board Officers *(New Officers begin service on July 1, 2011.)*
Departing Board Members Kathleen Elliott Chillison, Kurt Senske
- XI. **Invitation to the 2012 Annual Conference**
Monday – Thursday, April 16-19, 2012 Sheraton Square Hotel, 300 W Station Square Dr, Pittsburgh, PA 15219
- XII. **Adjournment of Meeting**
Ted W. Goins, Jr.

The 2010 Annual Meeting of the Membership

LUTHERAN SERVICES IN AMERICA

Minutes of the 2010 Annual Meeting

of the Membership of Lutheran Services in America, Incorporated
Wednesday, April 28, 2010, 8:00 – 9:45 AM
Hyatt Regency Sacramento, Sacramento, CA

A plated breakfast was served at 8:00 AM.

I. Call to Order

Dr. Patricia Savage, Chairperson of the LSA Board of Directors, announced the presence of a quorum for the Meeting and called the Meeting to order at 8:35 AM.

II. Devotions

Dr. Steed Davidson, Assistant Professor of Old Testament, Pacific Lutheran Theological Seminary, began the morning devotions with a reading from Genesis 41:25-31. He spoke about the meaning of abundance in lean times and reflected on the LSA Conference theme, *Abundant Life Together*, ending his devotions with prayer.

III. Approval of Agenda

Motion

ADOPTED

That the Agenda for the 2010 LSA Annual Meeting be approved as presented.

IV. Minutes of April 30, 2009 LSA Annual Meeting

Motion

ADOPTED

That the Minutes of the 2009 LSA Annual Meeting be approved as presented.

V. Report of the Chairperson

Patricia Savage presented her report entitled, *You Can Go Home Again*, and spoke of her journey in service on the LSA Board of Directors that has encompassed and provided new context to her continuing work in social ministry. She related insights she has gained in looking at the whole of LSA: its dedicated leadership by Jill Schumann; the expertise, insights and commitment of the Board; and the sheer scope and diversity of the services performed by LSA members of all sizes. Noting that the broad strengths of the LSA system – peer consultation, public policy advocacy, networking, cooperative work with the ELCA and LCMS, and building relationships with a wide range of coalitions and other partners – are always at work, she commented on the ability of LSA to provide professional development and service enhancement while embarking upon new initiatives and mobilizing members to explore innovation and enterprise. Rejoicing in the remarkable work done by Lutheran social ministry organizations, Dr. Savage reminded the membership of the work that remains to be done and noted that she is energized by a broadened perspective and by the call to love and serve the neighbor.

VI. Report of the President and CEO

Jill Schumann referenced her written 2010 Report of the President and CEO, *A Picture of Possibilities*, and then focused her remarks on two themes: 1) Seeing an exciting picture of possibilities requires new angles and new lenses in order to envision something different; and 2) Envisioning and enacting those new possibilities is best done together.

To cultivate a new picture of possibilities LSA and its members need to: cultivate new “minds”; invite others in; find the bright spots and clone them; search together, share new perspectives and aggregate efforts; and overcome fear with faith. She highlighted several of the LSA projects in which members are seeing new possibilities for working together: *Technology for Independence; Volunteers in Vogue; Growth Ready. A Center*

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for Enterprise; Caregiver Suite and its first two offerings, Support U and First Circle Friends. Jill Schumann also noted the emerging possibilities for new opportunities in service for children and youth, assisting congregations in their work to and with people who are aging, and taking cues from the exciting initiatives of the LSA Disability Network.

The theme for the 2011 LSA Conference will be *A Picture of Possibilities*; a passage from Isaiah will serve as its inspiration: *I am about to do a new thing; now it springs forth, do you not perceive it? I will make a way in the wilderness and rivers in the desert.*

VII. Financial Report for LSA Fiscal Year 2009

Bob Tuttle, Audit Committee Chair, reported on the LSA financial report for fiscal year 2009.

The Audit Committee met with Clifton Gunderson, the external auditors, at the beginning of the audit and at the end of the examination to discuss the results of the audit. He referenced the audited financial statements provided to the membership in the Annual Meeting materials and stated that there was a clean unqualified opinion by the auditors. No internal control letters were issued and there were no material weaknesses or significant deficiencies discovered. The Board of Directors reappointed Clifton Gunderson, LLP, as auditors for fiscal year 2010. Bob Tuttle thanked the Audit Committee members from the Board, Chris Andersen and Mark Peterson, and non-Board member, Toni McNeal, CFO, KenCrest.

VIII. LSA Fiscal Year 2011 (FY11) Budget

Kathleen Elliott Chillison, Treasurer, LSA Board of Directors, presented the LSA Fiscal Year 2011 Budget to the membership. She referenced the proposed budget provided to the membership in the Annual Meeting materials and noted that the proposed budget had been reviewed and approved by the appropriate individuals from the ELCA and the LCMS and was being recommended by the LSA Board of Directors. The 2011 LSA budget is a balanced budget. It includes the release of restricted grant contributions received in February of this fiscal year to fund the implementation of those grant projects throughout FY 2011. LSA is in a sound financial position; cash and investment positions will remain sound throughout FY 2011. LSA presently maintains laddered CDs, which meet the Board's reserve requirements. In addressing financial challenges, as in the previous year, LSA is operating at continued lower staffing levels and lower expense levels, while continuing to focus on the development of new revenue streams. LSA will monitor and make further adjustments as necessary in the coming year.

The proposed LSA Fiscal Year 2011 Budget was recommended by the LSA Board of Directors for presentation at the Annual Meeting with total revenues of \$2,129,500 and total expenses of \$2,427,400, with the net of revenues less expenses of \$297,900 to be addressed with the release of temporarily restricted assets from the prior year of \$298,800, leaving a net asset of \$900.

Patricia Savage requested a motion and second.

Motion

ADOPTED

That the LSA Fiscal Year 2011 Budget be adopted as presented.

IX. Report of the Board Member Nomination Committee

Chris Andersen, Chair of the Committee, explained the configuration of the LSA Board and the responsibilities of the Committee to provide nominations of Class A members to be voted upon at the LSA Annual Meeting of the Membership, to provide Class C candidates to be voted upon by the LSA Board of Directors, and to provide advice for the appointments of Class B candidates by the LCMS and the ELCA. He noted that Brian Hofland, Director for the Center for Economic Justice at the AARP Foundation, has agreed to serve as an ELCA appointee

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and has been affirmed by the ELCA Council. He directed the Members to the Report of the Committee and thanked the Committee for their work: Chuck Gould, President, Volunteers of America, VA; Ruth Henrichs, CEO, Lutheran Family Services of Nebraska; Fred Kraegel, LSA Board of Directors; Bob Miles, CEO, Lutheran Child and Family Service of Michigan; Julie Swanson, CEO, Lutheran Family Services of Virginia; Sam Sipes, LSA Board of Directors.

He presented the slate of nominees recommended by the Board of Directors for election: John E. Bauer (*First Term*), President and CEO, Bethesda Lutheran Communities, Inc., Watertown, WI; Wendy Z. Goldstein (*First Term*), President and CEO, Lutheran HealthCare, Brooklyn, NY; Linda Timmons (*Second Term*), President and CEO, Mosaic, Omaha, NE.

Patricia Savage requested and received a second to the motion.

Motion

ADOPTED

That John E. Bauer, Wendy Z. Goldstein and Linda Timmons be elected as Class A Board Members for three year terms (July 1, 2010 – June 30, 2013)

X. Recognition of Board Service

Newly-Elected Board Officers

Patricia Savage announced the newly elected officers of the LSA Board of Directors:

Ted Goins, Jr., Chairperson (*First Term*)
 Linda Timmons, Vice Chairperson (*First Term*)
 Fred Kraegel, Treasurer (*First Term*)
 David deFreese, Secretary (*First Term*)

Departing Board Members

Ted Goins, Vice Chairperson of the Board, and Chairperson-elect, expressed gratitude to the departing Board members, Chris Andersen, Mark Peterson and Patricia Savage for their service on the Board and its committees and for the leadership they provided during the LSA *Vision for the Next Decade* process. He presented them with gifts in thanksgiving for the two terms of service from 2004-2010. Patricia Savage was presented with a gift recognizing her two terms of service as Board Chairperson from 2008-2010.

XI. Invitation to the 2011 Annual Conference

Ted Goins invited everyone to attend LSA's 15th conference, the 2011 Annual Conference, scheduled for Wednesday – Friday, May 4-6, 2011 in Milwaukee, WI at the Hyatt Regency Milwaukee.

XII. Adjournment of Meeting

Patricia Savage thanked the membership and adjourned the meeting at 9:39 AM.

Respectfully submitted,



David H. Benke
 Secretary

The 2011 Meeting of the Membership

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The LSA 2011 Public Policy Report

SHAPING THE FUTURE THROUGH ADVOCACY AND POLICY

LSA and LSA members define advocacy broadly – going beyond legislative or administrative confines to influencing the attitudes and behaviors of the wider society. Whether working toward full participation of people with disabilities or attaining a range of viable support options for people as they age or finding ways to help children full their potential, **advocacy is really about social change.** And policy change – whether at the local, state or federal level – is one way we are privileged to work toward communities, states and a nation that value generosity, inclusion, justice and mutual care.

DISTINCTIVE CONTRIBUTIONS TO SHAPE THE FUTURE

LSA uses the expertise and on-the-ground experience of its members as the primary basis for advocacy. LSA's public policy office has become a presence in Washington, DC, despite its lean staff capacity. LSA is known in Washington for its practice-based advocacy, its non-partisan engagement of issues, its coalition partnerships, and its ability to leverage provider networks on strategic issues. LSA members have become increasingly engaged in advocacy at local, state and federal levels.

There are some interesting opportunities as well as challenges inherent in the LSA system:

- 300+ diverse organizations serving in every state in the US as well as the Virgin Islands and Puerto Rico, in communities ranging from urban to rural
- A system that directly touches one in 50 Americans every year
- An array of services and supports that span the generations and a huge range of human needs and challenges
- 300+ organizations connected to employees, constituents, clients, donors, congregations and people of influence
- 300+ organizations that are a deep well of practical experience and expertise
- Social ministry organization leaders of different political parties and perspectives
- A multitude of partners and collaborators in Washington, DC, and across the country in local communities
- A base in faith that compels us into the world and can lend trust and credibility
- A mix of longevity and change – steadfastness and dynamism

The time is right to move beyond largely reactive policy and advocacy work to articulate more clearly the ways LSA can contribute in distinctive ways. We invite you to help us discern the ways we are called together to shape the future through advocacy and policy.

- **What is – or has the potential to be – distinct about LSA's contributions in advocacy and policy?**
- **What might we want LSA's advocacy to be known for in Washington, DC? Across the country?**
- **What do we have to leverage?**
- **What possibilities do you picture for LSA's engagement in advocacy and policy?**

LET US KNOW WHAT YOU THINK – LSA wants to hear your thoughts. To share your input, contact Bob Francis, Director of Advocacy and Policy, at rfrancis@lutheranservices.org or 202-626-7932, or Meg Cooch, Director of Policy and Advocacy (LSA-DN), at mcooch@lutheranservices.org or 202-626-7949.

GET INVOLVED! If you carve out just a few minutes a week for advocacy you can make an impact.

1. Sign up for LSA Washington at www.lutheranservices.org/l sawashington.
2. Sign up for listservs and e-mails from policy makers to track their work. Forward key messages to your board and staff.
3. Send your newsletters, e-letters and basic information to local, state and federal policy makers and their staff members.
4. Set up annual meetings with policy makers to educate and update them on the issues facing your organization, clients and community. Invite them to visit.
5. Write about a key issue, editorial or letter to the editor for your local paper.
6. Join state and local coalitions working on issues important to the organization. Get involved with LSA for federal issues.
7. Identify a point person in your organization to guide advocacy efforts and social media activities. This person could be an intern or volunteer if paid staff is unavailable.
8. Educate staff and consumers by providing materials about an important key legislative issue. Include cards for people to sign or send to legislators.
9. Ask staff and consumers to tell their stories in writing or in person about a specific issue. Create a story form for people to write a story while they are at the office and always ask them to leave their name and phone number so that you can contact them.
10. Send an advocacy e-mail to your board of directors, staff, members, families and supporters, asking them to call, write or visit policy makers about a specific issue.
11. Create a 30-second elevator speech about the organization and your issues and share it with board members and supporters to use when you see your elected officials.
12. Let your elected officials and their staff members know they can use your organization as a resource. Be sure they have a list of services and supports your organization provides.

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LSA 2011 PUBLIC POLICY PRIORITIES

Please visit www.lutheranservices.org/public_policy for detailed, up-to-date information on LSA's public policy priorities.

FEDERAL BUDGET

The federal budget reflects the country's priorities. It should reflect a common concern for people and their ability to meet their basic needs and to contribute as fully as possible to their communities. LSA supports a fiscally responsible budget with sufficient revenue allocated to assist people who are unable to provide for their own safety, health care or daily needs.

AGING SERVICES

Communities, families and individuals are quite different one from another and public policy needs to recognize that diversity and avoid one-size-fits-all solutions. LSA supports policies that provide comprehensive, person-centered approaches and appropriate payment systems to meet the wide ranging service and support needs of older adults. Mutual responsibility of individuals, employers, providers and government will be required to meet the challenges of the demographics of aging. LSA promotes policies that allow people to help determine what services and supports best meet their needs and who should provide those services.

CHILD WELFARE

LSA supports public policy that facilitates the ability of community and government to keep children safe in the case of abuse or neglect and provides children in out-of-home placements the same access to health care, educational opportunities and recreational activities as other children. LSA also supports assisting parents or caregivers with adequate and appropriate resources to be able to care for children and to prevent abuse and neglect. LSA supports policies that provide opportunities for children to thrive in their communities.

AFFORDABLE HOUSING

LSA supports public policy that increases the preservation and production of affordable housing for people with low incomes, particularly older adults and people with disabilities. Public policy should ensure that people who are without homes are offered shelter and supportive services to help transition into permanent housing.

NONPROFIT SECTOR

Nonprofit organizations make up approximately 14 percent of the nation's workforce, but issues unique to nonprofits are often overlooked in the development of legislation and regulations. With over 300 member organizations affected by federal legislation and regulations on many levels, LSA believes it important to be a voice for Lutheran health and human services organizations on these issues.

LSA-DN 2011 POLICY AND ADVOCACY PRIORITIES

Lutheran Services in America Disability Network (LSA-DN) is a nationwide association of Lutheran social ministry organizations serving the needs of people with intellectual and developmental disabilities and related conditions. LSA-DN includes 19 members that provide support to more than 21,000 individuals in 33 states and the US Virgin Islands.

LSA-DN believes that people with intellectual and developmental disabilities should have the opportunity to be full participants in the community with the right to determine where they live, work and contribute to society. Individuals with intellectual and developmental disabilities should have a real choice about where and how they receive quality services and supports. This means the transformation of the Medicaid structure so that individuals are equally entitled to home and community based services (HCBS) that meet their individual needs as they are now entitled to institutional care. It is not only the just thing to do, but it is cost effective and supported by the Olmstead Supreme Court Decision. Anyone who chooses HCBS waiver services should be granted access to those services immediately, resulting in the elimination of waiting lists.

LSA-DN will focus on three core policy and advocacy areas:

PROTECT AND STRENGTHEN MEDICAID – including enhancing federal financial support for state Medicaid programs, addressing waiting lists for home and community based services, and protecting Medicaid in the federal deficit reduction conversation.

REBALANCE MEDICAID FUNDING – including monitoring and responding to new Medicaid regulations especially related to the Affordable Care Act, supporting the implementation of home and community based services through the Act and encouraging states to grow home and community based services in response to the Olmstead Supreme Court decision.

INCREASE SUPPORTIVE HOUSING AND STRENGTHEN CONNECTION TO MEDICAID – including improving the Housing and Urban Development 811 program and identifying other funding opportunities to grow supportive housing stock.

The DC Office of Lutheran Services in America, 122 C St. NW, Suite 125, Washington, DC 20001
Robert Francis, Director of Advocacy and Policy (t) 202-626-7932 (e) rfrancis@lutheranservices.org
Meg Cooch, Director of Policy and Advocacy, LSA-DN, (t) 202-626-7949 (e) mcooch@lutheranservices.org

**LUTHERAN SERVICES IN AMERICA,
INCORPORATED
Baltimore, Maryland**

**FINANCIAL STATEMENTS
June 30, 2010 and 2009**

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Independent Auditor's Report

Board of Directors
Lutheran Services In America, Incorporated
Baltimore, Maryland

We have audited the accompanying statements of financial position of Lutheran Services In America, Incorporated (the Organization) as of June 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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, 2010 and 2009, and the changes in its net assets, functional expenses and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information, as outlined in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is presented fairly in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Gunderson LLP

Baltimore, Maryland
August 27, 2010

FINANCIAL STATEMENTS

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LUTHERAN SERVICES IN AMERICA, INCORPORATED STATEMENTS OF FINANCIAL POSITION June 30, 2010 and 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 393,060	\$ 98,650
Accounts receivables	12,340	50,804
Prepaid expenses	23,285	30,413
Total current assets	428,685	179,867
ASSETS LIMITED AS TO USE		
Cash held for managed networks	207,697	181,134
CERTIFICATES OF DEPOSIT		
	1,350,000	1,350,000
FIXED ASSETS		
Information technology	256,575	256,575
Less accumulated depreciation	237,905	216,754
Total fixed assets	18,670	39,821
TOTAL ASSETS	\$ 2,005,052	\$ 1,750,822
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 122,113	\$ 119,934
Other payables	19,113	-
Deferred membership dues	146,099	326,218
Total current liabilities	287,325	446,152
DEPOSIT LIABILITIES		
Deposits held for managed networks	207,697	181,134
Total liabilities	495,022	627,286
NET ASSETS		
Unrestricted	1,076,817	965,040
Temporarily restricted	433,213	158,496
Total net assets	1,510,030	1,123,536
TOTAL LIABILITIES AND NET ASSETS	\$ 2,005,052	\$ 1,750,822

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

LUTHERAN SERVICES IN AMERICA, INCORPORATED
 STATEMENTS OF ACTIVITIES
 Years Ended June 30, 2010 and 2009

	2010		2009			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES, CONTRIBUTIONS AND OTHER						
Membership dues	\$ 613,765	\$ -	\$ 613,765	\$ 570,153	\$ -	\$ 570,153
Events - conferences and training	199,029	-	199,029	264,216	-	264,216
Service fees and others	337,636	-	337,636	456,229	-	456,229
Investment income	38,707	-	38,707	47,973	-	47,973
Contributions - ELCA	495,932	-	495,932	592,526	-	592,526
Contributions - LCMS	190,350	-	190,350	235,000	-	235,000
Contributions - other	60,667	514,050	574,717	25,139	110,500	135,639
	<u>1,936,086</u>	<u>514,050</u>	<u>2,450,136</u>	<u>2,191,236</u>	<u>110,500</u>	<u>2,301,736</u>
Net assets released from restrictions	<u>239,333</u>	<u>(239,333)</u>	<u>-</u>	<u>175,371</u>	<u>(175,371)</u>	<u>-</u>
	<u>2,175,419</u>	<u>274,717</u>	<u>2,450,136</u>	<u>2,366,607</u>	<u>(64,871)</u>	<u>2,301,736</u>
Total revenues, contributions and other						
EXPENSES						
Program services	1,758,539	-	1,758,539	2,223,034	-	2,223,034
Management and general	305,103	-	305,103	296,384	-	296,384
	<u>2,063,642</u>	<u>-</u>	<u>2,063,642</u>	<u>2,519,418</u>	<u>-</u>	<u>2,519,418</u>
Total expenses						
CHANGES IN NET ASSETS	111,777	274,717	386,494	(152,811)	(64,871)	(217,682)
NET ASSETS, BEGINNING OF YEAR	965,040	158,496	1,123,536	1,117,851	223,367	1,341,218
NET ASSETS, END OF YEAR	<u>\$ 1,076,817</u>	<u>\$ 433,213</u>	<u>\$ 1,510,030</u>	<u>\$ 965,040</u>	<u>\$ 158,496</u>	<u>\$ 1,123,536</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, 2010 and 2009

	2010		2009		Total Expenses
	Program Services	Management and General	Total Expenses	Program Services	
EXPENSES					
Staff compensation and benefits	\$ 1,074,365	\$ 134,771	\$ 1,209,136	\$ 1,432,737	\$ 1,567,246
Travel	47,184	16,875	64,059	91,694	112,374
Professional services purchased	226,939	89,084	316,023	199,772	276,295
Insurance, banking, and taxes	3,718	8,074	11,792	4,854	12,023
Depreciation	19,906	1,245	21,151	37,979	40,741
Event - facilities and programs	152,067	16,713	168,780	176,991	199,907
Office and related expenses	101,651	16,731	118,382	108,116	121,268
Communications and external relationships	122,896	18,606	141,502	148,044	164,280
Other expenses	9,813	3,004	12,817	22,847	25,284
TOTAL EXPENSES	\$ 1,758,539	\$ 305,103	\$ 2,063,642	\$ 2,223,034	\$ 2,519,418

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

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LUTHERAN SERVICES IN AMERICA, INCORPORATED STATEMENTS OF CASH FLOWS Years Ended June 30, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 386,494	\$ (217,682)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	21,151	40,741
Effects of changes in operating assets and liabilities:		
Accounts receivable	38,464	(40,337)
Prepaid expenses	7,128	(17,779)
Accounts payable and accrued expenses	2,179	(21,924)
Other payables	19,113	-
Deferred membership dues	(180,119)	103,078
	294,410	(153,903)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(750,000)	(850,000)
Proceeds from certificates of deposit redeemed	750,000	830,000
Purchase of equipment	-	(14,442)
	-	(34,442)
EQUIVALENTS	294,410	(188,345)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	98,650	286,995
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 393,060	\$ 98,650

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

**LUTHERAN SERVICES IN AMERICA, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Significant accounting policies followed by the Organization are presented below.

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, 2010 and 2009.

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.

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LUTHERAN SERVICES IN AMERICA, INCORPORATED NOTES TO FINANCIAL STATEMENTS June 30, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable related to unpaid invoices for consulting services which 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, 2010 and 2009.

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. For a penalty, the certificates of deposit can be redeemed prior to maturity. These are stated at cost basis which approximates fair value.

Fixed Assets

All 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.

Revenue Recognition

Membership dues are recognized as revenue in the fiscal year to which they relate.

Restricted and Unrestricted 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.

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LUTHERAN SERVICES IN AMERICA, INCORPORATED NOTES TO FINANCIAL STATEMENTS June 30, 2010 and 2009

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, 2010 and 2009.

The Organization files income tax returns in the U.S. federal jurisdiction. The federal income tax returns of the Organization for 2008, 2007 and 2006 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, 2010. All contributions to the Plan are 100% vested immediately. The Organization recorded employer match expenses of \$28,921 and \$34,353 for the years ended June 30, 2010 and 2009, respectively.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense totaled \$1,124 and \$315 for the years ended June 30, 2010 and 2009, respectively.

Recent Accounting Pronouncements

In June 2009, the FASB issued the Accounting Standards Codification (ASC). The ASC replaced the Hierarchy of Generally Accepted Accounting Principles (GAAP), and establishes the Codification as the single source of authoritative U.S. GAAP for interim and annual periods ending after September 15, 2009. The Codification supersedes all existing non-SEC standards. There was no impact on the financial statements as a result of the adoption of the ASC.

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FASB ASC 740-10), to create a single model to address accounting for uncertainty in tax positions. This interpretation clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. This interpretation also provides guidance on de-recognition, measurement, classification, interest and penalties, disclosure and transition. This interpretation was effective for fiscal years beginning after December 15, 2006, but the effective date was deferred to fiscal years beginning after December 15, 2008 for certain non-public enterprises by FASB Staff Position, for the “effective date of FASB Interpretation for accounting

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LUTHERAN SERVICES IN AMERICA, INCORPORATED NOTES TO FINANCIAL STATEMENTS June 30, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (continued)

for uncertainty in income taxes for Certain Nonpublic Enterprises.” There is no significant impact on the financial position and results of operations as a result of the Organization’s adoption of this interpretation in the current year.

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2010	2009
Board Development/Everson	\$ 10,780	\$ 10,780
Nurses Training Program	-	1,246
OASIS	73,479	108,192
Community Development Collaboration/ELCA	3,053	3,053
Berg Memorial Fund for Leadership	2,179	2,027
Social Ministry Organization Capacity building	20,719	23,198
Replication Initiative	40,663	-
LSEE Volunteer Survey	11,896	-
LSEE Partnership	120,894	-
LSCE Resources & Opportunities	139,550	-
Linking Lives	10,000	10,000
Total	\$ 433,213	\$ 158,496

NOTE 3 – NET ASSETS RELEASED FROM RESTRICTIONS

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

	2010	2009
Nurses Training Program	\$ 1,246	\$ -
OASIS	34,713	11,683
Berg Memorial Fund for Leadership	50,348	56,119
Social Ministry Organization Capacity building	2,479	30,069
Aging in Community Initiative	-	27,500
Replication Initiative	109,337	-
LSEE Volunteer Survey	8,104	50,000
LSEE Partnership	29,106	-
LSCE Resources & Opportunities	4,000	-
Total	\$ 239,333	\$ 175,371

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LUTHERAN SERVICES IN AMERICA, INCORPORATED NOTES TO FINANCIAL STATEMENTS June 30, 2010 and 2009

NOTE 4 – PROGRAM SERVICES

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

	<u>2010</u>	<u>2009</u>
Lutheran Identity and Awareness	\$ 256,040	\$ 313,954
Leadership Development and Knowledge Exchange	696,845	815,109
Member Shared Initiatives	461,072	620,223
Convening and Connecting the System	295,084	417,390
Other	<u>49,498</u>	<u>56,358</u>
Total	<u>\$ 1,758,539</u>	<u>\$ 2,223,034</u>

NOTE 5 – LEASE COMMITMENT

The Organization leases its Baltimore operating facility on a monthly basis.

The Organization leases its Washington, D.C. operating facility under an operating sublease. The lease provides for base monthly rentals of \$2,632 through May 1, 2018 and is subject to annual escalation provisions. The lease also provides for the payment of the Organization's proportionate share of operating expenses.

Total rent expense, including all leases, for the years ended June 30, 2010 and 2009 was \$81,847 and \$74,993, respectively.

Future minimum rental payments required under noncancellable operating leases having initial or remaining lease terms in excess of one year at June 30, 2010 are as follows:

2011	\$ 37,264
2012	38,276
2013	36,981
2014	36,886
2015	37,993
Thereafter	<u>113,776</u>
Total	<u>\$ 301,176</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 \$358,861 and \$236,326 at June 30, 2010 and 2009, respectively.

Cash equivalents and investments 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 with these entities as of June 30, 2010 and 2009 amount to \$1,612,071 and \$1,416,668, respectively.

**LUTHERAN SERVICES IN AMERICA, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009**

NOTE 7 – CONTINGENCIES

Reliance on Other Organizations

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 an effect on the Organization's programs and activities.

NOTE 8 – SUBSEQUENT EVENTS

Management evaluated subsequent events through August 27, 2010, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2010, but prior to August 27, 2010 that provided additional evidence about conditions that existed at June 30, 2010, have been recognized in the financial statements for the year ended June 30, 2010. Events or transactions that provided evidence about conditions that did not exist at June 30, 2010, 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, 2010.

SUPPLEMENTAL INFORMATION

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LUTHERAN SERVICES IN AMERICA, INCORPORATED SCHEDULES OF EXPENSES BY PROGRAM CATEGORY Years Ended June 30, 2010 and 2009

Lutheran Identity and Awareness – 2010 - \$256,040 (14.6%); 2009 - \$313,954 (14.1%)

The Organization encourages social ministry organizations to claim and live out their Lutheran church connections. Through awareness initiatives and a national signature event, the Organization tells the story of Lutheran social ministry and engages the wider church in work with member organizations.

	2010	2009
Lutheran Identity Initiatives	\$ 61,440	\$ 98,033
Lutheran Social Ministry Awareness Raising	194,600	215,921
Total	\$ 256,040	\$ 313,954

**Leadership Development and Knowledge Exchange – 2010 - \$696,845 (39.6%);
2009 - \$815,109 (36.7%)**

For both volunteer and professional social ministry leaders, the Organization provides training, resource materials, consulting, and opportunities to share their strengths with one another. Through information gathering and dissemination, the Organization connects the expertise and experience within the system in order to facilitate system improvement.

	2010	2009
Knowledge Building Strategies	\$ 281,958	\$ 278,422
Organizational Assessment and Intervention Services	276,715	279,348
Leadership Development with Senior Staff Members	89,154	156,470
Leadership Development with Boards of Directors	40,277	81,727
Executive Retreat	8,741	19,142
Total	\$ 696,845	\$ 815,109

Member Shared Initiatives – 2010 - \$476,960 (26.2%); 2009 - \$620,223 (27.9%)

The Organization's Washington, D.C. office serves as a bridge between Federal decision-makers and the Organization members, providing mutual education and advocacy on key issues prioritized by constituents. The Organization assists members to work together to achieve efficiencies through group purchasing, program collaboration, and national level multi-site projects.

	2010	2009
Shared Public Policy Education and Advocacy	\$ 219,110	\$ 298,710
Member Efficiency Initiatives	44,733	52,652
Member Program Initiatives	105,093	99,710
Aging and Multigenerational Strategies	92,136	169,151
Total	\$ 461,072	\$ 620,223

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LUTHERAN SERVICES IN AMERICA, INCORPORATED SCHEDULES OF EXPENSES BY PROGRAM CATEGORY Years Ended June 30, 2010 and 2009

(Continued)

**Convening and Connecting the System – 2010 - \$295,084 (16.8%);
2009 - \$417,390 (18.8%)**

The Organization convenes social ministry leaders to facilitate networking, learning, benchmarking, problem solving, decision making, worship, fellowship, and collaborative projects.

	<u>2010</u>	<u>2009</u>
Networks	\$ 105,943	\$ 180,113
Annual Conference	<u>189,141</u>	<u>237,277</u>
Total	<u>\$ 295,084</u>	<u>\$ 417,390</u>

Other – 2010 - \$49,498 (2.8%); 2009 - \$56,358 (2.5%)

	<u>2010</u>	<u>2009</u>
Other	<u>\$ 49,498</u>	<u>\$ 56,358</u>
Total expenses	<u>\$1,758,539</u>	<u>\$2,223,034</u>

The 2011 Annual Meeting of the Membership

LUTHERAN SERVICES IN AMERICA

Proposed LSA Budget for FY2012

Including the LSA FY2012 Proposed Due Schedule

GENERAL

While LSA, like many of its members, addressed significant financial challenges in FY11, it will end the year in the black as a result of several key variables. First, LSA continued to operate throughout the year at reduced staffing and salary levels and to control costs tightly. And, LSA, with the assistance of many LSA member organizations, worked hard in the Thrivent Choice Winter Voting Event and LSA is slated to receive over \$100,000 thanks to more than 16,000 Thrivent account holders who selected LSA as their charity of choice. Finally, both the ELCA and the LCMS were able to provide much appreciated contributions in excess of the amounts they had anticipated when the FY11 budget was prepared.

LSA is submitting a balanced budget for FY12 notwithstanding ongoing financial challenges. LSA is positioned to address those challenges in several ways. Earlier grant contributions from LSEE (Lutheran Services for Elderly Endowment) and LSCE (Lutheran Services for Children Endowment) received in FY10 were carried into FY11 (thus the negative net of revenues over expenses) and some will be carried into FY12 to continue to allow important projects to move forward. LSA is working creatively to identify new grant opportunities. LSA developed a five year revenue generation plan that will advance LSA's Ends Policies and, at the same time, build momentum in FY12 in areas of fundraising, consulting, new business development and new member program initiatives.

LSA has developed a revised dues schedule that will be more conducive to receiving additional dues payments from SMOs who have expressed interest in investing more than the minimum dues amounts to expand LSA's capacity to facilitate the shared work of the system. The base dues amount (minimum dues requirement) has been increased 3% from FY11.

REVENUE

- Contributions from ELCA and LCMS – The amounts shown for FY12 are based on LSA's understanding of the respective commitments.
- Contributions from organizations and individuals – FY12 assumes a moderate increase over FY11, expected as a result of continued momentum from LSA's fundraising plan.
- Membership fees – FY12 is based on a dues schedule that has been increased by 3% over the previous year and has been modified to encourage different levels of dues participation. This is in response to feedback LSA has received from various SMOs encouraged by LSA's work and receptive to contributing higher membership fee amounts to support shared work.
- Events – Includes registration fees, exhibit fees and sponsorships associated with the CEO Academy, the Leadership Academy, the Executive Retreat and the Annual Conference that will be held in Pittsburgh, PA. The Executive Retreat, scheduled for September 2011 is reflected in the FY12 budget, but was not held in FY11 and thus is partly responsible for the higher year-to-year event revenue projections. Other Conference revenues are expected to remain at 2011 levels, as LSA staff has worked hard to promote sponsorships and maintain good participation for the Academies and the Annual Conference.
- Services Delivered – Revenues are expected to increase significantly over FY11 projections because of increased efforts in consulting activities including a collaborative effort with Mennonite Health Services Alliance.
- Investments – FY12 investment income projects \$1.4M in CDs and \$400k in money market accounts yielding a composite return of 1.8%. This meets the Board-established reserve requirement. Declines from the prior years are a result of four-year CDs being renewed at significantly lower interest rates.
- Royalties and all other – The increase in this category compared to FY11 budgeted revenues reflects additional income from new business relationships and efforts to expand participation in bulk purchasing arrangements provided to SMOs through Insight, Consorta and CDW. Other fees in this category will be generated through ads in the

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LUTHERAN SERVICES IN AMERICA

Personnel Bulletin, revenues from executive recruiting services and from other services to be developed. FY11 projected revenues on this line item are higher than prior periods owing to the anticipated receipt of Thrivent Choice Winter Voting Event award dollars.

- Reimbursed Expenses – This revenue line reflects reimbursement of travel and other expenses incurred by LSA staff in the course of providing speaking engagements, consulting support and other project engagements. The anticipated increase from prior year reflects expanded activity.
- Grants – Temporarily restricted funds received in prior periods will provide carry-over funding that will be expended by LSA into FY12. It is expected that additional grant funding will be attained in FY12, partly through actions LSA may take by obtaining additional grant-writing capacity. The Berg Memorial Fund grant for the CEO Academy and other senior staff leadership projects will continue again in FY12 through the generosity of Lutheran Retirement Ministries of Alamance County, NC.

EXPENSE

- LSA Staff – FY12 proposed salaries and benefits are based on 13.5 FTEs (13 fulltime, one part-time) which is down by three positions from earlier years, yet one higher than budgeted last year. This line item includes salaries, payroll taxes, health and welfare benefits, retirement plan matching (reduced to 1%), worker's compensation insurance and alternative work location allowances for remote staff. Salary increases are not reflected in this line item. LSA is optimistic that a one-time contribution of 2% can be made to employee 403B accounts to offset the plan reduction implemented previously (LSA match reduced from 3% to 1%).
- Professional Services – This line item reflects the many activities LSA outsources in lieu of developing in-house expertise. These services include accounting, auditing, legal, graphic design, software development, meeting planning, and HR services.
- Travel – Includes travel for LSA staff and Board members, as well as consultants' travel when engaged in LSA consulting projects. Travel occurrences will be held to current year levels however an increase is reflected in this line item attributable to inflationary factors inherent in the travel industry.
- Events – Includes facility and program costs for the Annual Conference, CEO Academy, Leadership Academy and Executive Retreat. The increase in this expense line item reflects the inclusion of the Executive Retreat, which was not held in the current fiscal year.
- External Communications and Relationships – Includes LSA's external communications and membership in national organizations related to the services and missions of LSA's members.
- Office and Related – Rent, office equipment, and office supplies are the prime components of this line item. Baltimore and Washington offices account for the bulk of these expenses. LSA continues to explore cost savings in this area.
- Printing and Mailing – The FY12 proposed budget reflects a slight increase attributable to inflationary factors.
- Telecommunications and Information Technology – Telephone, network, computer support, computers, and software comprise this group. The increase in FY12 is related to contracted price increases for web hosting and network support and several projects that will need to be undertaken in FY12 including an upgrade of LSA's member database application and a refresh of outdated LSA staff computers.
- Financial Expenses – Includes depreciation, bank fees, insurance, and non-employment taxes.
- All Other – Will remain consistent with prior year expenses.

NET

- FY11 Projected – The significant positive number reflects the inflow of Thrivent Choice Winter Voting Event award dollars, continued generous support from the ELCA and the LCMS in the current year, and continued operation at reduced staffing levels.
- FY12 Proposed – A balanced budget.

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LUTHERAN SERVICES IN AMERICA

Lutheran Services in America

2012 Budget

\$ (000's)

REVENUE	Fiscal Year 2010 Actual	Fiscal Year 2011 Budget	Fiscal Year 2011 Projected	Fiscal Year 2012 Proposed Budget
Contributions - Cash				
ELCA - CS	495.9	452.9	461.3	425.9
LCMS - WR/HC (1)	190.4	100.0	158.2	100.0
Organizations & Individuals	60.7	75.0	76.0	110.0
Membership Fees	613.8	600.0	625.0	646.9
Programs & Services				
Events	199.0	241.2	254.1	276.3
Services delivered	279.5	339.6	209.0	306.3
Other Sources				
Investments	38.7	43.0	39.8	30.4
Royalties & all other (2)	48.3	53.0	172.1	95.8
Reimbursed expenses	9.9	10.1	10.3	12.0
Sub-total - Unrestricted	1,936.1	1,914.8	2,005.8	2,003.6
Grants - Temporarily Restricted				
Berg Memorial	50.5	50.0	50.0	50.0
LSEE Replication Project	-	75.0	-	-
LSEE Partnership Grant	320.0	-	-	-
LSCE Resources & Opportunities	143.6	-	-	-
LCMS Grants	-	-	30.0	-
Other Grant Income	-	89.7	32.3	150.0
Sub-total Temp. Restricted	514.1	214.7	112.3	200.0
TOTAL REVENUE	2,450.1	2,129.5	2,118.1	2,203.6
EXPENSES - Natural Categories				
Human Resources				
LSA Staff	1,209.1	1,231.3	1,247.6	1,362.8
Professional Services	316.0	316.2	218.7	213.8
Travel	64.1	85.0	55.6	59.0
Events	168.8	127.2	160.3	173.7
External Communications & Relationships	42.9	36.1	40.9	40.9
Office & related	93.0	90.5	86.7	89.8
Printing & Mailing	32.1	29.1	32.4	34.3
Telecom & Info. Tech.	91.9	111.0	86.0	94.1
Financial Expenses	32.9	48.4	25.2	25.4
All Other	12.8	14.5	9.5	8.9
SUBTOTAL	2,063.6	2,089.3	1,963.0	2,102.7
Direct expenses to support grant funded projects (3)	-	338.1	75.0	100.0
TOTAL EXPENSES	2,063.6	2,427.4	2,038.0	2,202.7
NET - Rev. less Exp.	386.5	(297.9)	80.1	0.8

(1) LCMS contributions outside of core contributions are reflected in grant income

(2) FY2011 figure includes one-time award for Thrivent Voting initiative

(3) Expenses for FY2012 Budget includes \$100k of direct expense to support LSEE, LSCE and other restricted grants received in prior years. Work on these grant projects will continue in 2012.

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LUTHERAN SERVICES IN AMERICA

Called to Love and Serve Our Neighbors

The LSA FY2012 Dues Structure

Adopted as part of the LSA FY12 budget at the Annual Meeting of the Members on May 5, 2011.

Note that sustainer membership reflects 3% over FY2011 dues structure.

Annual Consolidated Operating Expense Budget (\$ in millions) From the most recently completed fiscal year for all related corporate entities	Sustainer Minimum dues that contribute to our shared work	*Innovator Dues that invest in LSA's increased capacity for shared work	*Futurist Dues that advance shared work and open new possibilities for the future	*Catalyst Dues that expand shared work in areas such as leadership development, knowledge management, collaborative initiatives, effective service and advocacy, and networked capacity Add your target.
<= 1.0	\$ 115	\$ 120	\$ 135	\$ 135 + \$
1.0 - 2.0	190	200	220	220 + \$
2.0 - 3.0	320	335	370	370 + \$
3.0 - 4.0	440	460	510	510 + \$
4.0 - 5.0	570	595	655	655 + \$
5.0 - 7.5	870	905	995	995 + \$
7.5 - 10.0	1,210	1,260	1,390	1,390 + \$
10.0 - 12.5	1,550	1,615	1,780	1,780 + \$
12.5 - 15.0	1,890	1,970	2,170	2,170 + \$
15.0 - 17.5	2,240	2,330	2,565	2,565 + \$
17.5 - 20.0	2,590	2,695	2,965	2,965 + \$
20.0 - 25.0	3,410	3,550	3,905	3,905 + \$
25.0 - 30.0	4,100	4,265	4,695	4,695 + \$
30.0 - 35.0	4,850	5,045	5,550	5,550 + \$
35.0 - 40.0	5,600	5,825	6,410	6,410 + \$
40.0 - 50.0	7,230	7,520	8,275	8,275 + \$
50.0 - 60.0	8,840	9,195	10,115	10,115 + \$
60.0 - 70.0	10,450	10,870	11,960	11,960 + \$
70.0 - 80.0	12,060	12,545	13,800	13,800 + \$
80.0 - 90.0	13,660	14,210	15,635	15,635 + \$
90.0 - 100.0	15,280	15,895	17,485	17,485 + \$
>100.0	\$ 17,230	\$ 17,920	\$ 19,715	\$ 19,715 + \$

**Innovator, Futurist and Catalyst dues will receive special recognition in the LSA Annual Report for the year in which dues are paid.*

Called to Love and Serve our Neighbors

In 2008, the LSA Board of Directors adopted these ends toward which LSA is to work:



The 2011 Annual Meeting of the Membership

LUTHERAN SERVICES IN AMERICA

Report of the Board Member Nomination Committee

to the Membership of Lutheran Services in America
at the Annual Meeting: May 5, 2011

Background

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 President and a Synod Bishop 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. These 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 three-year terms.

The Tasks of the Committee

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 Committee also offers insights to the ELCA and the LCMS as they consider Class B Director appointments.

Class A Nominations for Recommendation to the LSA Membership

Each year the Committee gives attention to assuring a diversity of perspectives among Class A directors. Factors such as region of the country, gender, ethnicity, types of service provided by the social ministry organizations and church body affiliation/recognition are considered alongside the specific skills and perspectives needed on the Board. This year the Committee noted that it would be important to rebalance the male/female ratio, that diversity is important, that financial expertise would be helpful and that Class A candidates have a demonstrated commitment to LSA and a national perspective. The first terms for Alan Erdman and Ted Goins, Jr. on the LSA Board of Directors end June 30, 2011 and both are eligible for a second term. The Committee agreed to request their service for a second term. Barbara Dröher-Kline resigned from the LSA Board of Directors in February 2011, presenting a need to identify a candidate for one year of that unexpired seat. Kurt Senske completes his second and final term on June 30, 2010, presenting the need to identify a candidate for that open seat. The Committee identified a prioritized pool of candidates who were approached by members of the Committee. The following slate of nominees is recommended for the open positions on the Board of Directors of Lutheran Services in America as Class A members:

Three-Year Terms July 1, 2011 – June 30, 2014

Ted W. Goins, Jr. (*Second Term*)

President, Lutheran Services for the Aging, Inc., Salisbury, NC

Alan Erdman (*Second Term*)

President and CEO, Lutheran Family and Children's Services of Missouri, St. Louis, MO

Ann Vazquez (*First Term*)

President and CEO, Lutheran Foundation of St. Louis, St. Louis, MO

One-Year Unexpired Term July 1, 2011 – June 30, 2012

Junia John-Straker (*First Term*) (*eligible in 2012 for one three year term*)

CEO, Lutheran Social Services of the Virgin Islands, Frederiksted, St. Croix, VI

Report respectfully submitted by Chris Andersen, Executive Director, Lutheran Community Foundation, MN; John Bauer (LSA Board), President and CEO, Bethesda Lutheran Communities, WI; Ruth Henrichs, CEO, Lutheran Family Services of Nebraska, NE; Fred Kraegel (LSA Board), Senior Director, Bridge Associates, LLC, VA; Bob Miles, CEO, Lutheran Child and Family Service of Michigan, MI; Sam Sipes (LSA Board), President and CEO, Lutheran Services Florida, FL; Pat Savage, President and CEO, Allegheny Lutheran Social Ministries, PA

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LUTHERAN SERVICES IN AMERICA

Biographical Information for the Class A Board Member Nominees

ELIGIBLE FOR THREE YEAR TERMS, JULY 1, 2011 – JUNE 30, 2114



Alan Erdman (Second Term)

As President and CEO of Lutheran Family and Children's Services of Missouri, Alan Erdman has overseen expansion, the result of two capital campaigns, and extended outreach to the community. During his 16 year tenure, the agency has opened day care and child development centers, formed the Lutheran Family and Children's Services Foundation, earned COA accreditation, and launched the "Get Real with Yourself" website. In 2007, LFCS was voted "Best Place to Work" by the St. Louis Business Journal. Pastor Erdman holds an S.T.M. in Marriage and Family Therapy from Concordia Seminary, St. Louis and a Master of Divinity in Theology from Seminex, St. Louis. He is a licensed clinical social worker in Missouri and a licensed marriage and family counselor in Maine. He is an adjunct faculty member at St. Louis University and provides the "LFCS Minute" on KFUO radio. He contributed the chapter, "Growing Hope: Strategic Planning and Organizational Change," to the *Case Book in Social Work*, published in 2007.



Ted W. Goins, Jr. (Second Term)

Ted W. Goins, Jr. is President and Chief Executive Officer of Lutheran Services for the Aging and Lutheran Family Services in the Carolinas, based in Salisbury, NC. He is a certified nursing assistant and nursing home administrator. He began his career with LSANC in 1990, named president in 2000, and named president of LFS in 2010. Goins is a graduate of Lenoir-Rhyne University. In addition to serving on the Lutheran Services in America Board, he is a active in a number of state and national organizations, and has served on the N.C. Study Commission on Aging and the N.C. State Board of Examiners for Nursing Home Administrators. He and wife Cheryl attend St. John's Lutheran Church in Salisbury, NC, and are the proud parents of Sara and Meggie and grandparents of Addy.



Ann Vazquez (First Term)

Ann Vazquez moved to St. Louis in 1985 after graduating from the University of Iowa with a degree in business/finance. She spent the next 21 years in commercial lending, the last 17 of which were with US Bank. She spent the first 11 years specializing in providing banking services to not-for profits and healthcare companies in St. Louis. The last six years she was the Senior Vice President and manger of the Broker Dealer and Mutual Fund Group. In September 2006 she left the banking world and was hired as the President and CEO of Lutheran Foundation of St. Louis. Lutheran Foundation of St. Louis make grants to health and human care organizations and congregations in the St. Louis metropolitan area. Ann's non-profit board service includes: Foster and Adoptive Care Coalition, YWCA of Greater St. Louis and Junior Achievement of Mississippi Valley. She is currently on the board of the Visiting Nurse Association of St. Louis and Gateway Center for Giving. For-profit board service includes: Board member of Scottrade Bank. She also serves on the audit and CRA committees of the Bank.

ELIGIBLE FOR A ONE YEAR UNEXPIRED TERM, JULY 1, 2011 – JUNE 30, 2112



Junia John-Straker (First Term) (Eligible in 2012 for one three year term.)

Junia John-Straker is the Chief Executive Officer of Lutheran Social Services of the Virgin Islands, Inc. (LSS), a position she has held since February, 2007. With over 29 years of financial and management experience, she holds a bachelors degree in accounting. As CEO of LSS, Ms. Straker is responsible for managing the Queen Louise Home for Children (a home for neglected and abused children), Sister Emma Cottage (a home for children with disabilities), and the only Early Head Start programs in the Virgin Islands. Lutheran Social Services has a number of other programs to include housing for low income seniors and adults with disabilities, group homes for adults with disabilities, as well as providing fiduciary services to the Department of Health for the Virgin Islands Government. Outside of the work she does at LSS, Ms. Straker has served on various boards and community organizations, mostly as treasurer, on St. Croix. She also served on the Lutheran Fiscal Managers Association board, and continues to assist churches, organizations, businesses and many individuals with accounting and tax issues. Ms. Straker is married and has two sons.

The 2011 Annual Meeting of the Membership

LUTHERAN SERVICES IN AMERICA

LSA Board of Directors ROSTER April 2011

Officer	Director Name Class and Term	Organization Title and Postal Address	Other Contact Info Voice, Cell, Fax, Email
CHAIRPERSON First Term 2010-2011	MR. TED W. GOINS, JR. Class A Member Term I July 2008 – June 2011	President Lutheran Services for the Aging, Inc. PO Box 947 Salisbury, NC 28145-0947	704-637-2870 704-798-1069 (cell) tgoins@lsanc.net
VICE CHAIRPERSON First Term 2010-2011	MS. LINDA TIMMONS Class A Member Term I July 2008 – June 2010 (completed 2 years of unexpired term) Term II July 2010 – June 2013	President and CEO Mosaic 4980 South 118 th Street Suite A Omaha, NE 68137-2220	887-366-7242 ext 1148 402-880-4357 (cell) linda.timmons@mosaicinfo.org
SECRETARY First Term 2010-2011	REV. DR. DAVID L. deFREETSE Class B ELCA Member Term I July 2009 – June 2012	Bishop Nebraska Synod ELCA 4980 South 118 th Street, Suite D Omaha, NE 68137	402-896-5311 402-699-0635 (cell) daviddefreese@nebraskasynod.org
TREASURER First Term 2010-2011	MR. FREDERICK G. KRAEGEL Class B LCMS Member Term I July 2009 – June 2012	Senior Director Bridge Associates, LLC 1225 Hyde Lane Henrico, VA 23229	212-207-4710 804-363-5010 (cell) fkraegel@bridgellc.com
	DR. JOHN E. BAUER Class A Member Term I July 2010 – June 2013	President and CEO Bethesda Lutheran Communities 600 Hoffmann Drive Watertown, WI 53094	920-206-4401 920-248-9213 (cell) john.bauer@mailblc.org
	REV. DR. DAVID H. BENKE Class B LCMS Member Term I Oct 2006 – June 2009 Term II July 2009 – June 2012	President Atlantic District – LCMS 171 White Plains Road Bronxville, NY 10708	914-337-5700 914-337-7471 (fax) DHBAD@aol.com David.Benke@ad-lcms.org
	REV. DR. STEPHEN P. BOUMAN Class B 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
	MS. KATHLEEN ELLIOTT CHILLISON Class B ELCA Member Term I July 2005 – June 2008 Term II July 2008 – June 2011	19308 Nestor Avenue Carson, CA 90746	714-445-3734 Kathleen.Elliott.Chillison@Marriott.com krchilli@sbcglobal.net
	REV. ALAN ERDMAN Class A Member Term I July 2008 – June 2011	President and CEO Lutheran Family and Children's Services of Missouri 8631 Delmar Boulevard St. Louis, MO 63124-1990	314-787-5100 314-808-4900 (cell) alane@lfcs.org

The 2011 Annual Meeting of the Membership

LUTHERAN SERVICES IN AMERICA

Officer	Director Name Class and Term	Organization Title and Postal Address	Other Contact Info Voice, Cell, Fax, Email
	REV. JOHN FALE Class B Member Term began November 2010 Term by Tenure of LCMS Office	Interim Executive Director, LCMS World Relief and Human Care (WRHC) 1333 S. Kirkwood Road St. Louis, MO 63122	314-996-1384 314-346-1383 (cell) John.Fale@lcms.org
	MS. WENDY Z. GOLDSTEIN Class A Member Term I July 2010 – June 2013	President and CEO Lutheran Medical Center 150 55 th Street Brooklyn, NY 11220	718-630-7300 914-462-0002 (cell) wgoldstein@lmcmc.com
	MR. WILLIAM HANAWALT Class A Member Term I July 2009 – June 2012	Executive Director Peace Community Center 2106 South Cushman Avenue Tacoma, WA 98405	253-383-0702 ext. 102 253-219-8275 (cell) billh@peacetacoma.org
	DR. BRIAN HOFLAND Class B ELCA Member Term I July 2010 – June 2013	Director, Economic Justice AARP Foundation 601 E Street, NW Room A4-300 Washington, DC 20049	202-434-6231 202-434-6231 (cell) BHofland@aarp.org
	DR. JOHN R. SEFFRIN Class C Member Term I July 2010 – June 2013	Chief Executive Officer American Cancer Society, Inc. 250 Williams Street Atlanta, GA 30303	404-329-7602 404-417-8017 (fax) 678-612-5892 john.seffrin@cancer.org
	DR. KURT SENSKE Class A Member Term I July 2005 – June 2008 Term II July 2008 – June 2011	President and CEO Lutheran Social Services of the South, Inc. 8305 Cross Park Drive Austin, TX 78714-5154	512-459-1000 800-938-5777 512-467-2746 (fax) kurts@lss.org
	MR. SAMUEL SIPES Class A Member Term I July 2009 – June 2012	President and CEO Lutheran Services Florida 3627 A West Waters Avenue Tampa, FL 33614	813-676-9500 813-446-4254 (cell) ssipes@lsfnet.org
	DR. ROBERT TUTTLE Class B ELCA Member Term I July 2008 – June 2011	Professor of Law David R. and Sherry Kirschner Berz Research Professor of Law and Religion The George Washington University Law School 2000 H Street NW Washington, DC 20052	202-994-8163 202-236-0518 (cell) rtuttle@law.gwu.edu Mailing Address: 4911 Sherier Place NW Washington, DC 20016
Board Adjunct			
THEOLOGIAN IN RESIDENCE	REV. DR. DAVID L. TIEDE Board Appointed Year 1 / Calendar Year 2009 Year 2 / Calendar Year 2010 Year 3 / Calendar Year 2011	Professor of Vocation and Religion Augsburg College 2211 Riverside Avenue S. Minneapolis, MN 55454	651-426-9906 612-817-0080 (cell) dltiede@msn.com Mailing Address: 4750 Bouleau Road White Bear Lake, MN 55110