

Minutes of the 2013 Annual Meeting

Of the membership of Lutheran Services in America, Incorporated
Tuesday, April 9, 2013, 1:00 PM to 2:15 PM
Grand Ballroom A, B, C, D
L'Enfant Plaza Hotel, Washington, DC

A Welcome Luncheon, sponsored by Concordia Plan Services and the Lutheran Church Extension Fund, was served from 11:45 AM to 12:45 PM in the Solarium and Ballroom Foyer.

I. Call to Order

Linda Timmons, Chairperson of the LSA Board of Directors, announced the presence of a quorum for the Meeting and called the Meeting to order at 1:00 PM.

II. Welcome

Charlotte Haberaecker, President and CEO of LSA, welcomed the attendees to the Meeting and the 2013 Annual Conference. Charlotte mentioned that this year's conference has 375 participants from 40 organizations in attendance, an increase from the 2012 Annual Conference. This year, LSA has 68 first time attendees and Charlotte asked those individuals to stand and be recognized.

Bishop Richard H. Graham of the Metropolitan Washington, DC, Synod, Evangelical Lutheran Church in America (ELCA) welcomed the participants to Washington, DC. Bishop Graham expressed his pleasure in having the LSA members be witnesses to the Christian belief to help those less fortunate.

III. Opening Prayer

Rev. Dr. Philip Hirsch, Assistant to the Bishop and Director of Evangelical Mission, Metropolitan Washington, DC, Synod, Evangelical Lutheran Church in America (ELCA) led the devotions with prayer and reflection on the work of LSA members. He expressed gratitude for the day. He noted that we are sent by Christ with the Holy Spirit to reflect God's profound love for all of humanity. He requested a blessing for all the ministries present and for courage for their leaders to speak His truth. He prayed for those we serve.

IV. Service Speaks: Comments and Song

Linda Timmons welcomed Amanda Coker from Mosaic in Omaha, NE. Amanda and her brother were born blind and with intellectual disabilities. She was unable to express herself verbally and at the age of five was only able to speak two words. Amanda learned how to hand sign and read braille. She also was able to sing and was soon in the middle school chorus and music class. Amanda has sung live for many Mosaic events.

Amanda Coker sang "How Beautiful" for all present.

V. Approval of Agenda

Motion

ADOPTED

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

VI. Minutes of April 19, 2012 LSA Annual Meeting

Motion

ADOPTED

That the Minutes for the 2012 LSA Annual Meeting be approved as presented.

VII. Report of the Chairperson

Linda Timmons reminded the membership that at the last Annual Meeting, they were looking forward to finding LSA's next leader. Today, LSA is an organization that is moving forward with Charlotte Haberaecker as the President and CEO. LSA is grounded in the strength of our members and our connections. We are grounded in our faith. Together, we bring passion to our work and we are committed to working together to create a community of service. Linda asked the members to look back at the path that they took to their current role. She mentioned that she did not expect to work in the field of service to individuals with intellectual disabilities but this is where she developed lasting bonds.

Linda's organization, Mosaic, just celebrated its centennial. Linda reminded the audience that we are only temporary caretakers of our organizations; that others built the organizations before us and others will lead in the future. The connections we have in the LSA network are our strength. We can get caught up in the day-to-day operations of business but the core of our work should not be forgotten. The connections within the LSA network are our ultimate strength as there is strength in numbers.

Linda expressed her pleasure to serve as Chairperson of the LSA Board of Directors and is confident in Charlotte Haberaecker's ability to lead LSA into the future.

VIII. Report of the President and CEO

Charlotte Haberaecker thanked the members of LSA for their tremendous support and enthusiasm as she took over her role at LSA. During an 80-member listening tour, Charlotte saw our strong truth, that: "We are Lutherans and Lutherans Serve." We are a strong community and we work together as a network built on a common goal and a guiding faith. The fellowship we share through our mutual calling to love and serve our neighbors is tangible. Our network consists of more than 300 member organizations and is one of the largest networks of health and human service organizations in the United States. We are number 25 on the Philanthropy 400, with over \$18 billion in combined annual revenue and an employer of over a quarter of a million people. We are humble servants to the core but with a network like this, Charlotte noted that we are a force.

Our network is strong but we will become stronger. Charlotte noted that this is a defining moment for LSA. We are moving forward together in strength, but to continue to change people's lives, we are changing ourselves, our organization and the ways we serve each other. The **how** we do things may change but **why** we do things will **never** change. It is the spirit in what we do and why we serve. We have the opportunity to shape our new reality. In order to do this, LSA is increasing its value and relevancy for members. LSA will work with our members to find *authentic* ways to add value and become a catalyst to securing our future together.

LSA can provide great value to our members by strategically pursuing the following: a stronger position; stronger connections and a stronger financial future. LSA will help members strengthen their connections and open doors to new funding opportunities by facilitating connections with organizations outside of our network. Charlotte mentioned that when LSA reached out to the Weinberg Foundation that connection led to three member organizations receiving over \$500,000 in grant funding they would

not have received otherwise. LSA can help to tell the compelling story of our network to increase visibility outside our network.

LSA is becoming stronger by taking a two-tier approach with an interim plan and a long-term strategic plan. The Interim Plan is underway and over the next 12 to 18 months, LSA will be: Seeking new opportunities, gauging our options, and building our skills. We will be developing and telling our story. In addition, we will become more member-focused and external facing to be able to both identify the needs and the opportunities that exist.

As a first step in the second tier, LSA has launched a strategic planning task force to develop a **clear mission and vision**. LSA has not had a strategic plan since 2007 and there have been many changes in six years. She invited CEOs to attend a CEO Roundtable on Wednesday to take part in the conversation. Charlotte also invited members to provide their input, their ideas and noted that their participation is one of LSA's most important resources as we build a stronger future to serve our members.

Following Charlotte's speech there were no questions from the members present.

IX. Financial Report for LSA Fiscal Year 2013

Rev. Alan Erdman, President and CEO of Lutheran Family and Children's Services of Missouri and Chair of the LSA Audit Committee reported on the LSA financial report for fiscal year 2012, noting 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, 2012 and 2011. 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. Rev. Erdman thanked the LSA Vice President for Finance, Bruce Crof, for his work in leading the LSA Audit. At the January 2013 Board Meeting, the Board of Directors reappointed CliftonLarsonAllen, LLP, to conduct the Fiscal Year 2013 audit. The Audit Committee membership consists of Board Members Alan Erdman, (Chair), Junia John-Straker, and Brian Hofland 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.

X. LSA Fiscal Year 2014 Budget

Frederick Kraegel, member of the LSA Board of Directors, presented the LSA FY2014 Budget on behalf of Robert Tuttle, LSA Board Treasurer, who was not able to attend the meeting. 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.

At the January 2013 LSA Board of Directors meeting, the Board approved a plan to invest in LSA's future. 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 LSA expects a reduction in church funding of \$350,000 (40%) in core contributions and grants over the FY2012 to FY2014 period. There is no immediate crisis but over the long term, LSA needs to have sustainable resources to continue its important work. LSA has reduced expenses to offset declining revenue and presents a balanced baseline budget for FY2014 (pg. 4).

The LSA Board endorsed a strategic investment along with the baseline budget in order to increase value to members and create a sustainable financial future for LSA. The investment expenses will exceed revenue by approximately \$560,000 in FY2014. The breakdown of expenses for the strategic investments is provided in the Annual Meeting materials (pg. 5). The budget estimates no additional revenue in FY2014, which is a more transparent, conservative and viable approach than a budget based on unrealistic revenue estimates. LSA had historically accumulated cash balances in excess of Board required reserves. For FY2013, the Board-required reserve is \$1.1 million and LSA expects to end the year with cash balances of \$2.3 million. 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 FY2013 and FY2014. The LSA Board considered the proposed FY2014 budget at its meeting on April 8, 2013 and recommended it as presented to the LSA membership for approval.

Linda Timmons requested and received a second to the motion.

Motion

ADOPTED

That the LSA Fiscal Year 2014 Budget be adopted as presented.

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, 2013 to June 30, 2016: John Bauer (second term), President and CEO, Bethesda Lutheran Communities, La Crosse, Wisconsin; Wendy Goldstein (second term), President and CEO, Lutheran Healthcare, Brooklyn, New York; and Betty Oldenkamp (first term), President and CEO Lutheran Social Services of South Dakota.

Linda Timmons requested and received a second to the motion.

Motion

ADOPTED

That John Bauer, Wendy Goldstein and Betty Oldenkamp be elected as Class A Board Members for three year terms (July 1, 2013 – June 30, 2016)

XII. Recognition of Board Service

Newly-Elected Board Members

Linda Timmons 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, 2013: John Bauer, Chairperson (first term); Junia John-Straker, Vice Chair (first term); Robert Tuttle (second term), Treasurer; and Brian Hofland (second term), Secretary. John Bauer expressed his gratitude at the opportunity to serve as the Chair of the LSA Board of Directors and promised to lead the Board during this exciting time with the same passion and commitment he brings to his leadership role at Bethesda Lutheran Communities.

Departing Board Members

John Bauer expressed gratitude to departing board member, John R. Seffrin, CEO of the American Cancer Society. John served as the Board's first Class C member, a new class level created in 2008 to provide valuable outside expertise. John was unable to attend the Annual Meeting and will be sent the LSA signature gift in recognition of his service.

Outgoing Board Officer

John Bauer recognized Linda Timmons (second term) as outgoing Board Chair. Linda previously served as chair for both the Governance Committee and the Executive Search Committee. John presented Linda with a LSA signature gift and thanked her for her tremendous leadership during a time of transition for LSA.

XIII. Invitation to the 2014 Annual Conference

Ruth Henrichs, President and CEO, Lutheran Family Services of Nebraska, invited everyone to attend the 2014 Annual Conference on April 28-May 1, 2014 at the Hilton Omaha, 1001 Cass Street in Omaha, Nebraska. Ruth told the members that they will experience great mid-western hospitality next year. There is much to do in Omaha including a college sports team and the renowned Henry Doorly Zoo.

Closing Prayer

Rev. Dr. R. Reed Lessing, Professor of Exegetical Theology and Director of the Graduate School Concordia Seminary, the Lutheran Church—Missouri Synod (LCMS) led the closing prayer. He reminded the membership that we have the power of the Lord behind us as we go out into the world to administer to the poor, care for the homeless, the elderly, and children. We can do all things with the power of the Risen Christ.

XIV. Adjournment of Meeting

Linda Timmons thanked the membership and adjourned the meeting at 1:49 PM. She then concluded by thanking our conference sponsors, inviting to the stage Ann Vasquez, President and CEO of Lutheran Foundation of St. Louis and Terry Rasmussen, Senior Vice President, General Counsel and Secretary of Thrivent Financial for Lutherans.

Respectfully submitted,



Brian F. Hofland
Secretary