

**THE LUTHERAN CHURCH—MISSOURI SYNOD
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022

TABLE OF CONTENTS

Page

Independent Auditor's Report.....	1
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Financial Statements

Consolidated Statements of Financial Position	3
Consolidated Statements of Activities.....	4
Consolidated Statements of Functional Expenses	8
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	11

Supplemental Information

Consolidating Schedule of Financial Position – 2022	40
Consolidating Schedule of Activities – 2022	41
Consolidating Schedule of Cash Flows – 2022.....	45
Consolidating Schedule of Financial Position – 2021	46
Consolidating Schedule of Activities – 2021	47
Consolidating Schedule of Cash Flows – 2021.....	51

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Lutheran Church—Missouri Synod and Subsidiaries
St. Louis, Missouri

Opinion

We have audited the accompanying consolidated financial statements of The Lutheran Church - Missouri Synod and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We did not audit the financial statements of LCMS Holdings, Ltd., a wholly owned subsidiary, which statements reflect total assets of \$166,179,000 and \$190,431,000 as of June 30, 2022 and 2021, respectively, and total revenues of \$70,413,000 and \$65,626,000 for the years then ended, respectively. Those statements, which were prepared in accordance with Hong Kong Financial Reporting Standards as issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, were audited by other auditors in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, whose report has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of LCMS Holdings, Ltd., which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for LCMS Holdings, Ltd., prior to these conversion adjustments, is based solely on the report of, and additional audit procedures to meet the relevant requirements of auditing standards generally accepted in the United States of America performed by the other auditors. 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 consolidated financial statements are free from material misstatements.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position, activities, and cash flows are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Armanino ^{LLP}
St. Louis, Missouri

November 18, 2022

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidated Statements of Financial Position

June 30, 2022 and 2021

	<i>In Thousands</i>	
	2022	2021
ASSETS		
Cash and cash equivalents:		
Domestic operations	\$ 37,368	\$ 30,909
LCMS Holdings, Ltd. Hong Kong	71,017	65,130
Total cash and cash equivalents	108,385	96,039
Accrued interest and dividends receivable	760	720
Contributions receivable – net (<i>Note F</i>)	13,320	14,579
Notes and accounts receivable:		
From Synod-related parties	1,178	983
From others	3,820	5,642
Total notes and accounts receivable	4,998	6,625
Land, buildings, and equipment – net of depreciation (<i>Note G</i>)	40,362	43,823
Investments (<i>Note C</i>)	151,177	154,453
Funds held in custody by others (<i>Note H</i>)	26,489	32,114
Prepaid expenses – Convention and Youth Gathering	6,038	1,329
Other assets	3,030	2,204
TOTAL ASSETS	\$ 354,559	\$ 351,886
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 15,917	\$ 12,565
Support payable (<i>Note I</i>)	4,439	3,105
Funds on deposit by related entities	421	145
Notes payable (<i>Note J</i>)	15,872	18,078
Deferred revenue:		
Convention and Youth Gathering	7,048	43
Tuition and fees	32,689	42,817
Other	98	-
Total deferred revenue	39,835	42,860
Advance payments on third-party billings	14,010	11,785
Capital lease obligations (<i>Note W</i>)	751	984
Other liabilities	4,699	8,799
Funds held in custody for others	749	699
Total liabilities	96,693	99,020
Net assets		
Without donor restrictions:		
Undesignated	86,524	75,256
Board designated (<i>Note K</i>)	19,994	21,649
Net investment in land, buildings and equipment	39,611	42,839
Total without donor restrictions	146,129	139,744
With donor restrictions:		
Temporary in nature (<i>Note L</i>)	69,079	67,330
Perpetual in nature (<i>Note M</i>)	42,658	45,792
Total with donor restrictions	111,737	113,122
Total net assets	257,866	252,866
TOTAL LIABILITIES AND NET ASSETS	\$ 354,559	\$ 351,886

The accompanying notes are an integral part of these consolidated financial statements.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended June 30, 2022

(In Thousands)

	Without Donor Restrictions	With Donor Restrictions		Total	Total
		Temporary in Nature	Perpetual in Nature		
Support, revenues, and losses					
Support:					
District pledge	\$ 685	\$ 12,626	\$ -	\$ 12,626	\$ 13,311
Gifts and grants	4,131	38,881	91	38,972	43,103
Bequests	672	6,532	2,034	8,566	9,238
Contributed services (Note N)	-	320	-	320	320
Total support	5,488	58,359	2,125	60,484	65,972
Revenues:					
Investment, trust and other income	4,009	3,067	-	3,067	7,076
Sales and services (Note O)	3,086	-	-	-	3,086
Concordia Plan Services	32,982	-	-	-	32,982
LCMS Holdings Limited – tuition and other	70,413	-	-	-	70,413
Total revenues	110,490	3,067	-	3,067	113,557
Net realized & unrealized loss on investments	(11,367)	(6,033)	-	(6,033)	(17,400)
Change in value of split-interest agreements	-	(1,566)	(5,259)	(6,825)	(6,825)
Net assets released from restrictions (Note L)	52,078	(52,078)	-	(52,078)	-
Total support, revenues, and losses	156,689	1,749	(3,134)	(1,385)	155,304

The accompanying notes are an integral part of these consolidated financial statements.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidated Statement of Activities – Continued

Year Ended June 30, 2022

(In Thousands)

	Without Donor Restrictions	With Donor Restrictions		Total	Total
		Temporary in Nature	Perpetual in Nature		
Expenses					
Programs					
<u>Mission and ministry programs</u>					
International Missions	24,193	-	-	-	24,193
National Missions	7,482	-	-	-	7,482
Pastoral Education	6,227	-	-	-	6,227
University Education	3,257	-	-	-	3,257
KFUO	1,139	-	-	-	1,139
Communications	2,220	-	-	-	2,220
Lutheran Center for Religious Liberty	468	-	-	-	468
LCMS Holdings Limited – International					
School Operations	61,813	-	-	-	61,813
Total mission and ministry programs	106,799	-	-	-	106,799
<u>Ecclesiastical programs</u>					
Corporate Synod	6,692	-	-	-	6,692
Concordia Plan Services	32,237	-	-	-	32,237
Total ecclesiastical programs	38,929	-	-	-	38,929
Total programs	145,728	-	-	-	145,728
Management and general					
Corporate Synod	7,056	-	-	-	7,056
Concordia Plan Services	787	-	-	-	787
Total management and general	7,843	-	-	-	7,843
Mission advancement	5,531	-	-	-	5,531
Total expenses	159,102	-	-	-	159,102
Establish international assets and liabilities	89	-	-	-	89
Reversionary interest from related entities	12,350	-	-	-	12,350
Gain on PPP loan forgiveness	31	-	-	-	31
Foreign currency translation (Note B)	(3,672)	-	-	-	(3,672)
Change in net assets	6,385	1,749	(3,134)	(1,385)	5,000
Net assets at beginning of year	139,744	67,330	45,792	113,122	252,866
Net assets at end of year	\$ 146,129	\$ 69,079	\$ 42,658	\$ 111,737	\$ 257,866

The accompanying notes are an integral part of these consolidated financial statements.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended June 30, 2021

(In Thousands)

	Without Donor Restrictions	With Donor Restrictions		Total	Total
		Temporary in Nature	Perpetual in Nature		
Support, revenues, and gains					
Support:					
District pledge	\$ 229	\$ 12,428	\$ -	\$ 12,428	\$ 12,657
Gifts and grants	4,887	30,355	1,031	31,386	36,273
Bequests	1,553	7,925	-	7,925	9,478
Contributed services (Note N)	-	180	-	180	180
Total support	6,669	50,888	1,031	51,919	58,588
Revenues:					
Investment, trust and other income	2,728	3,122	-	3,122	5,850
Sales and services (Note O)	2,420	-	-	-	2,420
Concordia Plan Services	31,224	-	-	-	31,224
LCMS Holdings Limited – tuition and other	65,626	-	-	-	65,626
Total revenues	101,998	3,122	-	3,122	105,120
Net realized & unrealized gain on investments	3,393	3,273	-	3,273	6,666
Change in value of split-interest agreements	-	937	5,889	6,826	6,826
Net assets released from restrictions (Note L)	45,552	(45,552)	-	(45,552)	-
Total support, revenues, and gains	157,612	12,668	6,920	19,588	177,200

The accompanying notes are an integral part of these consolidated financial statements.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidated Statement of Activities – Continued

Year Ended June 30, 2021

(In Thousands)

	Without Donor Restrictions	With Donor Restrictions		Total	Total
		Temporary in Nature	Perpetual in Nature		
Expenses					
Programs					
<u>Mission and ministry programs</u>					
International Missions	19,518	-	-	-	19,518
National Missions	6,179	-	-	-	6,179
Pastoral Education	3,653	-	-	-	3,653
University Education	787	-	-	-	787
KFUO	937	-	-	-	937
Communications	2,268	-	-	-	2,268
National Housing Support Corporation	27	-	-	-	27
Lutheran Center for Religious Liberty	432	-	-	-	432
LCMS Holdings Limited – International					
School Operations	64,957	-	-	-	64,957
Total mission and ministry programs	98,758	-	-	-	98,758
<u>Ecclesiastical programs</u>					
Corporate Synod	5,470	-	-	-	5,470
Concordia Plan Services	30,068	-	-	-	30,068
Total ecclesiastical programs	35,538	-	-	-	35,538
Total programs	134,296	-	-	-	134,296
Management and general					
Corporate Synod	7,018	-	-	-	7,018
Concordia Plan Services	694	-	-	-	694
Total management and general	7,712	-	-	-	7,712
Mission advancement	5,938	-	-	-	5,938
Total expenses	147,946	-	-	-	147,946
Gain on PPP loan forgiveness	7,485	-	-	-	7,485
Foreign currency translation (Note B)	10,440	-	-	-	10,440
Change in net assets	27,591	12,668	6,920	19,588	47,179
Net assets at beginning of year	112,153	54,662	38,872	93,534	205,687
Net assets at end of year	\$ 139,744	\$ 67,330	\$ 45,792	\$ 113,122	\$ 252,866

The accompanying notes are an integral part of these consolidated financial statements.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

(In Thousands)

	Program	Management & General	Mission Advancement	Total
Salaries and wages	\$ 52,709	\$ 3,433	\$ 2,618	\$ 58,760
Employee benefits	31,199	1,378	1,022	33,599
Contracted services	2,347	991	30	3,368
Grants	18,054	7	-	18,061
Travel and meetings	3,523	73	122	3,718
Professional fees/consultants	7,614	273	213	8,100
Equipment, furniture & fixtures	814	266	225	1,305
Depreciation	3,778	242	38	4,058
Maintenance and supplies	2,006	248	44	2,298
Insurance	682	442	-	1,124
Advertising and promotion	152	-	2	154
Utilities	384	165	51	600
Bank charges and fees	194	44	227	465
Mailing	350	59	402	811
Printing	580	9	359	948
Taxes	2,396	-	-	2,396
Other operating costs	18,946	213	178	19,337
Totals	<u>\$ 145,728</u>	<u>\$ 7,843</u>	<u>\$ 5,531</u>	<u>\$ 159,102</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

(In Thousands)

	Program	Management & General	Mission Advancement	Total
Salaries and wages	\$ 51,605	\$ 3,554	\$ 3,003	\$ 58,162
Employee benefits	28,182	1,378	1,149	30,709
Contracted services	1,853	1,006	42	2,901
Grants	13,588	1	-	13,589
Travel and meetings	476	12	36	524
Professional fees/consultants	6,834	334	197	7,365
Equipment, furniture & fixtures	427	196	196	819
Depreciation	4,153	275	50	4,478
Maintenance and supplies	1,076	178	47	1,301
Insurance	450	406	-	856
Advertising and promotion	64	-	1	65
Utilities	218	162	81	461
Bank charges and fees	226	42	205	473
Mailing	275	55	371	701
Printing	511	8	370	889
Taxes	8,203	-	-	8,203
Other operating costs	16,155	105	190	16,450
Totals	<u>\$ 134,296</u>	<u>\$ 7,712</u>	<u>\$ 5,938</u>	<u>\$ 147,946</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Year Ended June 30, 2022 and 2021

	<i>In Thousands</i>	
	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 5,000	\$ 47,179
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,058	4,478
Loss on fixed asset retirement	437	418
Allowance adjustment for uncollectible receivables	(46)	(40)
Loss/(gain) on investments	17,445	(6,797)
Loss/(gain) on value of split interest agreements	6,825	(6,826)
Gain on PPP loan forgiveness	(31)	(7,402)
Loss on sale of fixed assets	140	21
Changes in operating assets and liabilities:		
Increase in accrued interest and dividends receivable	(278)	(1,147)
Decrease in contributions receivable	771	1,123
Decrease in accounts receivable	1,357	1,532
Increase in prepaid expenses and other assets	(4,639)	(1,790)
Increase in funds held in custody by others	(617)	(1,477)
Increase (decrease) in accounts payable and accrued expenses	8,278	(304)
Increase in support payable	1,334	603
(Decrease) increase in deferred revenues and other liabilities	(11,351)	16,124
Increase (decrease) in advance payments for third-party billings	2,225	(2,867)
Increase in funds held in custody for others	50	14
Proceeds from reversionary interest	(12,350)	-
Contributions restricted for long-term investment	(2,125)	(1,031)
Net cash provided by operating activities	16,483	41,811
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(2,009)	(1,142)
Purchases of investments	(41,719)	(59,081)
Proceeds from sale of investments	25,750	259
Issuance of notes receivable	(208)	(380)
Principal collections on notes receivable	310	439
Proceeds from reversionary interest	12,350	-
Net cash used in investing activities	(5,526)	(59,905)
Cash flows from financing activities:		
Increase (decrease) in funds on deposit by related entities	276	(840)
Borrowings on notes payable	697	1,696
Payments on notes payable	(2,923)	(3,391)
Payments on capital lease obligation	(233)	(222)
Contributions restricted for long-term investment	2,125	1,031
Net cash used in financing activities	(58)	(1,726)
Effect of exchange rate changes	1,447	(3,024)
Net increase (decrease) in cash and cash equivalents	12,346	(22,844)
Cash and cash equivalents at beginning of year	96,039	118,883
Cash and cash equivalents at end of year	\$ 108,385	\$ 96,039
Supplemental cash flow data:		
Interest paid	\$ 32	\$ 125
Taxes paid	\$ 2,396	\$ 8,203

The accompanying notes are an integral part of these consolidated financial statements.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2022

Note A - Summary of Organization

The Lutheran Church—Missouri Synod (LCMS or the Synod) was organized in the state of Missouri in 1847 for the conservation and promotion of the unity of the true faith, strengthening congregations and their members in giving bold witness by word and deed, recruiting and training professional church workers, and extending the gospel witness into all the world. The LCMS was incorporated as a not-for-profit corporation in 1894 to manage the business affairs of the Synod at large, officially adopting the present name in 1947. The Synod is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and has received a determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes on income from related exempt activities under Code Section 501(a). For purposes of this report, the name LCMS or the Synod refers to LCMS, Inc. and the related organizations consolidated in this report.

The Board of Directors is the legal representative of the Synod. It is the custodian of all property of the Synod, directly or by its delegation of such authority to an agency of the Synod. It exercises supervision over all property and business affairs of the Synod except in those areas where authority has been delegated to another agency of the Synod, or where through the adoption of bylaws or other convention action specific areas of responsibility have been assigned to separate boards or trust entities, and as to those, the Board of Directors has general oversight responsibility.

The Synod, under the direction of its Board of Directors, is presently responsible for managing and reporting the following:

Programs:

International Mission – Coordinates and supports the ministries of the Synod in foreign countries. Its functions include the placement and support of foreign missionaries, establishment and maintenance of international schools, coordination of international relief efforts, and support and encouragement of international partner churches in conjunction with the Office of the President.

National Mission – Coordinates and supports domestic ministries and especially congregations and schools through their districts. Such ministries may include school ministries and accreditation, human care and domestic disaster response, stewardship, evangelism, church planting and revitalization, youth ministry, ethnic ministries, and granting recognized service organization status to deserving organizations. A major activity of the National Mission department is the triennial National Youth Gathering.

Pastoral Education – Plans, promotes, and coordinates pastoral education to provide healthy, well-trained clergy for the LCMS. The scope of this activity includes pre-seminary education, seminary education, and post-seminary continuing education within the Synod.

University Education – Reflects the support given by the Synod to the Concordia University System, Inc. (CUS) and all the Synod's colleges and universities to assist in providing for the education of commissioned ministers, other professional church workers for the Synod, and others desiring a Lutheran liberal arts education.

Communications – Exists to interpret and promote an increased understanding of the Synod's purpose and programs to its members and the public at large.

KFUO radio – Managed by the President's Office, the Christian radio station is operated out of St. Louis, Missouri to provide distinctively Lutheran programming around the world.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note A - Summary of Organization (Continued)

Ecclesiastical Programs – Includes all commissions and committees established by the constitution, the Boards for International and National Missions, Council of Presidents, President and Vice-Presidents, Secretary, Chief Mission Officer, church relations, legal, rosters, Concordia Historical Institute subsidy, and triennial synodical convention.

Management and General – Includes the Board of Directors, Chief Administrative and Financial Officers, insurance, accounting, audit, information technologies, human resources, operational services, interest, foreign exchange, and miscellaneous expenses, some of which are incurred by the Synod for the benefit of other related entities and accordingly billed to those entities.

Mission Advancement – Serves as the fundraising and donor-relations arm of the Synod, working closely with the Lutheran Church—Missouri Synod Foundation who supplies specialized services or products to donors.

The Synod relies on donations from its roughly 6,000 congregations as well as donations from individuals and grants from agencies for the majority of its support. These donations and grants are subject to fluctuations in the economic status of the area in which the congregations, individuals, and agencies are located.

Other Related Organizations

The Synod in convention has authorized the formation of 35 districts as separate legal entities to achieve its objectives and carry on its activities. It has also formed, as separate not-for-profit corporations, 6 educational institutions, CUS, a publishing house, a foundation, church extension programs, and its archives. The accompanying consolidated financial statements represent the operations of the Synod national offices, including Synodical administration over which the Board of Directors of the Synod has direct responsibility and control, and do not include the operations of the districts, universities, seminaries, CUS, Concordia Publishing House (CPH), The Lutheran Church—Missouri Synod Foundation (Foundation), Lutheran Church Extension Fund (LCEF), and Concordia Historical Institute (CHI), for which the Board of Directors of the Synod has oversight responsibilities as further explained in Note B.

The Board of Directors allocates available funds to program boards, commissions, and departments of the corporate Synod and holds them responsible.

Concordia Plan Services

Concordia Plan Services (CPS) is a not-for-profit subsidiary corporation formed by approval of the Synod's Board of Directors to administer the benefit plans of the Synod. Established in the state of Missouri, CPS began operations effective July 1, 2005 and has the Synod as its sole member.

CPS administers the employee benefit plans (Concordia Retirement Plan (CRP), Concordia Disability and Survivor Plan (CDSP), Concordia Health Plan (CHP), and the Concordia Retirement Savings Plan (CRSP), collectively, the Plans) established by the Synod. The consolidated financial statements of the Synod do not include the operations of the Plans.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note A - Summary of Organization (Continued)

The Synod has all powers which can be vested in members of a corporation under the Missouri Nonprofit Corporation Act. Subject to limitations, the business and property of CPS is managed and controlled by a Board of Directors. The duly appointed and serving members of the Board of Trustees of the Concordia Plans of the Lutheran Church—Missouri Synod also shall serve as the Board of Directors of CPS, provided, however, that the Chief Financial Officer of the Synod shall serve as a nonvoting member.

CPS is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and has received a determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes on income from related exempt activities under Code Section 501(a).

CPS Ancillary Program Agency (Concordia Resources) is a not-for-profit corporation organized for the provision, management or arrangement for products and services that are ancillary to the products and services administered by CPS. Established in the state of Missouri in 2015, Concordia Resources began operations in January 2016 with CPS as its sole member. CPS has all powers which can be vested in members of a corporation under the Missouri Nonprofit Corporation Act. Subject to limitations, the business and property of Concordia Resources is managed and controlled by a Board of Directors.

LCMS National Housing Support Corporation

A wholly owned subsidiary corporation of the Synod, the LCMS National Housing Support Corporation (NHSC) was formed by the Board of Directors of the Synod for the primary purpose of furthering the housing ministry of the Synod.

As a not-for-profit organization, organized in the state of Missouri in 2004 for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the Code), NHSC was included and is covered under the Synod's group exempt ruling, issued by the Internal Revenue Service (IRS) in January 1965.

In 2020, the NHSC Board of Directors concluded it was no longer financially feasible for the NHSC to remain a viable entity and decided to cease operations which was officially concluded as of June 30, 2021.

LCMS Holdings, Ltd. Hong Kong

A wholly owned subsidiary corporation of the Synod, LCMS Holdings, Ltd. Hong Kong (LCMS Holdings) is a limited liability company incorporated in Hong Kong. Its principal activity is investment holding. The principal activity of its subsidiaries, Concordia International School Shanghai (CISS) and Concordia International School Hanoi (CISH), is operating a school for expatriate children in Shanghai and Hanoi respectively.

Lutheran Center for Religious Liberty (LCRL)

A wholly owned subsidiary corporation of the Synod, LCRL was formed by the Board of Directors of the LCMS for the primary purpose of educating and advancing the Synod's religious beliefs. The Synod maintains control over the LCRL, having delegated its powers to be exercised by the Board of Directors for the LCRL. The LCRL is a not-for-profit organization, organized in the state of Missouri in 2015 within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 and was granted its own separate tax-exempt status by the IRS on June 11, 2018, rendering it exempt from federal income taxes on income from related exempt activities under Code Section 501(a).

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note B - Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared using the accrual basis of accounting. The Synod is required to report information regarding its financial position and activities according to two classes of net assets—net assets with donor restrictions and net assets without donor restrictions—defined as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors have designated, from net assets without donor restrictions, net assets for board-designated endowment and other specified purposes.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Principles of Consolidation

The consolidated financial statements include the accounts of the Lutheran Church—Missouri Synod, National Housing Support Corporation, Lutheran Center for Religious Liberty, Concordia Plan Services, and LCMS Holdings, Ltd. All subsidiaries are consolidated following the requirements of the FASB ASC 958-810, *Not-for-Profit Entities—Consolidation*. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The presentation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

For consolidated financial statement purposes, the Synod considers currency, demand deposits, and liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. At June 30, 2022 and 2021, cash and cash equivalents include deposits held at LCEF. At times, bank deposits may be in excess of federally insured limits.

Notes and Accounts Receivable

Notes and accounts receivable are carried at unpaid principal balances, less an allowance for loan and other losses. The allowance for loan losses is increased by charges to the change in net assets and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Synod's past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Past due status is determined based on contractual terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. The Synod's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note B - Summary of Significant Accounting Policies (Continued)

Interest ceases to be accrued on loans when management believes, after considering economic conditions, business conditions, and collection efforts, that loans are impaired, or collection of interest is doubtful. Uncollected accrued interest is charged off or an allowance is established by a charge to interest income. Interest income on such loans is recognized only to the extent cash payments are received.

Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

Investments and Recognition of Gains and Losses

The Synod carries investments at fair value. Gains and losses, both realized and unrealized, are recognized in the consolidated statement of activities and reflected as increases or decreases in net assets without donor restrictions or net assets with donor restrictions that are temporary in nature.

Split-Interest Agreements

Split-interest agreements consist primarily of irrevocable charitable remainder trusts and charitable gift annuities. The assets associated with such agreements are held by the Foundation. Contributions are recognized as either contributions receivable or funds held in custody by others and gift income when the Synod is notified of the agreements, and are recorded at the present value of the estimated future benefits to be received when the assets are distributed to the Synod. The valuations of the agreements are initially calculated by the Foundation. The agreements are re-valued annually and any resulting actuarial gain or loss is reflected in the consolidated statement of activities as a change in value of split-interest agreements.

Capitalization of Collections

The Synod does not record or capitalize its collections of works of art, historical treasures, and similar assets donated or purchased. These collections are held for public exhibition, education, and research in furtherance of the Synod's public ministry. Management believes the collections are appropriately cared for and preserved and are subject to a policy that generally requires the proceeds from sales of collection items, if any, to be used to acquire other items for the collection.

Revenue Recognition – Contributions

The Synod recognizes contributions as support when they are received or unconditionally pledged. Contributions are considered conditional when a measurable barrier and right of return or release exists. The contributions become unconditional and are recognized as revenue when the barriers upon which they depend are overcome. Amounts pledged are presented as contributions receivable and are stated at the net present value of the amount expected to be collected from outstanding balances. The Synod provides for an estimated uncollectible amount based on historical experience and industry trends.

The Synod reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note B - Summary of Significant Accounting Policies (Continued)

The Synod reports gifts of land, buildings, and equipment as support without restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions that are temporary in nature. Absent explicit donor restrictions about how those long-lived assets must be maintained, the Synod reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue Recognition – Revenue from Contracts with Customers

The Synod recognizes revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods or services underlying the performance obligation is transferred to the customer. A performance obligation represents a good or service that is distinct or a series of distinct goods or services that are substantially the same. Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- 1) The customer simultaneously receives and consumes the benefits provided by the Synod's performance as the Synod performs.
- 2) The Synod's performance creates and enhances an asset that the customer controls as the Synod performs.
- 3) The Synod's performance does not create an asset with an alternative use to the Synod and the Synod has an enforceable right to payment for the performance completed to date.

Management has elected to apply a practical expedient to recognize service fee revenue on a portfolio basis when recognizing revenue from contracts whose terms and conditions are similar in nature.

Exchange revenue for the Synod consists of merchandise sales, royalty income, and fees charged to outside organizations. Merchandise sales are point in time transactions, while royalty income and fees are over time transactions.

CPS management fee, service revenue, and commissions are recognized over time as services are provided.

LCMS Holdings tuition and school bus income is recognized over time on a straight-line basis over the school year. Application fee income is recognized at the point in time when the student applies to the school. Capital fee income is recognized at the point in time when each new student is enrolled at the school.

Reversionary Interest

In accordance with LCMS Board Policy 5.4.1.2.2, a reversionary interest in favor of the Synod is retained on properties owned or acquired by the institutions of higher education of the Synod. During the year ended June 30, 2022, a property subject to such a reversionary interest was sold, with the LCMS receiving consideration in exchange for the release of its interest. This consideration is one-time in nature with no expectation of additional consideration.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note B - Summary of Significant Accounting Policies (Continued)

Deferred Revenue

Paid registration fees for future events are deferred at the time the fees are received. Costs associated with these events are considered prepaid expenses until the events have occurred, which are then recognized at that time. Tuition and fees received by the educational institutions of LCMS Holdings are deferred until the start of the academic year, which begins in August.

Support Payable

Pledges authorized and communicated to the recipient but unpaid at year-end are reported as liabilities and are included in support payable to related entities. With the exception of certain multi-year grants, all pledges are expected to be paid within one year.

Advance Payments on Third-Party Billings

CPS acts as the agent and performs billing, invoicing, and collection functions for the Plans. Payments collected by CPS and due to the Plans are recognized as advance payments on third-party billings in the statement of financial position.

Land, Buildings, and Equipment

Land, buildings, improvements, and equipment with a value of at least \$5,000 and having a useful life greater than one year are capitalized and recorded at cost, except for property received by gift, which is recorded at the fair value at date of receipt. Buildings, including foreign mission properties (25 to 40 years), improvements (20 years), furniture and fixtures (5 to 8 years), and equipment (3 to 8 years) are depreciated over their estimated useful lives using the straight-line method.

Land use rights are stated at cost less amortization and any impairment losses. Amortization is computed using the straight-line method based on the period over which the rights are granted by the relevant authorities in Shanghai in the People's Republic of China.

Endowments

The Board of Directors has interpreted the Missouri enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Synod to appropriate for expenditure or accumulate so much of an endowment fund as determined prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Directors. Because of this interpretation, the Synod has not changed the way net assets with donor restrictions that are perpetual in nature are classified. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions that are perpetual in nature is classified as net assets with donor restrictions that are temporary in nature until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Board of Directors considers the following factors in making a determination to appropriate or accumulate endowment funds:

- 1) The duration and preservation of the fund.
- 2) The purposes of the Synod and the endowment fund.
- 3) General economic conditions.
- 4) The possible effect of inflation and deflation.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note B - Summary of Significant Accounting Policies (Continued)

- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of the Synod.
- 7) The investment policies of the Synod.

Line of Credit

The Synod had a \$10.0 million unsecured line of credit with LCEF for 2022 and 2021. As of June 30, 2022 and 2021, there were no borrowings against this line of credit.

The Synod also provided an unsecured line of credit for its seminary in St. Louis of \$2,349,000 and \$2,393,000 and in Fort Wayne of \$700,000 and \$700,000 for the fiscal years ended June 30, 2022 and 2021, respectively. As of June 30, 2022 and 2021, the variable interest rate was 3.625% and 3.875%, respectively, with no borrowings against this line of credit.

PPP Loan Payable

The Small Business Administration Paycheck Protection Program (PPP) loans obtained by the Synod and LCRL in fiscal year 2020 were presented as a liability until forgiven or paid back. When these loans were forgiven in full and legal release received in fiscal 2021, the liability was reduced by the loan balance and a gain on extinguishment recorded in the consolidated statement of activities. LCRL obtained a second PPP loan in March 2021 and forgiven in full during the year ended June 30, 2022, receiving the same treatment as the first.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited as follows:

Expense	Allocation Basis
Salary and benefits	Estimates of time and effort
Building costs and depreciation	Ownership percentage and full-time equivalents
Mailroom services	Volume and headcount
Copying and printing	Volume and headcount
Telephone	Cost per phone
Expense Management System	Headcount
Travel and meeting services	Estimates of time and effort
IT department	Estimates of time and effort

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note B - Summary of Significant Accounting Policies (Continued)

Foreign Currency Translation

LCMS Holdings is located in Hong Kong, China, and Vietnam. The functional currencies of these foreign operations are the local currencies. The financial statements of LCMS Holdings subsidiaries have been translated into U.S. dollars. All statement of financial position accounts have been translated using the exchange rate in effect at the statement of financial position dates. Statements of activities amounts have been translated using the average exchange rate for the year. Foreign currency translation adjustments resulted in a loss of \$3,672,000 in 2022 and a gain of \$10,440,000 in 2021, which has been reported separately in the consolidated statement of activities.

Income Tax

The Synod is exempt from United States Federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code except as to unrelated business income for which Form 990-T is filed. The Synod qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Synod has addressed the provisions of *FASB ASC 740, Accounting for Income Taxes*. In that regard, the Synod has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax laws and new authoritative rulings and believes that no provision for income taxes is necessary, at this time, to cover any uncertain tax positions.

LCMS Holdings income tax represents the sum of current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, with certain exceptions.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note B - Summary of Significant Accounting Policies (Continued)

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Change in Accounting Policy

In September 2020, the FASB issued ASU 2020-07, “Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.” The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The ASU includes disclosures of information on an entity’s policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The Synod adopted the new standard effective July 1, 2021, the first day of the Synod’s fiscal year. The standard did not have a significant impact on the consolidated financial statements.

Subsequent Events

Management has evaluated events and transactions subsequent to June 30, 2022 through November 18, 2022, the date the consolidated financial statements were available to be issued and found no activity that would materially affect these consolidated financial statements.

Note C - Investments

The Foundation carries out its investment management services through various common funds to invest the assets entrusted to the Foundation. A common fund pools the assets of numerous smaller accounts to provide for greater diversification and ease of investment management. Holders of a common fund are called participants. The Synod is such a participant. Participants buy and sell units of the common fund asset. In order to determine the price per unit of a common fund, all assets held by the common fund (which can include individual securities or units of other common funds) are valued as of the end of the month (the valuation date). This value is divided by the total number of units held by the participants in the common fund to determine the per-unit value. Transactions in the common fund (either purchases or redemptions) are calculated based on the per-unit value on the valuation date. During the valuation process, the common fund accrues income and expenses for the valuation period. The net income to the fund is divided by the total number of units held by participants for the valuation period to establish the income per unit factor. Each participant receives an allocation of the net income determined by multiplying the income per unit factor times the number of units held by the participant of the common fund. Net realized and termination gains in Foundation common funds are also calculated and distributed semiannually to the participants. Certificates of deposit—LCMS Holdings represents long-term certificates of deposit owned by CISS. Total investment return, reflected in the consolidated statement of activities, is shown net of related investment management fees of \$111,000 as of June 30, 2022 and 2021. Details of investments held by the Synod as of June 30, 2022 and 2021, are as follows:

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note C - Investments (Continued)

<i>(In Thousands)</i>	2022	2021
LCEF notes	\$ 1,726	\$ 1,686
Common Trust funds managed by the Foundation:		
Moderate balanced	86,987	60,973
Equity	2,598	3,165
Fixed income – core bonds	1,417	1,568
Fixed income – standard equity	493	556
Money market	1	1,001
Certificates of deposit – LCMS Holdings, Ltd.	57,955	85,504
Total investments	\$ 151,177	\$ 154,453

Note D - Fair Value Measurements

The Synod follows FASB ASC for Fair Value Measurements and Disclosures which establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a fair value hierarchy used to disclose the measurement of fair value based on levels of observable or unobservable inputs. The FASB ASC describes three levels of inputs that may be used to measure fair value:

- Level 1 – Observable inputs that are derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 – Quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are significant and reflect substantial management judgment or estimation, including the use of pricing models, discounted cash flow methodologies or similar techniques.

Common trust funds are valued at the Net Asset Value (NAV) reported by each investment fund. The NAV, as provided by the investment fund, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Transactions (purchases and sales) may occur daily.

Fixed income portfolio holds a broad range of investment grade bonds and higher quality, non-investment grade bonds. The portfolio's focus is income generation with 75% core bond, 19% high yield bond, and 6% cash. Moderate balanced portfolio holds both fixed income and equity securities. This portfolio is more evenly balanced between fixed income and equity, providing modest income generation and potential for growth. The portfolio is made up of 18% international equity, 9% high yield bond, 36% core bond, 28% domestic equity, and 9% cash. Equity portfolio holds both U.S. stocks and foreign stocks in developed and emerging markets. The portfolio's focus is long-term growth with 38% international equity, 57% domestic equity, and 5% cash.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note D - Fair Value Measurements (Continued)

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Foundation Owned Endowments: Consist of beneficial interest in trusts valued at the net present value of the revenue stream in perpetuity.

Irrevocable Trusts: Valued at the present value of expected future cash receipts adjusted for actuarial life expectancy of the gift annuitants including survivors.

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring and nonrecurring measurements. Management assesses and approves these policies and procedures. At least annually, Management: (1) determines if the current valuation techniques used in fair value measurements are still appropriate, and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information. The Synod recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note D - Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, invested assets as of June 30, 2022 and changes in fair value of Level 3 invested assets during the year ended June 30, 2022:

(In Thousands)

	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Leveled investments				
Irrevocable trusts	\$ -	\$ -	\$ 4,918	\$ 4,918
Foundation owned				
endowments	-	-	26,203	26,203
Lutheran Foundation of				
Texas	-	-	282	282
Total leveled investments	-	-	31,403	31,403
Common trust funds				
Moderate balanced				86,987
Equity				2,598
Fixed income-Core bonds				1,417
Fixed income				493
Money Market/Cash				1
Total common trust funds				91,496
LCEF investments				1,730
LCMS Holdings CDs				57,955
Total	\$ -	\$ -	\$ 31,403	\$ 182,584

(In Thousands)

	Changes in Level 3 Invested Assets			
	Beginning Balance	Net Additions/ (Maturities)	Unrealized Gains & (Losses)	Ending Balance
Invested assets				
Irrevocable trusts	\$ 5,814	\$ (313)	\$ (583)	\$ 4,918
Foundation owned				
endowments	31,778	617	(6,192)	26,203
Lutheran Foundation of				
Texas	332	-	(50)	282
Total	\$ 37,924	\$ 304	\$ (6,825)	\$ 31,403

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note D - Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, invested assets as of June 30, 2021 and changes in fair value of Level 3 invested assets during the year ended June 30, 2021:

(In Thousands)

	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Leveled investments				
Irrevocable trusts	\$ -	\$ -	\$ 5,814	\$ 5,814
Foundation owned endowments	-	-	31,778	31,778
Lutheran Foundation of Texas	-	-	332	332
Total leveled investments	-	-	37,924	37,924
Common trust funds				
Moderate balanced				60,973
Equity				3,165
Fixed income				1,568
Core bonds				556
Money Market/Cash				1,001
Total common trust funds				67,263
LCEF investments				1,690
LCMS Holdings CDs				85,504
Total	\$ -	\$ -	\$ 37,924	\$ 192,381

(In Thousands)

	Changes in Level 3 Invested Assets			
	Beginning Balance	Net Additions/ (Maturities)	Unrealized Gains & (Losses)	Ending Balance
Invested assets				
Irrevocable trusts	\$ 5,299	\$ (314)	\$ 829	\$ 5,814
Foundation owned endowments	24,311	1,477	5,990	31,778
Lutheran Foundation of Texas	325	-	7	332
Total	\$ 29,935	\$ 1,163	\$ 6,826	\$ 37,924

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note D - Fair Value Measurements (Continued)

The following table summarize investments measured at fair value based on NAV per share as of June 30, 2022 and 2021:

<i>(In Thousands)</i>	2022			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Trust Funds	\$ 91,496	-	Daily	Daily

<i>(In Thousands)</i>	2021			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Trust Funds	\$ 67,263	-	Daily	Daily

Note E - Endowment Investment and Spending Policies

The Synod has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments. Endowment assets include those assets of donor-restricted funds that the Synod must hold in perpetuity and Board designated endowments. Under this policy, the endowment assets are invested in a manner intended to balance the total investment return used to fund current operations. These policies act in accordance with accounting principles generally accepted in the United States and applicable laws in the state of Missouri.

All endowment fund investments should be in accordance with the Synod's investment policy and the respective earnings are subject to the endowment spending policy. Endowments containing restrictive investment language will be excluded from the policy and invested in accordance with the donor's directions. Investment returns or earnings consist of interest, dividends, realized and unrealized gains or losses. All perpetual endowments will be recorded and maintained at the original value of an endowment gift when the gift was received.

All endowment fund investments will be invested in The Lutheran Church—Missouri Synod Foundation with the following target allocation: 50% in Fixed Income Funds (such as the Standard Fund-Fixed Income), and 50% in Equity Funds (such as the Standard Fund-Equity). The Chief Financial Officer of Synod is responsible for all investments of the Synod and should review the investment allocation periodically, making recommendations for changes if necessary. All new investments will be invested in The Lutheran Church—Missouri Synod Foundation in the latest percentages approved by the Chief Financial Officer.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note E - Endowment Investment and Spending Policies (Continued)

From time to time the fair value of the assets associated with individual donor endowment funds may fall below the value of the initial and subsequent donor gift amount. When endowment values decline, net assets with donor restrictions that are temporary in nature are reduced up to the fair value of the original gift. Further reductions in the fair value of the endowments result in a reduction of net assets without donor restrictions. Such deficits result from unfavorable market changes and authorized appropriations and expenditures that are deemed prudent. The annual appropriation for endowment funds with deficits (underwater) are returned to corpus rather than released for spending. There were four endowments underwater totaling \$79,000 reported in net assets with donor restrictions at June 30, 2022 and \$0 for all endowments as of June 30, 2021.

The changes in and composition of endowment net assets for the year ended June 30, 2022 and 2021 are as follows:

Changes in Endowment Net Assets

June 30, 2022

(In Thousands)

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary in Nature	Perpetual in Nature	
Endowment net assets, beginning of year	\$ 4,252	\$ 13,469	\$ 17,669	\$ 35,390
Transfers to the Foundation	-	-	(50)	(50)
Income earned on investments	406	2,096	-	2,502
Unrealized gain/(loss) on investments	(1,041)	(6,043)	-	(7,084)
Appropriation of endowment assets for expenditure	1,158	(1,158)	-	-
Expenses paid from endowments	(1,158)	-	-	(1,158)
Net change in endowment assets	(635)	(5,105)	(50)	(5,790)
Endowment net assets, end of year	\$ 3,617	\$ 8,364	\$ 17,619	\$ 29,600

Composition of Endowment Net Assets

June 30, 2022

(In Thousands)

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary in Nature	Perpetual in Nature	
Donor restricted endowment funds:				
Original gift	\$ 2	\$ 6,735	\$ 17,619	\$ 24,356
Accumulated investment earnings	-	1,629	-	1,629
Board designated endowment funds	3,615	-	-	3,615
Total endowment net assets	\$ 3,617	\$ 8,364	\$ 17,619	\$ 29,600

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note E - Endowment Investment and Spending Policies (Continued)

Changes in Endowment Net Assets

June 30, 2021

(In Thousands)

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary in Nature	Perpetual in Nature	
Endowment net assets, beginning of year	\$ 3,341	\$ 9,150	\$ 17,070	\$ 29,561
Contributions	-	-	599	599
Income earned on investments	350	2,164	-	2,514
Unrealized gain/(loss) on investments	561	3,263	-	3,824
Appropriation of endowment assets for expenditure	1,108	(1,108)	-	-
Expenses paid from endowments	(1,108)	-	-	(1,108)
Net change in endowment assets	911	4,319	599	5,829
Endowment net assets, end of year	\$ 4,252	\$ 13,469	\$ 17,669	\$ 35,390

Composition of Endowment Net Assets

June 30, 2021

(In Thousands)

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary in Nature	Perpetual in Nature	
Donor restricted endowment funds:				
Original gift	\$ 11	\$ 6,735	\$ 17,669	\$ 24,415
Accumulated investment earnings	-	6,734	-	6,734
Board designated endowment funds	4,241	-	-	4,241
Total endowment net assets	\$ 4,252	\$ 13,469	\$ 17,669	\$ 35,390

Note F - Contributions Receivable

At June 30, 2022 and 2021, contributors had promised to give the Synod \$15,572,000 and \$17,300,000, respectively. Irrevocable deferred gifts are those which the Synod is the beneficiary and will receive the principal at some future date. Management believes total contributions will be received as follows:

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note F - Contributions Receivable (Continued)

(In Thousands)

	June 30, 2022			
	District Pledges	Irrevocable Deferred Gifts	Other	Total
Amount due:				
Within one year	\$ 7,479	\$ 727	\$ 1,123	\$ 9,329
One to five years	-	1,044	317	1,361
More than five years	-	4,882	-	4,882
Total Contributions Receivable	7,479	6,653	1,440	15,572
Less:				
Present value component	-	(1,735)	(17)	(1,752)
Allowance for doubtful contributions	(300)	-	(200)	(500)
Net Contributions Receivable	\$ 7,179	\$ 4,918	\$ 1,223	\$ 13,320

(In Thousands)

	June 30, 2021			
	District Pledges	Irrevocable Deferred Gifts	Other	Total
Amount due:				
Within one year	\$ 7,811	\$ 470	\$ 1,302	\$ 9,583
One to five years	-	1,934	264	2,198
More than five years	-	5,519	-	5,519
Total Contributions Receivable	7,811	7,923	1,566	17,300
Less:				
Present value component	-	(2,109)	(12)	(2,121)
Allowance for doubtful contributions	(300)	-	(300)	(600)
Net Contributions Receivable	\$ 7,511	\$ 5,814	\$ 1,254	\$ 14,579

Assumptions utilized in calculating the present value of irrevocable deferred gifts at June 30 are as follows:

	2022	2021
Growth rates	0% to 5.5%	0% to 5.7%
Discount rate	3.5%	3.4%
Distribution rate	7.0%	7.0%

As of June 30, 2022, the LCMS received a conditional promise to give of \$175,000 for international scholarships. The commitment requires a dollar-for-dollar match of the qualifying gifts until November 30, 2022. The conditional promise to give will be recognized when the barrier is overcome. No revenue was recorded in the consolidated financial statements as the condition of the promise had not been met as of June 30, 2022.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note G - Land, Buildings, and Equipment

Land, buildings, and equipment consisted of the following:

<i>(In Thousands)</i>	2022	2021
International Center (62.32% ownership):		
Land and land improvements	\$ 842	\$ 842
Building and improvements	11,596	11,459
Total International Center	12,438	12,301
Land	1,167	1,167
Furniture and fixtures	4,667	4,652
Equipment	17,136	16,898
Foreign mission properties	395	395
Work in progress	-	9
LCMS Holdings, Ltd.:		
Land use rights	5,847	6,074
Property, plant and equipment	71,717	73,634
Total land, buildings and equipment	113,367	115,130
Less accumulated depreciation	(73,005)	(71,307)
Book value of land, buildings and equipment	\$ 40,362	\$ 43,823

The International Center is jointly owned by the Synod (62.32%), LCMS Foundation (12.68%) and Concordia Plans (25%). The Synod's foreign mission properties represent property used in support of Synod administration and staff.

Note H - Funds Held in Custody by Others

The Synod is the beneficiary of the earnings on irrevocable trusts and various endowment funds held by the Foundation. The Synod will receive the earnings in perpetuity. The principal will not revert to the Synod. The perpetual stream of revenue is viewed by the Synod as promises to give by the individuals who established the trusts and endowments and has been recorded at the fair value of the trusts at June 30, 2022 and 2021, which closely approximates the net present value of the revenue stream in perpetuity.

Given the nature of the promises, the Synod has recorded these contributions as net assets with donor restrictions. Revenue received is recorded as activity with or without donor restrictions based upon the presence or absence of such restrictions. Increases or decreases in the fair value of the trust assets are recorded as changes in the endowments included in net assets with or without donor restrictions in the consolidated statement of activities.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note I - Support Payable

The following represents support the Synod has committed to pay at June 30, 2022 and 2021:

<i>(In Thousands)</i>	2022	2021
CUS and seminaries	\$ 1,388	\$ 1,388
CHI	438	415
Human Care multi-year grants	2,613	1,302
Total	<u>\$ 4,439</u>	<u>\$ 3,105</u>

Note J - Notes Payable

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. The legislation includes provisions for expansion of the U.S. Small Business Administration's 7(a) Loan Program to support the new Paycheck Protection Program (PPP). The LCMS, LCRL, and CPS all applied and were awarded loans under the PPP of \$4,047,000, \$65,000, and \$3,289,000, respectively, which also reflects the loan payable balances of these loans at June 30, 2020. The loans bear interest at 1% with any accrued interest to be forgiven along with the principal balance. These loans were unsecured, and all unpaid principal and interest was due upon maturity if not forgiven. Loans made under the PPP are forgivable if certain conditions are met. As of June 30, 2021, approval was received that these conditions were met for all loans, and full forgiveness was granted. The liability was extinguished, and income was recorded as a gain on loan extinguishment. The LCMS and CPS loans, however, are still subject to audit by the SBA since both exceeded \$2,000,000.

Under this same act, LCRL applied and was granted a second PPP loan for \$31,000 which is also forgivable if certain conditions are met. As of June 30, 2022, approval was received that these conditions were met and full forgiveness was granted.

LCMS Holdings had an outstanding loan balance with LCEF of \$15,872,000 and \$18,048,000 at June 30, 2022 and 2021, respectively, which includes four separate loans to finance operations of a subsidiary of the Group. The first loan bears interest at 4.375% per annum until May 31, 2018 and 30-day LIBOR plus 4% until December 31, 2018 and lender's cost of funds plus a maximum of 2.5% thereafter. It is repayable by monthly installments after June 30, 2016 with a final repayment on June 30, 2028. The second loan bears interest at 4% per annum until October 31, 2020 and lender's cost of funds plus a maximum of 2.5% and prime rate in U.S. It is repayable by monthly installments after October 30, 2020 with a final repayment on October 30, 2040. The third loan bears interest at 4.5% per annum and repayable on January 1, 2022 which was fully settled during the year. The fourth loan bears interest at 4.5% per annum and is repayable on February 2023 which was fully settled during the year. All four loans are secured by a pledge of all shares of company stock.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note J - Notes Payable (Continued)

Total future minimum payments for these borrowings based on current principal balances are as follows:

<i>(In Thousands)</i>	Year Ending June 30
2023	\$ 772
2024	805
2025	839
2026	875
2027	913
Thereafter	11,668
Total payments	15,872

Note K - Board Designated Net Assets

The Board of Directors has designated net assets without restrictions for the following purposes:

<i>(In Thousands)</i>	2022	2021
Youth Gathering	\$ 345	\$ 506
DCS Ministries Endowment Fund	64	76
Mission Property Fund	280	280
Risk Endowment	2,632	3,085
Innovations in Communications	5,434	6,498
Synodical Convention	791	791
Convention mandated activities	149	149
CUS	2,200	2,200
Low-Income Housing	1,209	1,174
Future projects	6,890	6,890
Total Board designated net assets	\$ 19,994	\$ 21,649

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note L - Net Assets With Donor Restrictions Temporary in Nature

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

<i>(In Thousands)</i>	<u>2022</u>	<u>2021</u>
Program restrictions:		
Mission and ministry:		
International Mission	\$ 22,669	\$ 21,958
National Mission	6,887	6,946
Multi-departmental	12,274	8,624
Pastoral Education	2,329	4,057
Communications	4	18
KFUO radio stations	797	814
Total mission and ministry	<u>44,960</u>	<u>42,417</u>
Ecclesiastical programs	961	854
Management and general	1,377	1,362
Mission Advancement	77	421
Total program restrictions	<u>47,375</u>	<u>45,054</u>
Time restrictions:		
District Pledges	7,429	6,237
Irrevocable trusts	4,918	5,814
Term endowments	9,357	10,225
Total time restrictions	<u>21,704</u>	<u>22,276</u>
Total net assets with restrictions temporary in nature	<u><u>\$ 69,079</u></u>	<u><u>\$ 67,330</u></u>

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note L - Net Assets With Donor Restrictions Temporary in Nature (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Program/time restricted net assets were released for the following purposes:

<i>(In Thousands)</i>	<u>2022</u>	<u>2021</u>
Program restrictions:		
Mission and ministry		
International Mission	\$ 23,753	\$ 19,091
National Mission	6,136	4,857
Pastoral Education	4,854	2,629
Communications	14	4
KFUO	878	718
Total mission and ministry	<u>35,635</u>	<u>27,299</u>
Ecclesiastical programs	374	280
Management and general	129	166
Mission Advancement	4,505	4,808
Total program restrictions	<u>40,643</u>	<u>32,553</u>
Expiration of time restrictions:		
District Pledges	11,435	12,999
Total restrictions released	<u>\$ 52,078</u>	<u>\$ 45,552</u>

Note M - Net Assets With Donor Restrictions Perpetual in Nature

Endowment net assets are restricted to investment in perpetuity. The income from these investments will be used to support various Synod programs:

<i>(In Thousands)</i>	<u>2022</u>	<u>2021</u>
Programs:		
International Mission	\$ 16,418	\$ 18,428
National Mission	4,767	5,112
Multi-departmental funds	7,654	8,931
Pastoral Education	9,276	8,169
KFUO	1,100	1,321
Total programs	<u>39,215</u>	<u>41,961</u>
Management and general	3,443	3,831
Total net assets with restrictions perpetual in nature	<u>\$ 42,658</u>	<u>\$ 45,792</u>

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note N - Contributed Services

The Synod received donated professional teaching services for its overseas mission work. The Synod had approximately 8 and 6 professional full-time and part-time teachers for the years ended June 30, 2022 and 2021, respectively. Support arising from these contributed services has been recognized in the consolidated financial statements at the estimated fair value of the services received totaling approximately \$320,000 and \$180,000 for the years ended June 30, 2022 and 2021, respectively. In addition, a substantial number of unpaid volunteers made significant contributions of their time to LCMS World Relief, Youth Gathering, and other programs. The value of this service has not been reflected in the consolidated financial statements since it is not susceptible to objective measurement or valuation.

Note O - Revenue from Contracts with Customers

The deferred tuition and fee revenues charged in excess of revenues recognized are presented as deferred revenues in the statement of financial position. The following tables summarize the deferred balances of these items as of June 30, 2022 and 2021:

<i>(In Thousands)</i>	2022	2021
Beginning balance	\$ 42,860	\$ 30,695
Obligations fulfilled	(63,589)	(58,726)
Services and fees charged	60,564	70,891
Ending Balance	<u>\$ 39,835</u>	<u>\$ 42,860</u>

The following tables present exchange transactions with customers disaggregated by revenue source and pattern of revenue recognition:

<i>(In Thousands)</i>	Year Ended June 30, 2022		
	Point in Time	Over Time	Total
Sales	\$ 391	\$ 29	\$ 420
Service fees	-	2,043	2,043
Royalty income	-	507	507
CPS	-	32,982	32,982
LCMS Holdings	1,316	64,654	65,970
Total	<u>\$ 1,707</u>	<u>\$ 100,215</u>	<u>\$ 101,922</u>

<i>(In Thousands)</i>	Year Ended June 30, 2021		
	Point in Time	Over Time	Total
Sales	\$ 86	\$ -	\$ 86
Service fees	-	1,705	1,705
Royalty income	-	447	447
CPS	-	31,224	31,224
LCMS Holdings	1,389	60,272	61,661
Total	<u>\$ 1,475</u>	<u>\$ 93,648</u>	<u>\$ 95,123</u>

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note P - Inter-organizational Charges

The Synod provided various administrative services to related entities which is included in sales and services revenue as follows:

<i>(In Thousands)</i>	2022					
	LCMS		Colleges/			Total
	CUS	Foundation	LCEF	Seminaries	Other	
Chaplain Services	\$ -	\$ 11	\$ -	\$ -	\$ -	\$ 11
Rosters & Statistics	3	2	7	18	14	44
Accounting	79	46	-	-	36	161
Information Technology	17	-	-	-	-	17
Human Resources	28	86	158	-	-	272
General Services	11	108	58	-	-	177
Total	\$ 138	\$ 253	\$ 223	\$ 18	\$ 50	\$ 682

<i>(In Thousands)</i>	2021					
	LCMS		Colleges/			Total
	CUS	Foundation	LCEF	Seminaries	Other	
Chaplain Services	\$ -	\$ 10	\$ -	\$ -	\$ -	\$ 10
Rosters & Statistics	3	1	7	5	10	26
Accounting	86	38	-	-	35	159
Information Technology	19	-	-	-	-	19
Human Resources	31	92	201	-	-	324
General Services	15	104	33	-	-	152
Total	\$ 154	\$ 245	\$ 241	\$ 5	\$ 45	\$ 690

Note Q - Employee Benefits

The Synod participates in the Concordia Health Plan (CHP), the Concordia Disability and Survivor Plan (CDSP), the Concordia Retirement Plan (CRP), and the Concordia Retirement Savings Plan (CRSP). The assets and liabilities of the respective plans are separate and distinct from those of the Synod and cannot be used to satisfy the liabilities and obligations of the Synod. Substantially all full-time employees are covered by the CRP, CRSP, and the CDSP. The CRP and CRSP provide workers with income during retirement. All full-time workers (those employed more than 20 hours per week and at least 5 months a year) are eligible. Eligible members in the CRSP are 100% vested in all contributions and earnings on the member's account balance. The CDSP provides a disability benefit (for the worker) and a pre-retirement lump-sum death benefit (for the worker and enrolled dependents). All full-time workers must be offered the opportunity to enroll themselves and eligible dependents in the CDSP. The CDSP pays a monthly income benefit equal to 70% of an employee's monthly compensation when a worker becomes disabled due to a qualifying disability. The Synod contributes a fixed percentage of each participant's salary to the plans. The Plan also provides health and welfare benefits covering substantially all full-time employees (those employed 20 hours or more per week) and their families.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note Q - Employee Benefits (Continued)

Total expenses are as follows:

<i>(In Thousands)</i>	2022	2021
Concordia Health Plan	\$ 4,115	\$ 4,345
Concordia Disability and Survivor Plan	451	449
Concordia Retirement and Retirement Savings Plans	1,855	1,845
Total	<u>\$ 6,421</u>	<u>\$ 6,639</u>

There were no significant changes in the Synod's relationships to the plans over the past year. There were also no contingent liabilities associated with the plans at June 30, 2022 or 2021. Currently, the Synod has no intention to withdraw from the plans and the contributions and level of participation represent a small percentage of the plans.

Note R - Liquidity and Availability

The LCMS receives significant contributions both without donor restrictions and with donor restrictions to be used in accordance with the associated purpose restrictions, including gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. The LCMS considers investment income without donor restrictions, board designated net assets, appropriated earnings from donor restricted and board designated (quasi) endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Synod also has a \$10.0 million unsecured line-of-credit with LCEF available to supplement its cash requirements for 2023. General expenditures include administrative and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the fiscal year.

The following table reflects the LCMS's financial assets as of June 30, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statement of financial position date because of contractual restrictions or internal board designations. Of the \$172,580,000 and \$168,861,000 total for 2022 and 2021, respectively, \$130,929,000 for 2022 and \$153,181,000 for 2021 is attributed to CISS which is not readily available to be used for the domestic operations of the Synod.

The LCMS has several board-designated funds totaling \$19,994,000 and \$21,649,000 as of June 30, 2022 and 2021, respectively. Although the Board does not intend to spend from these funds (other than amounts appropriated for general expenditure as part of the Board's annual budget approval), these amounts could be made available if necessary.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note R - Liquidity and Availability (Continued)

<i>(In Thousands)</i>	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 108,385	\$ 96,039
Accrued interest and dividends receivable	760	720
Contributions receivable	13,320	14,579
Notes and accounts receivable:		
From Synod-related entities	1,178	983
From others	3,820	5,642
Investments	151,177	154,453
Funds held in custody by others	26,489	32,114
Total financial assets at year end	305,129	304,530
Less amounts not available to be used within one year:	132,549	135,669
Financial assets available for general expenditures within one year	\$ 172,580	\$ 168,861

Note S - Guarantees of Indebtedness of Others

To assist CUS and member schools in obtaining favorable financing terms, the Synod guaranteed \$10,000,000 of a \$45,000,000 unsecured line of credit CUS obtained from LCEF for 2019, which had outstanding borrowings of \$16,254,000 as of June 30, 2019. During fiscal 2020, CUS ended the practice of maintaining funds on deposit from member schools for financing purposes. Consequently, this line of credit was replaced by a new loan CUS obtained from LCEF for \$15,385,000 to partially fund the repayment of these deposits which the Synod has guaranteed payment of \$10,000,000. While no payments are due for the first three years of the loan followed by 20 annual payments of principal and interest with the balance due in full at maturity, principal payments during fiscal year 2022 to meet certain loan covenants totaled \$2,948,000, reducing the outstanding borrowing as of June 30, 2022 to \$12,437,000. Interest for the first two years is 0%, followed by 20 years at LCEF's cost of funds adjusted annually, not to exceed 4% or be lower than 2%. This agreement requires CUS and LCMS to maintain various covenants. As of June 30, 2022, the LCMS is in compliance with these requirements.

Note T - Contingencies

The Synod is involved in litigation arising in the normal course of business. After consultation with legal counsel, it is management's opinion that these matters will be resolved without a material adverse effect on the Synod's financial position or change in net assets.

Note U - Risks and Uncertainties

The Synod invests in various investment securities. Investment securities are exposed to risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the consolidated statements of financial position.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note U - Risks and Uncertainties (Continued)

The Synod's two international schools operate in countries where national and/or local regulatory environments, with little or even no advance notice, might sufficiently and unpredictably change in ways that could cause significant disruptions to (1) school ownership/governance structures and/or (2) correspondence of school operations with Synod objectives. To date, none of the schools have received communications indicating impending changes that would lead to either governance or operational disruption.

Note V - Taxes

No provision has been made for Hong Kong profits tax as LCMS Holdings did not earn any income which is subject to Hong Kong profits tax. CISH has a 100% tax exemption for the first 4 profitable years and 50% exemption for the following 5 years. For 2022, taxation of CISH is calculated at a rate of 10% of its taxable income for the year with a 50% tax exemption applied. For 2021, no provision for taxation was made for CISH as it had tax losses brought forward to offset the assessable profits. Taxation of CISS is calculated at rates prevailing in the People's Republic of China, based on existing legislation, interpretations, and local practices. Tax expense for CISH was \$79,000 and \$71,000 for 2022 and 2021, respectively, and CISS tax expense was \$2,317,000 and \$8,132,000 for 2022 and 2021, respectively, which is included in LCMS Holdings Limited – International School operations on the consolidated statement of activities.

LCMS Holdings had deferred tax assets of \$742,000 and \$0 for the years ended June 30, 2022 and 2021, respectively, reported on the statement of financial position as other assets. LCMS Holdings also had deferred tax liabilities of \$2,288,000 and \$5,318,000 for the years ended June 30, 2022 and 2021, respectively, reported on the statement of financial position as other liabilities.

Concordia Resources has recognized tax expenses of \$75,000 and \$46,500 for the years ended June 30, 2022 and 2021, respectively, which are included on the consolidated statement of activities.

Note W - Capital Lease Obligations

As of June 30, 2020, CPS is the lessee in a five-year non-cancelable telecommunications equipment and maintenance lease agreement with STL Communications. The capital lease obligation was calculated as the present value of 60 monthly lease payments of \$22,000; assuming an incremental borrowing rate of 3.5%. The present value of the capital lease was determined to be \$1,209,000. The equipment under capital lease is being depreciated with the straight-line method over a period of five years. Amortization of the equipment under capital lease totaled \$242,000 and \$239,000 for the years ended June 30, 2022 and 2021, respectively.

The value of equipment under capital lease, net of amortization was \$726,000 and \$968,000 as of June 30, 2022 and 2021, respectively. Lease payments, including principal and interest, for the years ended June 30, 2022 and 2021 totaled \$264,000 and \$261,000, respectively.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2022

Note W - Capital Lease Obligations (Continued)

Total future minimum lease payments based on current balances are as follows:

<i>(In Thousands)</i>	Year Ending June 30
2023	\$ 264
2024	264
2025	<u>264</u>
	792
Less amount representing interest	<u>41</u>
Total principal payments	<u><u>\$ 751</u></u>

Supplemental Information

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Financial Position

June 30, 2022

(In Thousands)

	Synod	LCRL	CPS	LCMS Holdings	Eliminations	Total
ASSETS						
Cash and cash equivalents:						
Domestic operations	\$ 17,718	\$ 1,037	\$ 18,613	\$ -	\$ -	\$ 37,368
LCMS Holdings, Ltd. Hong Kong	-	-	-	71,017	-	71,017
Total cash and cash equivalents	17,718	1,037	18,613	71,017	-	108,385
Accrued interest and dividends receivable	760	-	-	-	-	760
Contributions receivable – net	13,320	-	-	-	-	13,320
Notes and accounts receivable:						
From Synod-related parties	1,127	-	57	-	(6)	1,178
From others	136	-	1,727	1,957	-	3,820
Total notes and accounts receivable	1,263	-	1,784	1,957	(6)	4,998
Land, buildings, and equipment – net of depreciation	4,588	-	1,300	34,474	-	40,362
Investments	92,201	1,021	-	57,955	-	151,177
Funds held in custody by others	26,489	-	-	-	-	26,489
Prepaid expenses – Convention and Youth Gathering	6,038	-	-	-	-	6,038
Other assets	978	-	1,276	776	-	3,030
TOTAL ASSETS	\$ 163,355	\$ 2,058	\$ 22,973	\$ 166,179	\$ (6)	\$ 354,559
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable and accrued expenses	\$ 3,454	\$ 38	\$ 4,481	\$ 7,945	\$ (1)	\$ 15,917
Support payable	4,439	-	-	-	-	4,439
Funds on deposit by related entities	421	-	-	-	-	421
Notes payable	-	-	-	15,872	-	15,872
Deferred revenue:						
Convention and Youth Gathering	7,048	-	-	-	-	7,048
Tuition and fees	-	-	-	32,689	-	32,689
Other	-	-	98	-	-	98
Total deferred revenue	7,048	-	98	32,689	-	39,835
Advance payments on third-party billings	-	-	14,010	-	-	14,010
Capital lease obligations	-	-	751	-	-	751
Other liabilities	22	-	-	4,682	(5)	4,699
Funds held in custody for others	749	-	-	-	-	749
Total liabilities	16,133	38	19,340	61,188	(6)	96,693
Net assets						
Without donor restrictions:						
Undesignated	10,903	2,020	3,084	70,517	-	86,524
Board designated	19,994	-	-	-	-	19,994
Net investment in land, buildings and equipment	4,588	-	549	34,474	-	39,611
Total without donor restrictions	35,485	2,020	3,633	104,991	-	146,129
With donor restrictions:						
Temporary in nature	69,079	-	-	-	-	69,079
Perpetual in nature	42,658	-	-	-	-	42,658
Total with donor restrictions	111,737	-	-	-	-	111,737
Total net assets	147,222	2,020	3,633	104,991	-	257,866
TOTAL LIABILITIES AND NET ASSETS	\$ 163,355	\$ 2,058	\$ 22,973	\$ 166,179	\$ (6)	\$ 354,559

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Activities – Without Donor Restrictions

Year Ended June 30, 2022

(In Thousands)

	Synod	LCRL	CPS	LCMS Holdings	Elimin- ations	Total
Support, revenues, and losses						
Support:						
District pledge	\$ 685	\$ -	\$ -	\$ -	\$ -	\$ 685
Gifts and grants	3,280	851	-	-	-	4,131
Bequests	672	-	-	-	-	672
Contributed services	-	-	-	-	-	-
Total support	4,637	851	-	-	-	5,488
Revenues:						
Investment, trust and other income	3,926	83	-	-	-	4,009
Sales and services	3,720	-	-	-	(634)	3,086
Concordia Plan Services	-	-	32,982	-	-	32,982
LCMS Holdings Limited – tuition and other	-	-	-	70,413	-	70,413
Total revenues	7,646	83	32,982	70,413	(634)	110,490
Net realized & unrealized loss on investments	(11,117)	(250)	-	-	-	(11,367)
Change in value of split-interest agreements	-	-	-	-	-	-
Net assets released from restrictions	52,078	-	-	-	-	52,078
Total support, revenues, and losses	53,244	684	32,982	70,413	(634)	156,689

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Activities – Without Donor Restrictions – Continued Year Ended June 30, 2022

(In Thousands)

	Synod	LCRL	CPS	LCMS Holdings	Eliminations	Total
Expenses						
Programs:						
<u>Mission and ministry</u>						
International Missions	24,193	-	-	-	-	24,193
National Missions	7,482	-	-	-	-	7,482
Pastoral Education	6,227	-	-	-	-	6,227
University Education	3,257	-	-	-	-	3,257
KFUO	1,139	-	-	-	-	1,139
Communications	2,220	-	-	-	-	2,220
Lutheran Center for Religious Liberty	-	495	-	-	(27)	468
LCMS Holdings Limited – Int'l School Operations	-	-	-	61,813	-	61,813
Total mission and ministry programs	44,518	495	-	61,813	(27)	106,799
<u>Ecclesiastical programs</u>						
Corporate Synod	6,692	-	-	-	-	6,692
Concordia Plan Services	-	-	32,707	-	(470)	32,237
Total ecclesiastical programs	6,692	-	32,707	-	(470)	38,929
Total programs	51,210	495	32,707	61,813	(497)	145,728
Management and general						
Corporate Synod	7,056	-	-	-	-	7,056
Concordia Plan Services	-	-	797	-	(10)	787
Total management and general	7,056	-	797	-	(10)	7,843
Mission advancement	5,504	154	-	-	(127)	5,531
Total expenses	63,770	649	33,504	61,813	(634)	159,102
Dividends received/(paid)	10,000	-	-	(10,000)	-	-
Establish international assets and liabilities	89	-	-	-	-	89
Reversionary interest from related entities	12,350	-	-	-	-	12,350
Gain on PPP loan forgiveness	-	31	-	-	-	31
Foreign currency translation	-	-	-	(3,672)	-	(3,672)
Change in net assets	11,913	66	(522)	(5,072)	-	6,385
Net assets at beginning of year	23,572	1,954	4,155	110,063	-	139,744
Net assets at end of year	\$ 35,485	\$ 2,020	\$ 3,633	\$ 104,991	\$ -	\$ 146,129

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Activities – With Donor Restrictions Temporary in Nature Year Ended June 30, 2022

(In Thousands)

	Synod	Total
Support, revenues, and losses		
Support:		
District pledge	\$ 12,626	\$ 12,626
Gifts and grants	38,881	38,881
Bequests	6,532	6,532
Contributed services	320	320
Total support	58,359	58,359
Revenues:		
Investment, trust and other income	3,067	3,067
Sales and services	-	-
Concordia Plan Services	-	-
LCMS Holdings Limited – tuition and other	-	-
Total revenues	3,067	3,067
Net realized & unrealized loss on investments	(6,033)	(6,033)
Change in value of split-interest agreements	(1,566)	(1,566)
Net assets released from restrictions	(52,078)	(52,078)
Total support, revenues, and losses	1,749	1,749
Change in net assets	1,749	1,749
Net assets at beginning of year	67,330	67,330
Net assets at end of year	\$ 69,079	\$ 69,079

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Activities – With Donor Restrictions Perpetual in Nature Year Ended June 30, 2022

(In Thousands)

	Synod	Total
Support, revenues, and losses		
Support:		
District pledge	\$ -	\$ -
Gifts and grants	91	91
Bequests	2,034	2,034
Contributed services	-	-
Total support	2,125	2,125
Revenues:		
Investment, trust and other income	-	-
Sales and services	-	-
Concordia Plan Services	-	-
LCMS Holdings Limited – tuition and other	-	-
Total revenues	-	-
Net realized & unrealized gain on investments	-	-
Change in value of split-interest agreements	(5,259)	(5,259)
Net assets released from restrictions	-	-
Total support, revenues, and losses	(3,134)	(3,134)
Change in net assets	(3,134)	(3,134)
Net assets at beginning of year	45,792	45,792
Net assets at end of year	\$ 42,658	\$ 42,658

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Cash Flows

Year Ended June 30, 2022

(In Thousands)

	Synod	LCRL	CPS	LCMS Holdings	Eliminations	Total
Cash flows from operating activities:						
Change in net assets	\$ 10,528	\$ 66	\$ (522)	\$ 4,928	\$ (10,000)	\$ 5,000
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Depreciation	490	-	376	3,192	-	4,058
Amortization of capital lease	-	-	242	195	-	437
Allowance adjustment for uncollectible receivables	(95)	-	49	-	-	(46)
Loss on investments	17,195	250	-	-	-	17,445
Loss on value of split interest agreements	6,825	-	-	-	-	6,825
Gain on PPP loan forgiveness	-	(31)	-	-	-	(31)
Loss on sale of fixed assets	-	-	-	140	-	140
Dividend paid by LCMS Holdings to the Synod	-	-	-	(10,000)	10,000	-
Changes in operating assets and liabilities:						
Increase in accrued interest and dividends receivable	(40)	-	-	(238)	-	(278)
Decrease in contributions receivable	771	-	-	-	-	771
Decrease in accounts receivable	4,427	-	1,056	434	(4,560)	1,357
(Increase) decrease in prepaid expenses and other assets	(4,709)	-	71	(1)	-	(4,639)
Increase in funds held in custody by others	(617)	-	-	-	-	(617)
Increase (decrease) in accounts payable and accrued expenses	828	(17)	1,086	1,821	4,560	8,278
Increase in support payable	1,334	-	-	-	-	1,334
Increase (decrease) in deferred revenues and other liabilities	6,871	-	(145)	(18,077)	-	(11,351)
Increase in advance payments for third-party billings	-	-	2,225	-	-	2,225
Increase in funds held in custody for others	50	-	-	-	-	50
Proceeds from reversionary interest	(12,350)	-	-	-	-	(12,350)
Contributions restricted for long-term investment	(2,125)	-	-	-	-	(2,125)
Net cash provided by (used in) operating activities	29,383	268	4,438	(17,606)	-	16,483
Cash flows from investing activities:						
Purchases of property, plant, and equipment	(322)	-	(210)	(1,477)	-	(2,009)
Purchases of investments	(41,637)	(82)	-	-	-	(41,719)
Proceeds from sale of investments	1	-	-	25,749	-	25,750
Issuance of notes receivable	(208)	-	-	-	-	(208)
Principal collections on notes receivable	310	-	-	-	-	310
Proceeds from reversionary interest	12,350	-	-	-	-	12,350
Net cash provided by (used in) investing activities	(29,506)	(82)	(210)	24,272	-	(5,526)
Cash flows from financing activities:						
Increase in funds on deposit by related entities	276	-	-	-	-	276
Borrowings on notes payable	-	-	-	697	-	697
Payments on notes payable	-	-	-	(2,923)	-	(2,923)
Payments on capital lease obligation	-	-	(233)	-	-	(233)
Contributions restricted for long-term investment	2,125	-	-	-	-	2,125
Net cash provided by (used in) financing activities	2,401	-	(233)	(2,226)	-	(58)
Effect of exchange rate changes	-	-	-	1,447	-	1,447
Net increase in cash and cash equivalents	2,278	186	3,995	5,887	-	12,346
Cash and cash equivalents at beginning of year	15,440	851	14,618	65,130	-	96,039
Cash and cash equivalents at end of year	\$ 17,718	\$ 1,037	\$ 18,613	\$ 71,017	\$ -	\$ 108,385
Supplemental cash flow data:						
Interest paid	\$ 1	\$ -	\$ 31	\$ -	\$ -	\$ 32
Taxes paid	\$ -	\$ -	\$ -	\$ 2,396	\$ -	\$ 2,396

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Financial Position

June 30, 2021

(In Thousands)

	Synod	NHSC	LCRL	CPS	LCMS Holdings	Eliminations	Total
ASSETS							
Cash and cash equivalents:							
Domestic operations	\$ 15,440	\$ -	\$ 851	\$ 14,618	\$ -	\$ -	\$ 30,909
LCMS Holdings, Ltd. Hong Kong	-	-	-	-	65,130	-	65,130
Total cash and cash equivalents	15,440	-	851	14,618	65,130	-	96,039
Accrued interest and dividends receivable	720	-	-	-	-	-	720
Contributions receivable – net	14,579	-	-	-	-	-	14,579
Notes and accounts receivable:							
From Synod-related parties	5,598	-	-	-	-	(4,615)	983
From others	193	-	-	2,889	2,560	-	5,642
Total notes and accounts receivable	5,791	-	-	2,889	2,560	(4,615)	6,625
Land, buildings, and equipment – net of depreciation	4,756	-	-	1,863	37,204	-	43,823
Investments	67,760	-	1,189	-	85,504	-	154,453
Funds held in custody by others	32,114	-	-	-	-	-	32,114
Prepaid expenses – Convention and Youth Gathering	1,329	-	-	-	-	-	1,329
Other assets	978	-	-	1,193	33	-	2,204
TOTAL ASSETS	\$ 143,467	\$ -	\$ 2,040	\$ 20,563	\$ 190,431	\$ (4,615)	\$ 351,886
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts payable and accrued expenses	\$ 2,626	\$ -	\$ 56	\$ 3,396	\$ 6,544	\$ (57)	\$ 12,565
Support payable	3,105	-	-	-	-	-	3,105
Funds on deposit by related entities	145	-	-	-	-	-	145
Notes payable	-	-	30	-	18,048	-	18,078
Deferred revenue:							
Convention and Youth Gathering	43	-	-	-	-	-	43
Tuition and fees	-	-	-	-	42,817	-	42,817
Total deferred revenue	43	-	-	-	42,817	-	42,860
Advance payments on third-party billings	-	-	-	11,785	-	-	11,785
Capital lease obligations	-	-	-	984	-	-	984
Other liabilities	155	-	-	243	12,959	(4,558)	8,799
Funds held in custody for others	699	-	-	-	-	-	699
Total liabilities	6,773	-	86	16,408	80,368	(4,615)	99,020
Net assets							
Without donor restrictions:							
Undesignated	(2,833)	-	1,954	3,276	72,859	-	75,256
Board designated	21,649	-	-	-	-	-	21,649
Net investment in land, buildings and equipment	4,756	-	-	879	37,204	-	42,839
Total without donor restrictions	23,572	-	1,954	4,155	110,063	-	139,744
With donor restrictions:							
Temporary in nature	67,330	-	-	-	-	-	67,330
Perpetual in nature	45,792	-	-	-	-	-	45,792
Total with donor restrictions	113,122	-	-	-	-	-	113,122
Total net assets	136,694	-	1,954	4,155	110,063	-	252,866
TOTAL LIABILITIES AND NET ASSETS	\$ 143,467	\$ -	\$ 2,040	\$ 20,563	\$ 190,431	\$ (4,615)	\$ 351,886

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Activities – Without Donor Restrictions

Year Ended June 30, 2021

(In Thousands)

	Synod	NHSC	LCRL	CPS	LCMS Holdings	Eliminations	Total
Support, revenues, and gains							
Support:							
District pledge	\$ 229	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229
Gifts and grants	4,237	6	644	-	-	-	4,887
Bequests	1,553	-	-	-	-	-	1,553
Contributed services	-	-	-	-	-	-	-
Total support	6,019	6	644	-	-	-	6,669
Revenues:							
Investment, trust and other income	2,645	-	83	-	-	-	2,728
Sales and services	3,012	-	-	-	-	(592)	2,420
Concordia Plan Services	-	-	-	31,224	-	-	31,224
LCMS Holdings Limited – tuition and other	-	-	-	-	65,626	-	65,626
Total revenues	5,657	-	83	31,224	65,626	(592)	101,998
Net realized & unrealized gain on investments	3,262	-	131	-	-	-	3,393
Change in value of split-interest agreements	-	-	-	-	-	-	-
Net assets released from restrictions	45,552	-	-	-	-	-	45,552
Total support, revenues, and gains	60,490	6	858	31,224	65,626	(592)	157,612

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Activities – Without Donor Restrictions – Continued

Year Ended June 30, 2021

(In Thousands)

	Synod	NHSC	LCRL	CPS	LCMS Holdings	Eliminations	Total
Expenses							
Programs:							
<u>Mission and ministry</u>							
International Missions	19,518	-	-	-	-	-	19,518
National Missions	6,179	-	-	-	-	-	6,179
Pastoral Education	3,653	-	-	-	-	-	3,653
University Education	787	-	-	-	-	-	787
KFUO	937	-	-	-	-	-	937
Communications	2,268	-	-	-	-	-	2,268
National Housing Support Corporation	-	27	-	-	-	-	27
Lutheran Center for Religious Liberty	-	-	457	-	-	(25)	432
LCMS Holdings Limited – Int'l School Operations	-	-	-	-	64,957	-	64,957
Total mission and ministry programs	33,342	27	457	-	64,957	(25)	98,758
<u>Ecclesiastical programs</u>							
Corporate Synod	5,470	-	-	-	-	-	5,470
Concordia Plan Services	-	-	-	30,531	-	(463)	30,068
Total ecclesiastical programs	5,470	-	-	30,531	-	(463)	35,538
Total programs	38,812	27	457	30,531	64,957	(488)	134,296
Management and general							
Corporate Synod	7,018	-	-	-	-	-	7,018
Concordia Plan Services	-	-	-	704	-	(10)	694
Total management and general	7,018	-	-	704	-	(10)	7,712
Mission advancement	5,938	-	94	-	-	(94)	5,938
Total expenses	51,768	27	551	31,235	64,957	(592)	147,946
Gain on PPP loan forgiveness	4,092	-	66	3,327	-	-	7,485
Housing Corporation ending balance transfer	5	(5)	-	-	-	-	-
Foreign currency translation	-	-	-	-	10,440	-	10,440
Change in net assets	12,819	(26)	373	3,316	11,109	-	27,591
Net assets at beginning of year	10,753	26	1,581	839	98,954	-	112,153
Net assets at end of year	\$ 23,572	\$ -	\$ 1,954	\$ 4,155	\$ 110,063	\$ -	\$ 139,744

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Activities – With Donor Restrictions Temporary in Nature Year Ended June 30, 2021

(In Thousands)

	Synod	NHSC	Total
Support, revenues, and gains			
Support:			
District pledge	\$ 12,428	\$ -	\$ 12,428
Gifts and grants	30,337	18	30,355
Bequests	7,925	-	7,925
Contributed services	180	-	180
Total support	50,870	18	50,888
Revenues:			
Investment, trust and other income	3,122	-	3,122
Sales and services	-	-	-
Concordia Plan Services	-	-	-
LCMS Holdings Limited – tuition and other	-	-	-
Total revenues	3,122	-	3,122
Net realized & unrealized gain on investments	3,273	-	3,273
Change in value of split-interest agreements	937	-	937
Net assets released from restrictions	(45,552)	-	(45,552)
Total support, revenues, and gains	12,650	18	12,668
Housing Corporation ending balance transfer	22	(22)	-
Change in net assets	12,672	(4)	12,668
Net assets at beginning of year	54,658	4	54,662
Net assets at end of year	\$ 67,330	\$ -	\$ 67,330

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Activities – With Donor Restrictions Perpetual in Nature Year Ended June 30, 2021

(In Thousands)

	Synod	NHSC	Total
Support, revenues, and gains			
Support:			
District pledge	\$ -	\$ -	\$ -
Gifts and grants	1,031	-	1,031
Bequests	-	-	-
Contributed services	-	-	-
Total support	1,031	-	1,031
Revenues:			
Investment, trust and other income	-	-	-
Sales and services	-	-	-
Concordia Plan Services	-	-	-
LCMS Holdings Limited – tuition and other	-	-	-
Total revenues	-	-	-
Net realized & unrealized gain on investments	-	-	-
Change in value of split-interest agreements	5,772	117	5,889
Net assets released from restrictions	-	-	-
Total support, revenues, and gains	6,803	117	6,920
Housing Corporation ending balance transfer	553	(553)	-
Change in net assets	7,356	(436)	6,920
Net assets at beginning of year	38,436	436	38,872
Net assets at end of year	\$ 45,792	\$ -	\$ 45,792

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Cash Flows

Year Ended June 30, 2021

(In Thousands)

	Synod	NHSC	LCRL	CPS	LCMS Holdings	Eliminations	Total
Cash flows from operating activities:							
Change in net assets	\$ 32,847	\$ (466)	\$ 373	\$ 3,316	\$ 11,109	\$ -	\$ 47,179
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:							
Depreciation	510	-	-	562	3,406	-	4,478
Amortization of capital lease	-	-	-	239	179	-	418
Allowance adjustment for uncollectible receivables	-	-	-	(40)	-	-	(40)
Gain on investments	(6,666)	-	(131)	-	-	-	(6,797)
Gain on value of split interest agreements	(6,709)	(117)	-	-	-	-	(6,826)
Gain on PPP loan forgiveness	(4,048)	-	(65)	(3,289)	-	-	(7,402)
Loss on sale of fixed assets	-	-	-	-	21	-	21
Changes in operating assets and liabilities:							
Increase in accrued interest receivable	(93)	-	-	-	(1,054)	-	(1,147)
Decrease in contributions receivable	1,120	-	3	-	-	-	1,123
(Increase) decrease in accounts receivable	22	-	-	1,817	(294)	(13)	1,532
(Increase) decrease in prepaid expenses and other assets	(1,745)	-	7	(32)	(20)	-	(1,790)
(Increase) decrease in funds held in custody by others	(2,030)	553	-	-	-	-	(1,477)
Increase (decrease) in accounts payable and accrued expenses	301	(40)	25	(317)	(286)	13	(304)
Increase in support payable	603	-	-	-	-	-	603
Increase in deferred revenues and other liabilities	193	-	-	14	15,917	-	16,124
Decrease in advance payments for third-party billings	-	-	-	(2,867)	-	-	(2,867)
Increase in funds held in custody for others	14	-	-	-	-	-	14
Contributions restricted for long-term investment	(1,031)	-	-	-	-	-	(1,031)
Net cash provided by (used in) operating activities	13,288	(70)	212	(597)	28,978	-	41,811
Cash flows from investing activities:							
Purchases of property, plant, and equipment	(195)	-	-	(602)	(345)	-	(1,142)
Purchases of investments	(10,309)	-	(82)	-	(48,690)	-	(59,081)
Proceeds from sale of investments	259	-	-	-	-	-	259
Issuance of notes receivable	(380)	-	-	-	-	-	(380)
Principal collections on notes receivable	439	-	-	-	-	-	439
Net cash used in investing activities	(10,186)	-	(82)	(602)	(49,035)	-	(59,905)
Cash flows from financing activities:							
Decrease in funds on deposit by related entities	(840)	-	-	-	-	-	(840)
Borrowings on notes payable	-	-	-	-	1,696	-	1,696
Payments on notes payable	-	-	30	-	(3,421)	-	(3,391)
Payments on capital lease obligation	-	-	-	(222)	-	-	(222)
Contributions restricted for long-term investment	1,031	-	-	-	-	-	1,031
Net cash provided by (used in) financing activities	191	-	30	(222)	(1,725)	-	(1,726)
Effect of exchange rate changes	-	-	-	-	(3,024)	-	(3,024)
Net increase (decrease) in cash and cash equivalents	3,293	(70)	160	(1,421)	(24,806)	-	(22,844)
Cash and cash equivalents at beginning of year	12,147	70	691	16,039	89,936	-	118,883
Cash and cash equivalents at end of year	\$ 15,440	\$ -	\$ 851	\$ 14,618	\$ 65,130	\$ -	\$ 96,039
Supplemental cash flow data:							
Interest paid	\$ 48	\$ -	\$ -	\$ 77	\$ -	\$ -	\$ 125
Taxes paid	\$ -	\$ -	\$ -	\$ -	\$ 8,203	\$ -	\$ 8,203