

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

CONSOLIDATED FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2019

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Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Lutheran Church—Missouri Synod and Subsidiaries (the “Organization”), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of LCMS Holdings, Ltd., a wholly owned subsidiary, which statements reflect total assets of \$168,719,000 as of June 30, 2019, and total revenues of \$63,619,000 for the year then ended. 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 the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, based on our audit and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Lutheran Church—Missouri Synod and Subsidiaries as of June 30, 2019, and the consolidated changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Brown Smith Wallace, LLP

St. Louis, Missouri
December 17, 2019

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidated Statement of Financial Position

June 30, 2019

(See Independent Auditor's Report)

In Thousands

ASSETS

Cash and cash equivalents – domestic operations	\$ 37,484
Cash and cash equivalents – foreign operations (<i>Note B</i>)	110,029
Accrued interest and dividends receivable	865
Contributions receivable – net (<i>Note F</i>)	15,490
Notes and accounts receivable:	
From Synod-related parties	2,851
From others	13,301
Total notes and accounts receivable	16,152
Land, buildings, and equipment – net of depreciation (<i>Note G</i>)	49,161
Investments (<i>Note C</i>)	42,030
Funds held in custody by others (<i>Note H</i>)	23,748
Prepaid expenses – Convention and Youth Gathering	6,277
Other assets	1,542
TOTAL ASSETS	\$ 302,778

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 16,654
LCEF line of credit	395
Support payable (<i>Note I</i>)	5,050
Funds on deposit by related entities	400
Notes payable (<i>Note J</i>)	17,651
Deferred revenue:	
Convention and Youth Gathering	9,438
Tuition and fees	39,752
Other (<i>Note V</i>)	4,739
Total deferred revenue	53,929
Advance payments on third-party billings	8,571
Capital lease obligations	709
Other liabilities	1,717
Funds held in custody for others	714
Total liabilities	105,790

Net assets

Without donor restrictions:	
Undesignated	38,365
Board designated (<i>Note K</i>)	19,737
Net investment in land, buildings and equipment	49,011
Total without donor restrictions	107,113
With donor restrictions:	
Temporary in nature (<i>Note L</i>)	51,818
Perpetual in nature (<i>Note M</i>)	38,057
Total with donor restrictions	89,875
Total net assets	196,988

TOTAL LIABILITIES AND NET ASSETS	\$ 302,778
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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, 2019

(See Independent Auditor's Report)

(In Thousands)

	Without Donor Restrictions	With Donor Restrictions		Total	Total
		Temporary in Nature	Perpetual in Nature		
Support, revenues, and gains					
Support:					
District pledge	\$ -	\$ 13,262	\$ -	\$ 13,262	\$ 13,262
Gifts and grants	2,709	31,541	3,288	34,829	37,538
Bequests	1,343	11,907	-	11,907	13,250
Contributed services (Note N)	-	180	-	180	180
Total support	4,052	56,890	3,288	60,178	64,230
Revenues:					
Investment, trust and other income	680	1,301	2	1,303	1,983
Sales and services (Note O)	3,111	-	-	-	3,111
Concordia Plan Services	30,682	-	-	-	30,682
LCMS Holdings Limited – tuition and other	63,619	-	-	-	63,619
Total revenues	98,092	1,301	2	1,303	99,395
Net realized & unrealized gain on investments	48	332	-	332	380
Change in value of split-interest agreements	-	131	243	374	374
Gain on sale of assets	21,291	-	-	-	21,291
Net assets released from restrictions (Note L)	45,860	(45,860)	-	(45,860)	-
Total support, revenues, and gains	169,343	12,794	3,533	16,327	185,670

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, 2019

(See Independent Auditor's Report)

(In Thousands)

	Without Donor Restrictions	With Donor Restrictions			Total
		Temporary in Nature	Perpetual in Nature	Total	
Expenses					
Programs					
<u>Mission and ministry programs</u>					
International Missions	21,455	-	-	-	21,455
National Missions	7,204	-	-	-	7,204
Pastoral Education	3,686	-	-	-	3,686
University Education	13,391	-	-	-	13,391
KFUO	1,003	-	-	-	1,003
Communications	3,330	-	-	-	3,330
National Housing Support Corporation	1,319	-	-	-	1,319
Lutheran Center for Religious Liberty	475	-	-	-	475
LCMS Holdings Limited – International School Operations	56,905	-	-	-	56,905
Total mission and ministry programs	108,768	-	-	-	108,768
<u>Ecclesiastical programs</u>					
Corporate Synod	6,202	-	-	-	6,202
Concordia Plan Services	28,791	-	-	-	28,791
Total ecclesiastical programs	34,993	-	-	-	34,993
Total programs	143,761	-	-	-	143,761
Management and general					
Corporate Synod	9,209	-	-	-	9,209
Concordia Plan Services	689	-	-	-	689
Total management and general	9,898	-	-	-	9,898
Fundraising	6,292	-	-	-	6,292
Total expenses	159,951	-	-	-	159,951
Low-income housing (<i>Note K</i>)	1,454	-	-	-	1,454
Foreign currency translation (<i>Note B</i>)	(3,976)	-	-	-	(3,976)
Change in net assets	6,870	12,794	3,533	16,327	23,197
Net assets at beginning of year	100,243	39,024	34,524	73,548	173,791
Net assets at end of year	\$ 107,113	\$ 51,818	\$ 38,057	\$ 89,875	\$ 196,988

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, 2019

(See Independent Auditor's Report)

<i>(In Thousands)</i>	Program	Management & General	Fundraising	Total
Salaries and wages	\$ 47,947	\$ 4,222	\$ 2,950	\$ 55,119
Employee benefits	26,699	1,662	1,169	29,530
Contracted services	1,873	1,087	52	3,012
Grants	29,781	82	-	29,863
Travel and meetings	2,671	99	146	2,916
Professional fees/consultants	6,252	896	204	7,352
Equipment, furniture & fixtures	1,057	207	213	1,477
Depreciation	4,951	327	42	5,320
Maintenance and supplies	2,534	239	55	2,828
Insurance	364	443	-	807
Utilities	233	203	63	499
Bank charges and fees	38	41	224	303
Mailing	415	73	557	1,045
Printing	676	11	412	1,099
Home construction costs	378	-	-	378
Other operating costs	17,892	306	205	18,403
Totals	<u>\$ 143,761</u>	<u>\$ 9,898</u>	<u>\$ 6,292</u>	<u>\$ 159,951</u>

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

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidated Statement of Cash Flows

Years Ended June 30, 2019

(See Independent Auditor's Report)

In Thousands

Cash flows from operating activities:	
Change in net assets	\$ 23,197
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,320
Loss on fixed asset retirement	190
Allowance adjustment for uncollectible receivables	(83)
Gain on investments	(375)
Gain on value of split interest agreements	(375)
Gain on sale of fixed assets	(21,291)
Changes in operating assets and liabilities:	
Increase in accrued interest receivable	(149)
Decrease in contributions receivable	1,177
Increase in accounts receivable	(1,468)
Increase in prepaid expenses and other assets	(4,112)
Increase in funds held in custody by others	(3,671)
Increase in accounts payable and accrued expenses	5,287
Increase in support payable to related entities	998
Increase in deferred revenues and other liabilities	5,515
Decrease in advance payments for third-party billings	(3,559)
Decrease in funds held in custody for others	(152)
Contributions restricted for long-term investment	(3,288)
Net cash provided by operating activities	<u>3,161</u>
Cash flows from investing activities:	
Purchases of property, plant, and equipment	(11,487)
Disposal of property, plant, and equipment	27,766
Purchases of investments	(7,465)
Proceeds from sale of investments	58,164
Additions to notes receivable	329
Principal collections on notes receivable	13,950
Net cash provided by investing activities	<u>81,257</u>
Cash flows from financing activities:	
Decrease in funds on deposit by related entities	(96)
Increase in line of credit	11
Decrease in line of credit	(159)
Payments on notes payable	(2,363)
Payments on capital lease obligation	(180)
Contributions restricted for long-term investment	3,288
Net cash provided by financing activities	<u>501</u>
Effect of exchange rate changes	<u>2,095</u>
Net increase in cash and cash equivalents	87,014
Cash and cash equivalents at beginning of year	<u>60,499</u>
Cash and cash equivalents at end of year	<u><u>\$ 147,513</u></u>
Supplemental cash flow data:	
Interest paid	\$ 85
Taxes paid	\$ 3,243

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, 2019

(See Independent Auditor's Report)

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. 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 the Synod's purpose and programs to its members and to promote an increased understanding on the part of the Church's publics of the church's mission.

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

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

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 LCMS Foundation who supplies specialized services or products to donors.

The Synod relies on donations from its over 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, 11 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, “Summary of Significant Accounting Policies.”

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), Concordia Retirement Savings Plan (CRSP), and the Pension Plan for Pastors and Teachers (PPPT), 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, 2019

(See Independent Auditor's Report)

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.

The Synod and CPS are organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and have 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).

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. The Synod maintains control over the NHSC, having delegated its powers to be exercised by the Board of Directors for the NHSC.

The NHSC is 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). Specifically, NHSC was organized to combat poverty and community deterioration. It was included and is covered under the Synod's group exempt ruling, issued by the Internal Revenue Service (IRS) in January 1965. It is therefore exempt from federal income taxes on income from related exempt activities under Code Section 501(a). In order to assist in carrying out its mission and for purposes of limiting liability on a project-by-project basis, the NHSC formed College Hill, LLC which serves as the vehicle for project development in the College Hill neighborhood in St. Louis, MO.

Subsequent to June 30, 2019, 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, the official date to be determined.

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 and consolidated following the requirements of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-810, *Not-for-Profit Entities—Consolidation*. Its principal activity is investment holding. The principal activity of its for-profit 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 is included and covered under the Synod's group exempt ruling, issued by the IRS in January 1965, rendering it exempt from federal income taxes on income from related exempt activities under Code Section 501(a). LCRL is consolidated following

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

Note B - Summary of Significant Accounting Policies

the requirements of the FASB ASC 958-810, *Not-for-Profit Entities—Consolidation*.

Basis of Presentation

The consolidated financial statements have been prepared using the accrual basis of accounting and follow the requirements of the FASB ASC, 958-205-05, *Not-for-Profit Entities*. Under these standards, 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 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, 2019, cash and cash equivalents include deposits held at LCEF. At times, bank deposits may be in excess of federally insured limits.

Cash and cash equivalents – foreign operations represents the cash balances of LCMS Holdings, Ltd. Due to Chinese regulations, virtually the entire cash balance cannot be repatriated to the United States and is unavailable for the domestic operations of the Synod.

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 LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

Note B - Summary of Significant Accounting Policies (Continued)

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.

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 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

The Synod recognizes contributions as support when they are received or unconditionally pledged. 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 LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

Note B - Summary of Significant Accounting Policies (Continued)

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 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 depreciated or disposed of except for gifts of land where the basis is when the asset is placed in service.

CPS management fee revenue is recognized when plan administration costs are incurred. The billing of these fees to the plans requires management to make certain estimates and assumptions that affect the allocations to each plan.

Tuition and related income for LCMS Holdings are recognized on a straight-line basis over the school year.

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.

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.

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.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

Note B - Summary of Significant Accounting Policies (Continued)

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.
- 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 2019. As of June 30, 2019, borrowings against this line of credit were \$0. The NHSC obtained a \$300,000 line of credit with LCEF in August 2016 collateralized by real estate, which matured in August 2018, was renewed in November 2018 for \$240,000, and closed in September 2019 due to closing the NHSC. At June 30, 2019 there were no borrowings against this line of credit. The NHSC obtained an additional \$500,000 line of credit with LCEF to fund its loan program with total borrowings at June 30, 2019 of \$395,000 with fixed interest rates from 6.5% to 7.25%, maturing between fiscal years 2020 and 2021.

The Synod also provided an unsecured line of credit for its seminary in St. Louis of \$2,285,000 and in Fort Wayne of \$1,248,000 for the fiscal year ending June 30, 2019. As of June 30, 2019, the variable interest rate was 4.375% with no borrowings against this line of credit.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the 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:

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

Note B - Summary of Significant Accounting Policies (Continued)

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 full-time equivalents
Copying and printing	Volume
Telephone	Cost per phone
Travel and meeting services	Estimates of time and effort
IT department	Estimates of time and effort

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 \$3,976,000 in 2019 which has been reported separately in the consolidated statement of activities.

Change in Accounting Policy

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these consolidated financial statements accordingly.

Subsequent Events

Management has evaluated events and transactions subsequent to June 30, 2019 through December 17, 2019, the date the consolidated financial statements were available to be issued.

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.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

Note C - Investments (Continued)

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. Due to Chinese regulation, these investments cannot be repatriated to the United States and are unavailable for the domestic operations of the Synod.

Total investment return, reflected in the statement of activities, is shown net of related investment management fees of \$82,000 at June 30, 2019.

Details of investments held by the Synod at June 30, 2019 are as follows:

(In Thousands)

LCEF notes	\$ 1,966
Common Trust funds managed by the Foundation:	
Moderate balanced	22,488
Equity	2,465
Fixed income	1,241
Core bonds	515
Certificates of deposit—LCMS Holdings, Ltd.	<u>13,355</u>
Total investments	<u>\$ 42,030</u>

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.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

Note D - Fair Value Measurements (Continued)

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 78% core bond, 19% high yield bond, and 3% 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 21% international equity, 10% high yield bond, 39% core bond, 28% domestic equity, and 2% 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 43% international equity, 56% domestic equity, and 1% cash.

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 statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Foundation Owned Endowments: 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 following tables set forth by level, within the fair value hierarchy, invested assets as of June 30, 2019 and changes in fair value of Level 3 invested assets during the year ended June 30, 2019:

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

Note D - Fair Value Measurements (Continued)

(In Thousands)

	Fair Value Measurements			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Leveled investments				
Irrevocable trusts	\$ -	\$ -	\$ 5,329	\$ 5,329
Foundation owned endowments	-	-	23,435	23,435
Lutheran Foundation of Texas	-	-	310	310
Total leveled investments	-	-	29,074	29,074
Common trust funds				
Moderate balanced				22,488
Equity				2,465
Fixed income				1,241
Core bonds				515
Total common trust funds				26,709
LCEF investments				1,969
LCMS Holdings CDs				13,355
Total	\$ -	\$ -	\$ 29,074	\$ 71,107

(In Thousands)

	Changes in Level 3 Invested Assets			
	Beginning Balance	Additions	Unrealized Gains & (Losses)	Ending Balance
Invested assets				
Irrevocable trusts	\$ 5,583	\$ 178	\$ (432)	\$ 5,329
Foundation owned endowments	19,479	4,048	(92)	23,435
Lutheran Foundation of Texas	320	-	(10)	310
Homes held for sale	115	-	(115)	-
Total	\$ 25,497	\$ 4,226	\$ (649)	\$ 29,074

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

Note D - Fair Value Measurements (Continued)

The following table summarize investments measured at fair value based on NAV per share as of June 30, 2019:

<i>(In Thousands)</i>	Fair	Unfunded	Redemption	Redemption
	Value	Commitments	Frequency	Notice
Common Trust Funds	\$ 26,709	-	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 Generally Accepted Accounting Principles 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 in the following proportions: 40% in either the Standard Fund-Fixed Income or Mortgage Pool Fund, and 60% in 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.

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 no deficits of this nature reported in net assets without donor restrictions at June 30, 2019.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

Note E - Endowment Investment and Spending Policies (Continued)

The changes in and composition of endowment net assets for the year ended June 30, 2019 are as follows:

Changes in Endowment Net Assets (In Thousands)

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary in Nature	Perpetual in Nature	
Endowment net assets, beginning of year	\$ 3,099	\$ 3,305	\$ 16,128	\$ 22,532
Contributions	-	-	10	10
Income earned on investments	119	607	2	728
Unrealized gain/(loss) on investments	47	327	-	374
Appropriation of endowment assets for expenditure	955	(955)	-	-
Expenses paid from endowments	(955)	-	-	(955)
Net change in endowment assets	166	(21)	12	157
Endowment net assets, end of year	\$ 3,265	\$ 3,284	\$ 16,140	\$ 22,689

Composition of Endowment Net Assets (In Thousands)

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary in Nature	Perpetual in Nature	
Donor restricted endowment funds:				
Original gift	\$ -	\$ 815	\$ 16,140	\$ 16,955
Accumulated investment earnings	-	2,469	-	2,469
Board designated endowment funds	3,265	-	-	3,265
Total endowment net assets	\$ 3,265	\$ 3,284	\$ 16,140	\$ 22,689

Note F - Contributions Receivable

At June 30, 2019, contributors had promised to give the Synod \$18,261,000. 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, 2019

(See Independent Auditor's Report)

Note F - Contributions Receivable (Continued)

<i>(In Thousands)</i>	District Pledges	Irrevocable Deferred Gifts	Other	Total
Amount due:				
Within one year	\$ 8,582	\$ 123	\$ 1,881	\$ 10,586
One to five years	-	2,103	311	2,414
More than five years	-	5,261	-	5,261
Total Contributions Receivable	8,582	7,487	2,192	18,261
Less:				
Present value component	-	(2,158)	(13)	(2,171)
Allowance for doubtful contributions	(300)	-	(300)	(600)
Net Contributions Receivable	\$ 8,282	\$ 5,329	\$ 1,879	\$ 15,490

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

Growth rates	0% to 5.9%
Discount rate	3.5%
Distribution rate	7.0%

Note G - Land, Buildings and Equipment

Land, buildings and equipment consisted of the following at June 30, 2019:

<i>(In Thousands)</i>	
International Center (62.32% ownership):	
Land and land improvements	\$ 842
Building and improvements	11,271
Total International Center	12,113
Land	1,167
Furniture and fixtures	4,206
Equipment	15,870
Foreign mission properties	395
Work in progress	9,430
LCMS Holdings, Ltd.:	
Land use rights	5,708
Property, plant and equipment	59,786
Total land, buildings and equipment	108,675
Less accumulated depreciation	(59,514)
Book value of land, buildings and equipment	\$ 49,161

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

Note G - Land, Buildings and Equipment (Continued)

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.

CPS entered into a five-year capital lease agreement with an unrelated third party on November 1, 2017 for telecommunications equipment and software, capitalized for a cost of \$1,028,000. Accumulated depreciation as of June 30, 2019 was \$339,000 and depreciation expense for the year ended June 30, 2019 was \$204,000.

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, 2019, 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.

Note I - Support Payable

The following represents support the Synod has committed to pay at June 30, 2019:

(In Thousands)

CUS and seminaries	\$ 3,956
CHI	420
Human Care multi-year grants	674
Total	<u>\$ 5,050</u>

Note J - Notes Payable

Effective April 30, 2013 the NHSC obtained a loan from LCEF to provide a maximum of \$130,000 to fund a capital campaign with no borrowings at June 30, 2019.

LCMS Holdings has an outstanding loan balance with LCEF of \$17,501,000 at June 30, 2019 which includes two separate loans to finance operations of a subsidiary of the Group. The first loan bears interest at 4.375% per annum for the first 5 years and 30-day LIBOR plus 4% thereafter. It is repayable by monthly installments after June 30, 2016 with a final repayment on June 30, 2028. Monthly installments will be calculated at the conclusion of the construction project. The loan is secured by a pledge of property from the ultimate holding company. The second loan is an unsecured loan bearing 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 LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

Note J - Notes Payable (Continued)

Prior to 2018, CPS had a \$3.5 million line of credit available with the CRP, CDSP and CHP bearing interest at 1.0% per annum. This balance was converted into a promissory note on January 1, 2018 with bearing interest at 3.5%. The collateralized notes payable balance was \$150,000 at June 30, 2019.

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

<i>(In Thousands)</i>	<u>Year Ending June 30</u>
2020	\$ 1,298
2021	1,320
2022	1,437
2023	1,437
2024	1,437
Thereafter	<u>14,542</u>
	21,471
Less amount representing interest	<u>3,820</u>
Total principal payments	<u><u>\$ 17,651</u></u>

Note K - Board Designated Net Assets

The Board of Directors has designated net assets without restrictions for the purposes listed below. These include funds that in 1997 were removed from the Synod's net assets and transferred to LCEF's low-income housing fund that as of June 30, 2019 have been added back to the Synod's net assets since it was determined that LCEF should have been treated as custodian instead of owner of these funds.

<i>(In Thousands)</i>	
Youth Gathering	\$ 592
DCS Ministries Endowment Fund	58
Mission Property Fund	280
Risk Endowment	2,379
Innovations in Communications	5,452
Synodical Convention	250
Convention Mandated Activities	182
CUS	2,200
Low-Income Housing	1,454
Future Projects	<u>6,890</u>
Total Board designated net assets	<u><u>\$ 19,737</u></u>

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

Note L - Net Assets With Donor Restrictions Temporary in Nature

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

(In Thousands)

Program restrictions:

Mission and ministry:

International Mission	\$ 19,940
National Mission	3,470
Multi-Departmental	8,286
Pastoral Educations	2,039
Communications	27
KFUO radio stations	539
National Housing Support Corporation	337
Total mission and ministry	<u>34,638</u>

Ecclesiastical programs	788
Mangement and general	1,294
Mission Advancement	78
Total program restrictions	<u>36,798</u>

Time restrictions:

District Pledges	7,009
Irrevocable trusts	5,329
Term endowments	2,682
Total time restrictions	<u>15,020</u>

Total net assets with restrictions temporary in nature	<u><u>\$ 51,818</u></u>
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THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

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 as of June 30, 2019:

(In Thousands)

Program restrictions:

Mission and ministry	
International Mission	\$ 19,165
National Mission	6,398
Pastoral Education	2,645
Communications	9
KFUO radio stations	762
National Housing Support	633
Total mission and ministry	<u>29,612</u>

Ecclesiastical programs	532
Management and general	(1,420)
Mission Advancement	3,373
Total program restrictions	<u>32,097</u>

Expiration of time restrictions:

District Pledges	13,763
Total restrictions released	<u>\$ 45,860</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:

(In Thousands)

Programs:

	<u>2019</u>
International Mission	\$ 16,026
National Mission	4,283
Multi-departmental funds	5,945
Pastoral Education	6,787
KFUO	1,084
National Housing Support Corporation	450
Total programs	<u>34,575</u>
Management and general	3,482
Total net assets with restrictions perpetual in nature	<u>\$ 38,057</u>

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

Note N - Contributed Services

The Synod received donated professional teaching services for its overseas mission work. The Synod had approximately 6 professional full-time and part-time teachers for the year ended June 30, 2019. 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 \$180,000 for the year ended June 30, 2019. 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 - Inter-organizational Charges

During fiscal year 2019, the Synod provided various administrative services to related entities which is included in sales and services revenue as follows:

<i>(In Thousands)</i>	LCMS		Colleges/		Total	
	CUS	Foundation	LCEF	Seminaries		Other
Chaplain Services	\$ 1	\$ 7	\$ 16	\$ -	\$ -	\$ 24
Risk Management	19	-	25	233	15	292
Rosters & Statistics	43	1	7	5	11	67
Accounting	65	52	-	-	35	152
Information Technology	48	-	-	-	-	48
Human Resources	25	81	190	-	-	296
General Services	24	81	91	-	-	196
Total	\$ 225	\$ 222	\$ 329	\$ 238	\$ 61	\$ 1,075

Note P - 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, 2019

(See Independent Auditor's Report)

Note P - Employee Benefits (Continued)

Total expenses are as follows:

(In Thousands)

Concordia Health Plan	\$ 4,692
Concordia Disability and Survivor Plan	474
Concordia Retirement and Retirement Savings Plans	<u>1,949</u>
Total	<u>\$ 7,115</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, 2019. 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 Q - 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 2020. 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 LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

Note Q - Liquidity and Availability (Continued)

The following table reflects the LCMS's financial assets as of June 30, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Of the \$141,605,000 total, \$123,648,000 is attributed to CISS which, due to Chinese regulations, has questionable ability be repatriated to the United States to be used for the domestic operations of the Synod.

(In Thousands)

Financial assets at year end:	
Cash and cash equivalents	\$ 147,513
Accrued interest and dividends receivable	865
Contributions receivable	15,490
Notes and accounts receivable:	
From Synod-related entities	2,851
From others	13,301
Investments	42,030
Funds held in custody by others	23,748
Total financial assets at year end	<u>245,798</u>
Less amounts not available to be used within one year:	<u>104,193</u>
Financial assets available for general expenditures within one year	<u>\$ 141,605</u>

Note R - Guarantees of Indebtedness of Others

To assist CUS and member schools in obtaining favorable financing terms, the Synod guaranteed \$10,000,000 of the \$45,000,000 unsecured line of credit CUS obtained from LCEF for 2019, which had outstanding borrowings of \$16,254,000 at June 30, 2019 with a variable interest rate of 4.375%.

Note S - 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 T - 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 statements of financial position.

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

June 30, 2019

(See Independent Auditor's Report)

Note U - 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. No provision for taxation is required for CISH as it has a 100% tax exemption for the first 4 profitable years and 50% exemption for the following 5 years. Taxation of CISS is calculated at rates prevailing in the People's Republic of China, based on existing legislation, interpretations and local practices. CISS tax expense was \$3,243,000 for 2019 and is included in LCMS Holding Limited – International School operations on the Consolidated Statement of Activities.

The Synod is exempt from 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.

Note V - Other

During 2010, the Synod entered into an asset purchase agreement to sell the KFUE-FM radio broadcast license. The Synod has elected to account for the sale on the installment basis and defer recognition of the gain until payments are received under the purchase agreement. Included in "Other" at June 30, 2019 is the receivable balance under the agreement and deferred gain on sale which was \$4,739,000 at June 30, 2019. Interest accrues at 5.25% per annum. Remaining principal payments are as follows based on calendar year: \$400,000 due in 2019 and \$4,339,000 due in 2020.

Supplemental Information



THE FIRM FOR GROWTH.®

Independent Auditor's Report on Supplemental Information

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

We have audited the consolidated financial statements of The Lutheran Church—Missouri Synod and Subsidiaries as of and for the year ended June 30, 2019, and have issued our report thereon dated December 17, 2019, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed 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 the purposes of additional analysis of the consolidated financial statements rather than to present the financial position, activities, and cash flows of the individual organizations, and it 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 audit 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, which insofar as it relates to LCMS Holdings, Ltd. as of and for the year ended June 30, 2019, is based on the report of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Brown Smith Wallace, LLP

St. Louis, Missouri
December 17, 2019

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Financial Position

June 30, 2019

(See Independent Auditor's Report)

(In Thousands)

	Synod	NHSC	LCRL	CPS	LCMS Holdings	Eliminations	Total
ASSETS							
Cash and cash equivalents – domestic operations	\$ 30,311	\$ 420	\$ 1,536	\$ 5,217	\$ -	\$ -	\$ 37,484
Cash and cash equivalents – foreign operations	-	-	-	-	110,029	-	110,029
Accrued interest and dividends receivable	816	49	-	-	-	-	865
Contributions receivable – net	15,447	-	43	-	-	-	15,490
Notes and accounts receivable:							
From Synod-related parties	6,100	-	-	1,304	-	(4,553)	2,851
From others	4,922	395	-	4,671	3,313	-	13,301
Total notes and accounts receivable	11,022	395	-	5,975	3,313	(4,553)	16,152
Land, buildings, and equipment – net of depreciation	5,432	-	-	1,707	42,022	-	49,161
Investments	28,675	-	-	-	13,355	-	42,030
Funds held in custody by others	23,298	450	-	-	-	-	23,748
Prepaid expenses – Convention and Youth Gathering	6,277	-	-	-	-	-	6,277
Other assets	534	3	14	991	-	-	1,542
TOTAL ASSETS	\$ 121,812	\$ 1,317	\$ 1,593	\$ 13,890	\$ 168,719	\$ (4,553)	\$ 302,778
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts payable and accrued expenses	\$ 3,395	\$ 99	\$ 39	\$ 3,455	\$ 9,669	\$ (3)	\$ 16,654
LCEF line of credit	-	395	-	-	-	-	395
Support payable	5,050	-	-	-	-	-	5,050
Funds on deposit by related entities	400	-	-	-	-	-	400
Notes payable	-	-	-	150	17,501	-	17,651
Deferred revenue:							
Convention and Youth Gathering	9,438	-	-	-	-	-	9,438
Tuition and fees	-	-	-	-	39,752	-	39,752
Other	4,739	-	-	-	-	-	4,739
Total deferred revenue	14,177	-	-	-	39,752	-	53,929
Advance payments on third-party billings	-	-	-	8,571	-	-	8,571
Capital lease obligations	-	-	-	709	-	-	709
Other liabilities	9	-	-	-	6,258	(4,550)	1,717
Funds held in custody for others	714	-	-	-	-	-	714
Total liabilities	23,745	494	39	12,885	73,180	(4,553)	105,790
Net assets							
Without donor restrictions:							
Undesignated	(16,190)	36	1,554	(552)	53,517	-	38,365
Board designated	19,737	-	-	-	-	-	19,737
Net investment in land, buildings and equipment	5,432	-	-	1,557	42,022	-	49,011
Total without donor restrictions	8,979	36	1,554	1,005	95,539	-	107,113
With donor restrictions:							
Temporary in nature	51,481	337	-	-	-	-	51,818
Perpetual in nature	37,607	450	-	-	-	-	38,057
Total with donor restrictions	89,088	787	-	-	-	-	89,875
Total net assets	98,067	823	1,554	1,005	95,539	-	196,988
TOTAL LIABILITIES AND NET ASSETS	\$ 121,812	\$ 1,317	\$ 1,593	\$ 13,890	\$ 168,719	\$ (4,553)	\$ 302,778

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Activities – Without Donor Restrictions

Year Ended June 30, 2019

(See Independent Auditor's Report)

(In Thousands)

	Synod	NHSC	LCRL	CPS	LCMS Holdings	Elimin- ations	Total
Support, revenues, and gains							
Support:							
District pledge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gifts and grants	2,031	282	874	-	-	(478)	2,709
Bequests	1,343	-	-	-	-	-	1,343
Contributed services	-	-	-	-	-	-	-
Total support	3,374	282	874	-	-	(478)	4,052
Revenues:							
Investment, trust and other income	600	1,127	1	-	-	(1,048)	680
Sales and services	4,052	149	-	-	-	(1,090)	3,111
Concordia Plan Services	-	-	-	30,682	-	-	30,682
LCMS Holdings Limited – tuition and other	-	-	-	-	63,619	-	63,619
Total revenues	4,652	1,276	1	30,682	63,619	(2,138)	98,092
Net realized & unrealized gain on investments	48	-	-	-	-	-	48
Change in value of split-interest agreements	-	-	-	-	-	-	-
Gain on sale of assets	21,291	-	-	-	-	-	21,291
Net assets released from restrictions	45,227	633	-	-	-	-	45,860
Total support, revenues, and gains	74,592	2,191	875	30,682	63,619	(2,616)	169,343

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Activities – Without Donor Restrictions – Continued

Year Ended June 30, 2019

(See Independent Auditor's Report)

(In Thousands)

	Synod	NHSC	LCRL	CPS	LCMS Holdings	Eliminations	Total
Expenses							
Programs:							
<u>Mission and ministry</u>							
International Missions	21,455	-	-	-	-	-	21,455
National Missions	7,557	-	-	-	-	(353)	7,204
Pastoral Education	3,686	-	-	-	-	-	3,686
University Education	13,391	-	-	-	-	-	13,391
KFUO	1,003	-	-	-	-	-	1,003
Communications	3,330	-	-	-	-	-	3,330
National Housing Support Corporation	-	1,340	-	-	-	(21)	1,319
Lutheran Center for Religious Liberty	-	-	500	-	-	(25)	475
LCMS Holdings Limited – Int'l School Operations	-	-	-	-	56,908	(3)	56,905
Total mission and ministry programs	50,422	1,340	500	-	56,908	(402)	108,768
<u>Ecclesiastical programs</u>							
Corporate Synod	6,202	-	-	-	-	-	6,202
Concordia Plan Services	-	-	-	29,729	-	(938)	28,791
Total ecclesiastical programs	6,202	-	-	29,729	-	(938)	34,993
Total programs	56,624	1,340	500	29,729	56,908	(1,340)	143,761
Management and general							
Corporate Synod	10,379	-	-	-	-	(1,170)	9,209
Concordia Plan Services	-	-	-	710	-	(21)	689
Total management and general	10,379	-	-	710	-	(1,191)	9,898
Fundraising	6,207	79	91	-	-	(85)	6,292
Total expenses	73,210	1,419	591	30,439	56,908	(2,616)	159,951
Dividends received	1,950	-	-	-	-	(1,950)	-
Low-income housing	1,454	-	-	-	-	-	1,454
Foreign currency translation	-	-	-	-	(3,976)	-	(3,976)
Change in net assets	4,786	772	284	243	2,735	(1,950)	6,870
Net assets at beginning of year	4,193	(736)	1,270	762	94,754	-	100,243
Dividends paid	-	-	-	-	(1,950)	1,950	-
Net assets at end of year	\$ 8,979	\$ 36	\$ 1,554	\$ 1,005	\$ 95,539	\$ -	\$ 107,113

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Activities – With Donor Restrictions Temporary in Nature

Year Ended June 30, 2019

(See Independent Auditor's Report)

(In Thousands)

	Synod	NHSC	Eliminations	Total
Support, revenues, and gains				
Support:				
District pledge	\$ 13,262	\$ -	\$ -	\$ 13,262
Gifts and grants	31,375	166	-	31,541
Bequests	11,907	-	-	11,907
Contributed services	180	-	-	180
Total support	56,724	166	-	56,890
Revenues:				
Investment, trust and other income	1,284	17	-	1,301
Sales and services	-	-	-	-
Concordia Plan Services	-	-	-	-
LCMS Holdings Limited – tuition and other	-	-	-	-
Total revenues	1,284	17	-	1,301
Net realized & unrealized gain on investments	332	-	-	332
Change in value of split-interest agreements	131	-	-	131
Gain on sale of assets	-	-	-	-
Net assets released from restrictions	(45,227)	(633)	-	(45,860)
Total support, revenues, and gains	13,244	(450)	-	12,794
Change in net assets	13,244	(450)	-	12,794
Net assets at beginning of year	38,237	787	-	39,024
Net assets at end of year	\$ 51,481	\$ 337	\$ -	\$ 51,818

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Activities – With Donor Restrictions Perpetual in Nature

Year Ended June 30, 2019

(See Independent Auditor's Report)

(In Thousands)

	Synod	NHSC	Total
Support, revenues, and gains			
Support:			
District pledge	\$ -	\$ -	\$ -
Gifts and grants	3,288	-	3,288
Bequests	-	-	-
Contributed services	-	-	-
Total support	<u>3,288</u>	<u>-</u>	<u>3,288</u>
Revenues:			
Investment, trust and other income	2	-	2
Sales and services	-	-	-
Concordia Plan Services	-	-	-
LCMS Holdings Limited – tuition and other	-	-	-
Total revenues	<u>2</u>	<u>-</u>	<u>2</u>
Net realized & unrealized gain on investments	-	-	-
Change in value of split-interest agreements	241	2	243
Gain on sale of assets	-	-	-
Net assets released from restrictions	-	-	-
Total support, revenues, and gains	<u>3,531</u>	<u>2</u>	<u>3,533</u>
Change in net assets	3,531	2	3,533
Net assets at beginning of year	<u>34,076</u>	<u>448</u>	<u>34,524</u>
Net assets at end of year	<u>\$ 37,607</u>	<u>\$ 450</u>	<u>\$ 38,057</u>

THE LUTHERAN CHURCH—MISSOURI SYNOD AND SUBSIDIARIES

Consolidating Schedule of Cash Flows

Year Ended June 30, 2019

(See Independent Auditor's Report)

(In Thousands)

	Synod	NHSC	LCRL	CPS	LCMS Holdings	Eliminations	Total
Cash flows from operating activities:							
Change in net assets	\$ 21,561	\$ 324	\$ 284	\$ 243	\$ 2,735	\$ (1,950)	\$ 23,197
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:							
Depreciation	565	-	-	560	4,195	-	5,320
Amortization of capital lease	-	-	-	190	-	-	190
Allowance adjustment for uncollectible receivables	(78)	-	-	(5)	-	-	(83)
Gain on investments	(375)	-	-	-	-	-	(375)
Gain on value of split interest agreements	(373)	(2)	-	-	-	-	(375)
Gain on sale of fixed assets	(21,291)	-	-	-	-	-	(21,291)
Dividend paid by LCMS Holdings to the LCMS	-	-	-	-	(1,950)	1,950	-
Changes in operating assets and liabilities:							
(Increase) decrease in accrued interest receivable	120	(20)	-	-	(249)	-	(149)
Decrease in contributions receivable	1,129	-	48	-	-	-	1,177
(Increase) decrease in accounts receivable	3,062	515	559	(1,861)	(922)	(2,821)	(1,468)
(Increase) decrease in prepaid expenses and other assets	(4,432)	263	(4)	61	-	-	(4,112)
Increase in funds held in custody by others	(3,671)	-	-	-	-	-	(3,671)
Increase (decrease) in accounts payable and accrued expenses	599	(892)	18	(570)	5,819	313	5,287
Increase in support payable	998	-	-	-	-	-	998
Increase (decrease) in deferred revenues and other liabilities	4,636	-	-	-	(1,629)	2,508	5,515
Decrease in advance payments for third-party billings	-	-	-	(3,559)	-	-	(3,559)
Decrease in funds held in custody for others	(152)	-	-	-	-	-	(152)
Contributions restricted for long-term investment	(3,288)	-	-	-	-	-	(3,288)
Net cash provided by (used in) operating activities	(990)	188	905	(4,941)	7,999	-	3,161
Cash flows from investing activities:							
Purchases of property, plant, and equipment	(1,613)	-	-	(150)	(9,724)	-	(11,487)
Disposal of property, plant, and equipment	27,766	-	-	-	-	-	27,766
Purchases of investments	(7,465)	-	-	-	-	-	(7,465)
Proceeds from sale of investments	26	-	-	-	58,138	-	58,164
Additions to notes receivable	340	(11)	-	-	-	-	329
Principal collections on notes receivable	4,355	100	-	-	9,495	-	13,950
Net cash provided by (used in) investing activities	23,409	89	-	(150)	57,909	-	81,257
Cash flows from financing activities:							
Decrease in funds on deposit by related entities	(96)	-	-	-	-	-	(96)
Increase in line of credit	-	11	-	-	-	-	11
Payments on line of credit	-	(159)	-	-	-	-	(159)
Payments on notes payable	-	(48)	-	(300)	(2,015)	-	(2,363)
Payments on capital lease obligation	-	-	-	(180)	-	-	(180)
Contributions restricted for long-term investment	3,288	-	-	-	-	-	3,288
Net cash provided by (used in) financing activities	3,192	(196)	-	(480)	(2,015)	-	501
Effect of exchange rate changes	-	-	-	-	2,095	-	2,095
Net increase (decrease) in cash and cash equivalents	25,611	81	905	(5,571)	65,988	-	87,014
Cash and cash equivalents at beginning of year	4,700	339	631	10,788	44,041	-	60,499
Cash and cash equivalents at end of year	\$ 30,311	\$ 420	\$ 1,536	\$ 5,217	\$ 110,029	\$ -	\$ 147,513
Supplemental cash flow data:							
Interest paid	\$ 14	\$ 32	\$ -	\$ 39	\$ -	\$ -	\$ 85
Taxes paid	\$ -	\$ -	\$ -	\$ -	\$ 3,243	\$ -	\$ 3,243