FORVIS

111 E. Wayne Street, Suite 600 / Fort Wayne, IN 46802
P 260.460.4000 / **F** 260.426.2235
forvis.com

Board of Directors, Audit Committee and Management
The Lutheran Foundation, Inc.
Fort Wayne, Indiana

As part of our audit of the financial statements of The Lutheran Foundation, Inc. (Foundation) as of and for the year ended June 30, 2022, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our contract more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our contract more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The Foundation's significant accounting policies are described in Note 1 of the audited financial statements.

Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Fair market valuation of investments based on market information and separately obtained documentation for alternative investments

Significant Unusual Transactions

No matters are reportable.

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Investments and investment return
- Net assets
- Disclosures about fair value of assets and liabilities

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

There were no proposed audit adjustments during the 2022 audit.

Auditor's Judgments About the Quality of the Foundation's Accounting Principles

No matters are reportable.

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (attached)

This communication is intended solely for the information and use of management, the Audit Committee, and the Board of Directors and, others within the Foundation, and is not intended to be and should not be used by anyone other than these specified parties.

FORVIS, LLP

Fort Wayne, Indiana
December 1, 2022

Representation of:
The Lutheran Foundation
3024 Fairfield Avenue, Suite 200
Fort Wayne, Indiana 46807

Provided to:
FORVIS, LLP
Certified Public Accountants
111 East Wayne Street, Suite 600
Fort Wayne, Indiana 46802

The undersigned ("We") are providing this letter in connection with FORVIS' audits of our financial statements as of and for the years ended June 30, 2022 and 2021.

Our representations are current and effective as of the date of FORVIS' report: December 1, 2022.

Our engagement with FORVIS is based on our contract for services dated: September 23, 2022.

Our Responsibility and Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to FORVIS' report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of FORVIS' Report

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

2. We acknowledge our responsibility for the design, implementation, and maintenance of:

    a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

    b. Internal control to prevent and detect fraud.

3. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

4. We have everything we need to keep our books and records.

5. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d. All minutes of Directors' meetings held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.

    e. All significant contracts and grants.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:

    a. Misappropriation of assets.

    b. Misrepresented or misstated assets, liabilities, or net assets.

8. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:

    a. Management or employees who have significant roles in internal control, or

    b. Others, where activities of others could have a material effect on the financial statements.

9. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, customers, regulators, suppliers, or others.

10. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

11. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware. In addition, we have disclosed to you all related-party transactions of which we are aware.

    Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

    We understand that the term <u>related party</u> refers to an affiliate, management and members of their immediate families, subsidiaries accounted for by the equity method, and any other party with which the entity may deal if the entity can significantly influence, or be influenced by, the management or operating policies of the other. The term <u>affiliate</u> refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

12. We are not aware of any side agreements or other arrangements (either written or oral) that are in place.

13. Except as reflected in the financial statements, there are no:

    a. Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

    b. Material transactions omitted or improperly recorded in the financial records.

    c. Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

    d. Events occurring subsequent to the statement of financial position date through the date of this letter requiring adjustment or disclosure in the financial statements.

    e. Agreements to purchase assets previously sold.

    f. Restrictions on cash balances or compensating balance agreements.

    g. Guarantees, whether written or oral, under which the entity is contingently liable.

14. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

15. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.

16. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.

17. Adequate provisions and allowances have been accrued for any material losses from:

    a. Uncollectible receivables, including pledges.

    b. Purchase commitments in excess of normal requirements or above prevailing market prices.

18. Except as disclosed in the financial statements, the entity has:

    a. Satisfactory title to all recorded assets, and they are not subject to any liens, pledges, or other encumbrances.

    b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

19. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

20. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.

21. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

22. With respect to any nonattest services you have provided us during the year, including assisting with preparation of the financial statements and related notes:

    a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.

    b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.

    c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.

    d. We have evaluated the adequacy of the services performed and any findings that resulted.

    e. We have received the deliverables from you and have stored these deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

23. We have identified to you any activities conducted having both fund raising and program or management and general components (joint activities) and have allocated the costs of any joint activities in accordance with the provisions of FASB ASC 958-720-45.

24. We are an entity exempt from income tax under Section 501(c) of the Internal Revenue Code and a similar provision of state law and, except as disclosed in the financial statements, there are no activities that would jeopardize our tax-exempt status or subject us to income tax on unrelated business income or excise tax on prohibited transactions and events.

25. We acknowledge the entity is not a conduit debt obligor whose debt securities are listed, quoted, or traded on an exchange or an over-the-counter market. As a result, we acknowledge the entity does not meet the definition of a "public entity" under generally accepted accounting principles for certain accounting standards.

26. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year of the date of this letter without consideration of potential mitigating effects of management's plans not yet fully implemented and concluded substantial doubt does not exist.

27. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing declines in the fair values of investments and other assets, declines in the volume of business/contributions, constraints on liquidity, difficulty obtaining financing, etc. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts, notes/contributions receivable, etc.

    We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity's financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments and other assets, reviewing allowances for uncollectible amounts, evaluating capital needs and liquidity plans, etc.

28. With regards to our loan obtained under the "*first draw*" Paycheck Protection Program (created under the CARES Act of 2020 and extended under the *2021 Consolidated Appropriations Act*) (PPP-1 or First Draw), dated July 1, 202, we represent the following:

    a. At the time of the loan application, the current economic uncertainty that existed made this loan request necessary to support the entity's ongoing operations. In making this assessment, we considered the nature of our business activities at the time of the loan application and our ability to access other sources of liquidity that were (could have been) sufficient to support ongoing operations.

    b. The entity is a 501(c)(3) and meets the expanded eligibility requirements for PPP-1 loans under the *American Rescue Plan Act of 2021*. When considered together with all its affiliates (using the affiliate determinations required by the PPP-1), the entity had fewer than 500 employees, per physical location, at the date of the loan application.

        i. In addition, we have determined the number of full-time equivalent employees on payroll (at the time of the application) in a manner that is consistent with the clarification guidance released by the Small Business Administration.

    c. We have not received more than one loan under the First Draw Paycheck Protection Program. In addition, we have confirmed with our affiliated entities (using the affiliate determinations required by the PPP-1) that the total of any PPP loans received by us and by those affiliates under the First Draw program does not exceed $20 million in the aggregate.

    d. We have not used the proceeds from the PPP-1 loan for expenditures that were covered by other funding sources, *i.e.*, government grants or contracts.

    e. With regards to our decision to recognize the loan proceeds as a grant that is expected to be forgiven, we are not aware of any information that would preclude the loan from being forgiven. In addition, we conclude that it is probable that any conditions attached to the assistance will be met and the assistance will be received. Once there is reasonable assurance that the conditions will be met, the earnings impact of the grant is recorded on a systematic basis over the period in which we recognized as expense, the related costs for which the grant is intended to compensate.

    f. With regards to our decision to recognize the loan proceeds as a grant that is expected to be forgiven, we are not aware of any information that would preclude the loan from being forgiven. In addition, to the extent revenue has been recognized related to the loan, we have met the measurable barriers, *i.e.*, full-time equivalent and salary reduction requirements, and incurred eligible expenditures in accordance with PPP regulations.

    g. We have spent more than 40% of the loan amount for nonpayroll costs

29. The Foundation has revised the 2021 financial statements to conform with accounting principles generally accepted in the United States of America. Management has provided you with all relevant information regarding the revision. We are not aware of any other known matters that require correction in the financial statements.

Mark Dixon, Interim President and CEO

The Lutheran Foundation, Inc.

Independent Auditor's Report and Financial Statements

June 30, 2022 and 2021

The Lutheran Foundation, Inc.
June 30, 2022 and 2021

Contents

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Independent Auditor's Report

Board of Directors
The Lutheran Foundation, Inc.
Fort Wayne, Indiana

Opinion

We have audited the financial statements of The Lutheran Foundation, Inc., which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Lutheran Foundation, Inc. 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 (GAAS). 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 Lutheran Foundation, Inc. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Lutheran Foundation, Inc.'s ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Lutheran Foundation, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Lutheran Foundation, Inc.'s 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.

FORVIS, LLP

Fort Wayne, Indiana
December 1, 2022

The Lutheran Foundation, Inc.
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 1,961,471	$ 2,294,337
Investments	222,763,025	246,682,326
Investments held for others	22,073,524	23,058,935
Property and equipment, net of accumulated depreciation	1,922,781	2,033,802
Fiscal agent accounts receivable	825,009	595,679
Other assets	292,618	309,830
Total assets	$ 249,838,428	$ 274,974,909
Liabilities and Net Assets		
Liabilities		
Grants payable	$ 6,467,857	$ 6,309,553
Accounts payable and accrued expenses	525,860	563,367
Fiscal agent accounts payable	586,042	400,415
Assets held for others	22,073,524	23,058,935
Total liabilities	29,653,283	30,332,270
Net Assets		
Without donor restrictions		
Undesignated	214,720,368	239,608,668
Board-designated	2,933,119	2,232,797
With donor restrictions	2,531,658	2,801,174
Total net assets	220,185,145	244,642,639
Total liabilities and net assets	$ 249,838,428	$ 274,974,909

The Lutheran Foundation, Inc.

Statements of Activities

Years Ended June 30, 2022 and 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains (Losses), and Other Support			
Investment return			
Interest and dividends	$ 2,660,386	$ 32,660	$ 2,693,046
Net realized and unrealized gains (losses) on investments	(17,061,347)	(195,126)	(17,256,473)
Contributions and other	145,347	3,474,022	3,619,369
Net assets released from restrictions	3,581,072	(3,581,072)	-
Total revenue, gains (losses), and other support	(10,674,542)	(269,516)	(10,944,058)
Expenses			
Grants awarded	10,973,128	-	10,973,128
Other program expenses	1,579,139	-	1,579,139
Supporting services expenses	961,169	-	961,169
Total expenses	13,513,436	-	13,513,436
Change in Net Assets	(24,187,978)	(269,516)	(24,457,494)
Net Assets, Beginning of Year	241,841,465	2,801,174	244,642,639
Net Assets, End of Year	$ 217,653,487	$ 2,531,658	$ 220,185,145

2021		
Without Donor Restrictions	With Donor Restrictions	Total
$ 2,028,425	$ 24,554	$ 2,052,979
47,835,567	585,025	48,420,592
1,612,536	3,101,017	4,713,553
3,696,394	(3,696,394)	-
55,172,922	14,202	55,187,124
11,472,887	-	11,472,887
1,426,550	-	1,426,550
882,805	-	882,805
13,782,242	-	13,782,242
41,390,680	14,202	41,404,882
200,450,785	2,786,972	203,237,757
$ 241,841,465	$ 2,801,174	$ 244,642,639

The Lutheran Foundation, Inc.
Statements of Functional Expenses
Years Ended June 30, 2022 and 2021

	Program Services	Supporting Services	Total Expenses
2022			
Grants awarded	$ 10,973,128	$ -	$ 10,973,128
Wages and benefits	795,746	484,344	1,280,090
Marketing	179,443	109,221	288,664
Depreciation	127,747	77,755	205,502
Outside services	338,391	205,967	544,358
General and administrative	137,812	83,882	221,694
	$ 12,552,267	$ 961,169	$ 13,513,436

	Program Services	Supporting Services	Total Expenses
2021			
Grants awarded	$ 11,472,887	$ -	$ 11,472,887
Wages and benefits	842,886	521,611	1,364,497
Marketing	108,809	67,335	176,144
Depreciation	125,832	77,870	203,702
Lease expense	92,659	57,341	150,000
Outside services	90,860	56,228	147,088
General and administrative	165,504	102,420	267,924
	$ 12,899,437	$ 882,805	$ 13,782,242

The Lutheran Foundation, Inc.

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	$ (24,457,494)	$41,404,882
Items not requiring (providing) operating activities cash flows		
Depreciation	205,502	203,702
Contribution of Parkcorp property	-	(418,353)
Net realized and unrealized (gains) losses on investments	17,256,473	(48,420,592)
Contributions restricted for long-term investment	(98,649)	(335,849)
Changes in		
Other assets	17,212	(96,588)
Fiscal agent accounts receivable	(229,330)	768,717
Grants payable	158,304	483,857
Accounts payable and accrued expenses	(52,847)	72,978
Fiscal agent accounts payable	185,627	(762,218)
Assets held for others	(985,411)	5,610,104
Net cash used in operating activities	(8,000,613)	(1,489,360)
Investing Activities		
Purchase of property and equipment	(79,140)	(354,880)
Purchase of investments	(35,161,882)	(80,419,013)
Proceeds from disposition of investments	42,810,120	83,441,958
Net cash provided by investing activities	7,569,098	2,668,065
Financing Activities		
Proceeds from contributions received restricted for long-term investment	98,649	335,849
Increase (Decrease) in Cash and Cash Equivalents	(332,866)	1,514,554
Cash and Cash Equivalents, Beginning of Year	2,294,337	779,783
Cash and Cash Equivalents, End of Year	$ 1,961,471	$ 2,294,337

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Lutheran Foundation, Inc. (Foundation) is a not-for-profit organization of member Lutheran Congregations of Northeast Indiana (Lutheran Congregations). Its mission and principal activities are to demonstrate the compassion of Christ by promoting, improving, and enhancing the quality of life of the individuals, families, congregations, and communities.

Lutheran Congregations located in northeastern Indiana are determined to continue caring for people and demonstrating Christ's compassion in their communities. With input from Delegates of the Foundation's Member Congregations and the leadership of the Board of Directors, the Foundation, through its grant-making activity, will fund programs supporting its mission statement. As part of its mission, the Foundation makes grants and contributions to member Lutheran Congregations and others.

The Foundation's revenue and other support are derived principally from investment earnings and contributions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2022 and 2021, cash equivalents consisted primarily of money market funds. Cash and cash equivalents designated for investment are included within the investment classification on the statements of financial position.

At June 30, 2022, the Foundation had balances that exceeded FDIC limits by approximately $1,467,000.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments (primarily alternative investments) are carried at fair value. Investment return includes dividend, interest, and other investment income; and realized and unrealized gains and losses on investments carried at fair value.

The alternative investments consist of investments in real estate funds, hedge funds of funds and a global infrastructure fund. These fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on the net asset values or its equivalent from the latest information provided by the fund manager or the general partners. Ongoing review and assessment is made by the Foundation's management to incorporate other transactions, activity and factors to estimate fair value at the financial statement date due to the latest information provided by the fund managers or the general partners not always being as of the financial statement date. Fair value estimation for these investments is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Investment income in the statements of activities is reported as net of related expenses of $555,774 and $550,044 for the years ended June 30, 2022 and 2021, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are charged to expense on a straight-line basis over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or their estimated useful lives. Estimated useful lives used to depreciate property and equipment are as follows:

	Years
Office equipment	3-7
Buildings and building improvements	10-40
Land and land improvements	15

Grants Payable

Grants are recorded as payable upon their unconditional approval by the Board of Directors and conditions prescribed by the grant agreement are met.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The Board of Directors has designated, from net assets without donor restrictions, board-designated endowment.

Net assets with donor restrictions are subject to donor restrictions. Some 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.,* the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Income Taxes

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files tax returns in the U.S. federal jurisdiction.

Assets Held for Others

The Foundation acts as an agent for certain third-party organizations in which the third parties entrust the Foundation to handle their financial affairs. The Foundation has included these third-party funds in the financial statements as a liability in the amount of $22,073,524 and $23,058,935 at June 30, 2022 and 2021, respectively. These liabilities offset the third-party funds that have been included in the assets of the Foundation as of June 30, 2022 and 2021.

Revision

An immaterial revision has been made up to the 2021 net assets disclosure with respect to the amounts reported as subject to expenditure for specified purpose. This revision did not impact the statements of financial position, activities, functional expenses, or cash flows as of and for the year ended June 30, 2021.

Note 2: Investments and Investment Return

Investments at June 30 consisted of the following:

	2022	2021
Cash and money market funds	$ 2,286,872	$ 2,953,661
Equity securities		
Consumer discretionary industry	5,235,917	5,350,935
Consumer staples industry	944,336	1,043,147
Energy industry	239,935	344,976
Financial industry	3,167,941	4,033,400
Health care industry	2,491,733	3,770,220
Industrials	3,735,510	4,490,222
Information technology industry	4,946,112	6,691,527
Materials	1,345,029	1,400,871
Real estate	648,046	1,134,308
Telecommunications	1,643,825	3,023,408
Equity mutual funds		
Mid-capitalization funds	8,487,258	10,924,506
Large capitalization funds	17,234,998	21,689,109
International and emerging market funds	32,828,809	43,498,416
Debt securities		
U.S. Treasury and agency securities	9,043,177	8,980,616
Foreign government securities	515,082	502,821
Corporate debt securities	8,496,875	9,817,624
Fixed income mutual funds	32,381,946	35,738,506
Alternative investments		
Hedge fund of funds	45,765,800	50,945,231
Real estate funds	48,032,009	39,779,974
Global infrastructure	15,365,339	13,627,783
	$ 244,836,549	$ 269,741,261

At June 30, the Foundation's investments included the following:

	2022	2021
Investments	$ 222,763,025	$ 246,682,326
Investments held for others	22,073,524	23,058,935
Total investments	$ 244,836,549	$ 269,741,261

Alternative Investments

The fair value of alternative investments that have been estimated using the net asset value per share (or its equivalent) as a practical expedient consists of the following at June 30:

	June 30, 2022			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds (A)	$ 45,765,800	$ 1,454,683	Annual/Quarterly	90-100 days
Real estate funds (B)	48,032,009	5,299,515	Quarterly	90 days
Global infrastructure fund (C)	15,365,339	—	Quarterly	90 days

	June 30, 2021			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds (A)	$ 50,945,231	$ 2,154,683	Annual/Quarterly	90-100 days
Real estate funds (B)	39,779,974	7,500,796	Quarterly	90 days
Global infrastructure fund (C)	13,627,783	—	Quarterly	90 days

(A) This category includes investments in multi-strategy hedge funds and hedge funds of funds that pursue multiple strategies to diversify risks and reduce volatility. The funds' composite portfolios include investments in various private investment funds that employ primarily long/short strategies with global equity and fixed income securities. The funds allow for redemptions at certain times subject to a notice period.

(B) This category includes six real estate funds that invest primarily in U.S. commercial real estate. One of the funds can never be redeemed. Two of the funds terms allow for redemptions every quarter with 90-days notice. The fair value of the investments have been estimated using the net asset value of the Foundation's ownership in partners' capital. Distributions from the nonredeemable fund will be made as the underlying investments of the fund are liquidated. It is estimated the underlying assets of the one fund will be liquidated over the next 7 to 12 years.

(C) This category includes an investment in a fund that invests primarily in social infrastructure projects that construct and maintain public infrastructure projects of the Organization for Economic Co-operation and Development (OECD) countries outside of Australia. The fund allows for redemptions on a quarterly basis with 90-days notice.

Note 3: Property and Equipment

Property and equipment at June 30 consists of:

	2022	2021
Office equipment	$ 957,124	$ 853,642
Building improvements	2,937,212	2,932,257
Land and improvements	983,320	983,320
Building	449,823	449,823
Less accumulated depreciation	(3,404,698)	(3,185,240)
	$ 1,922,781	$ 2,033,802

During the year ended June 30, 2021, Lutheran Park Corp. a related party, discontinued its operations and contributed land, land improvements, and a building to the Foundation valued at $418,354, the fair value of the property at the date it was contributed. The property and equipment is recorded on the statement of activities in contributions and other for the year ended June 30, 2021.

Note 4: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	2022	2021
Subject to Expenditure for Specified Purpose		
Health care assistance	$ 557,254	$ 648,759
Health care education scholarships	1,256,130	1,430,294
Other	585,898	589,745
	2,399,282	2,668,798
Not Subject to Spending Policy or Appropriation		
Investment in perpetuity, the income of which is expendable to support health care education scholarships	132,376	132,376
	$ 2,531,658	$ 2,801,174

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows:

	2022	2021
Purpose Restrictions Accomplished		
Program services	$ 3,581,072	$ 3,696,394

Note 5: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2022	2021
Financial Assets at Year-End		
Cash and cash equivalents	$ 1,961,471	$ 2,294,337
Investments	222,763,025	246,682,326
Investments held for others	22,073,524	23,058,935
Accounts receivable and other assets	825,009	627,479
Total financial assets	247,623,029	272,663,077
Less Amount Not Available To Be Used Within One Year		
Investments with donor restrictions	(2,561,428)	(3,073,926)
Investments held for others	(22,073,524)	(23,058,935)
Board-designated endowment	(2,933,119)	(2,232,797)
Financial assets not available to be used within one year	(27,568,071)	(28,365,658)
Financial assets available to meet general expenditures within one year	$ 220,054,958	$ 244,297,419

Donor-restricted endowment funds are not available for general operating expenditure. The Foundation has a board-designated endowment of $2,933,119 and $2,232,797 at June 30, 2022 and 2021, respectively. Although the Board does not intend to spend from board-designated endowments (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available, if necessary, for liquidity needs.

Cash is monitored daily and a monthly review is performed at the executive level.

Note 6: Operating Leases

Noncancellable operating leases for land, office space and miscellaneous equipment expire in various years from 2022. These leases generally contain renewal options and require the Foundation to pay all executory costs (property taxes, maintenance, and insurance). Future minimum lease payments at June 30, 2022, were:

2022	$	71,001
2023		71,001
2024		47,334
	$	189,336

During the year ended June 30, 2021, Lutheran Park Corp. a related party, discontinued its operations and contributed land, land improvements, and a building to the Foundation, terminating the operating leases previously in place.

Note 7: Retirement Plans

The Foundation has a defined contribution pension plan covering substantially all employees. The Foundation matches participants' contributions up to 3 percent of pretax salary and makes additional discretionary contributions. Pension expense was $54,762 and $40,976 for 2022 and 2021, respectively.

Note 8: Disclosures About Fair Value of Assets and Liabilities

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as 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 supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022 and 2021:

	2022			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Equity securities				
Consumer discretionary industry	$ 5,235,917	$ 5,235,917	$ -	$ -
Consumer staples industry	944,336	944,336	-	-
Energy industry	239,935	239,935	-	-
Financial industry	3,167,941	3,167,941	-	-
Health care industry	2,491,733	2,491,733	-	-
Industrials	3,735,510	3,735,510	-	-
Information technology industry	4,946,112	4,946,112	-	-
Materials	1,345,029	1,345,029	-	-
Real estate	648,046	648,046	-	-
Telecommunications	1,643,825	1,643,825	-	-
Equity mutual funds				
Mid capitalization funds	8,487,258	8,487,258	-	-
Large capitalization funds	17,234,998	17,234,998	-	-
International and emerging markets funds	32,828,809	32,828,809	-	-
Debt securities				
U.S. Treasury and agency securities	9,043,177	2,447,647	6,595,530	-
Foreign government securities	515,082	-	515,082	-
Corporate debt securities	8,496,875	-	8,496,875	-
Fixed income mutual funds	32,381,946	32,381,946	-	-
Hedge funds and hedge funds of funds measured at net asset value (A)	45,765,800	-	-	-
Real estate funds measured at net asset value (A)	48,032,009	-	-	-
Global infrastructure measured at net asset value (A)	15,365,339	-	-	-
Money market funds	2,286,872	2,286,872	-	-
Total investments at fair value	$ 244,836,549	$ 120,065,914	$ 15,607,487	$ -

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

	2021			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Equity securities				
Consumer discretionary industry	$ 5,350,935	$ 5,350,935	$ -	$ -
Consumer staples industry	1,043,147	1,043,147	-	-
Energy industry	344,976	344,976	-	-
Financial industry	4,033,400	4,033,400	-	-
Health care industry	3,770,220	3,770,220	-	-
Industrials	4,490,222	4,490,222	-	-
Information technology industry	6,691,527	6,691,527	-	-
Materials	1,400,871	1,400,871	-	-
Real estate	1,134,308	1,134,308	-	-
Telecommunications	3,023,408	3,023,408	-	-
Equity mutual funds				
Mid capitalization funds	10,924,506	10,924,506	-	-
Large capitalization funds	21,689,109	21,689,109	-	-
International and emerging markets funds	43,498,416	43,498,416	-	-
Debt securities				
U.S. Treasury and agency securities	8,980,616	2,984,339	5,996,277	-
Foreign government securities	502,821	-	502,821	-
Corporate debt securities	9,817,624	-	9,817,624	-
Fixed income mutual funds	35,738,506	35,738,506	-	-
Hedge funds and hedge funds of funds measured at net asset value (A)	50,945,231	-	-	-
Real estate funds measured at net asset value (A)	39,779,974	-	-	-
Global infrastructure measured at net asset value (A)	13,627,783	-	-	-
Money market funds	2,953,661	2,953,661	-	-
Total investments at fair value	$ 269,741,261	$ 149,071,551	$ 16,316,722	$ -

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Following is a description of the valuation methodologies and inputs used for assets 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 assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2022. There were no liabilities measured at fair value on a recurring basis and no assets or liabilities measured at fair value on a nonrecurring basis.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 securities of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There are no Level 3 securities.

Note 9: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Investments

The Foundation invests in various investment securities. Investment securities are exposed to various 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 values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Note 10: Paycheck Protection Program (PPP) Loan

On July 1, 2020, the Foundation received a PPP loan in the amount of $223,000 established by the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) and has elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Revenue Recognition*. During the year ended June 30, 2021, the Foundation met conditions for forgiveness, including meeting FTE and salary reduction requirements and incurring eligible expenditures. On December 18, 2020, the Foundation received formal notification of forgiveness from the Small Business Administration (SBA). PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue.

Note 11: Subsequent Events

Subsequent events have been evaluated through December 1, 2022, which is the date the financial statements were available to be issued.

Note 12: Future Change in Accounting Principle

Accounting for Leases

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. The Foundation is evaluating the effect the standard will have on the financial statements; however, the standard is not expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for operating leases.