

**LUTHERAN ELEMENTARY
SCHOOL ASSOCIATION**

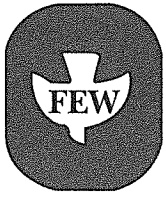
AUDITED FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION

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Fick, Eggemeyer & Williamson

Certified Public Accountants, PC



MEMBERS OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Lutheran Elementary School Association

We have audited the accompanying financial statements of Lutheran Elementary School Association (a non-profit corporation), which comprise the statement of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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, the financial statements referred to above present fairly, in all material respects, the financial position of Lutheran Elementary School Association as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer, & Williamson, CPA's

Saint Louis, Missouri

September 10, 2019

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 751,339	\$ 757,699
Investments	8,093,585	8,012,505
Grants receivable	61,000	67,000
Other receivables	1,500	-
Other assets	67,572	71,044
Total current assets	8,974,996	8,908,248
NONCURRENT ASSETS		
Property and equipment, net of accumulated depreciation	3,575	2,034
Total noncurrent assets	3,575	2,034
Total assets	\$ 8,978,571	\$ 8,910,282
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,495	\$ 4,465
Payroll taxes payable	3,936	8,503
Pension payable	1,565	-
Deferred revenue	4,620	15,654
Other liabilities	431	199
Unearned grants	-	67,000
Total current liabilities	12,047	95,821
NONCURRENT LIABILITIES		
None	-	-
Total noncurrent liabilities	-	-
Total liabilities	12,047	95,821
NET ASSETS		
Without donor restriction	947,233	1,633,337
With donor restriction	8,019,291	7,181,124
Total net assets	8,966,524	8,814,461
Total liabilities and net assets	\$ 8,978,571	\$ 8,910,282

See accompanying notes and independent auditors' report

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	Without Donor Restriction	With Donor Restriction	2019 Total	2018 Total
SUPPORT AND REVENUE				
Contributions	\$ 1,109	\$ 487,009	\$ 488,118	\$ 844,615
Dues	32,363	-	32,363	36,855
Fundraising	338,740	-	338,740	312,519
Total support and revenue	<u>372,212</u>	<u>487,009</u>	<u>859,221</u>	<u>1,193,989</u>
Net assets released from restrictions				
Satisfaction of restrictions	-	-	-	-
Total	<u>372,212</u>	<u>487,009</u>	<u>859,221</u>	<u>1,193,989</u>
EXPENSES				
Program	883,993	-	883,993	835,777
Total program expenses	<u>883,993</u>	<u>-</u>	<u>883,993</u>	<u>835,777</u>
Support expenses				
General and administration	25,779	-	25,779	15,868
Fundraising	140,859	-	140,859	138,455
Total support expenses	<u>166,638</u>	<u>-</u>	<u>166,638</u>	<u>154,323</u>
Total expenses	<u>1,050,631</u>	<u>-</u>	<u>1,050,631</u>	<u>990,100</u>
Changes in net assets from operations	(678,419)	487,009	(191,410)	203,889
INVESTMENT ACTIVITIES				
Dividend and interest income	3,928	237,539	241,467	214,621
Realized gain/(loss) on securities	-	357,938	357,938	233,010
Unrealized gain/(loss) on securities	-	(172,001)	(172,001)	390,417
Investment fees	-	(72,318)	(72,318)	(72,035)
Donor endowment allocations	(11,613)	-	(11,613)	-
Total investment activities	<u>(7,685)</u>	<u>351,158</u>	<u>343,473</u>	<u>766,013</u>
Changes in net assets	(686,104)	838,167	152,063	969,902
Net assets - beginning of year	<u>1,633,337</u>	<u>7,181,124</u>	<u>8,814,461</u>	<u>7,844,559</u>
Net assets - end of year	<u>\$ 947,233</u>	<u>\$ 8,019,291</u>	<u>\$ 8,966,524</u>	<u>\$ 8,814,461</u>

See accompanying notes and independent auditors' report

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	Program	General and Administration	Fundraising	2019 Total	2018 Total
Salaries	\$ 201,497	\$ 8,062	\$ 24,479	\$ 234,038	\$ 228,078
Payroll taxes	10,673	646	1,399	12,718	12,231
Employee benefits	34,185	1,393	4,225	39,803	34,258
Scholarships	514,828	-	-	514,828	474,000
Fundraising	-	-	74,008	74,008	68,557
Joint marketing	2,642	330	30,015	32,987	34,348
Rent	16,761	2,307	2,284	21,352	23,215
Office supplies	235	139	601	975	1,631
Telephone	2,358	294	291	2,943	2,862
Administrative development	13,643	267	264	14,174	11,519
Postage and printing	4,118	514	509	5,141	3,615
Professional fees	3,429	547	424	4,400	5,088
Depreciation	904	41	45	990	612
Insurance	4,377	546	541	5,464	3,304
Travel	3,272	408	404	4,084	4,093
Teacher	7,557	-	-	7,557	16,982
Counseling	11,000	-	-	11,000	12,596
Other	6,610	674	666	7,950	47,783
Computer Maintenance	3,161	711	704	4,576	5,328
STEM programming	16,930	-	-	16,930	-
Student assessment support	25,813	-	-	25,813	-
Endowment	-	8,900	-	8,900	-
Total	<u>\$ 883,993</u>	<u>\$ 25,779</u>	<u>\$ 140,859</u>	<u>\$ 1,050,631</u>	<u>\$ 990,100</u>

See accompanying notes and independent auditors' report

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
STATEMENT OF CASH FLOWS
FOR FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 152,063	\$ 969,902
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	990	612
Net realized (gain)/loss on sales	(357,938)	(233,010)
Net unrealized (gain)/loss on investments	172,001	(390,417)
Changes in assets and liabilities:		
(Increase) decrease in grants receivable	6,000	90,500
(Increase) decrease in other receivables	(1,500)	-
(Increase) decrease in other assets	3,472	(4,102)
Increase (decrease) in accounts payable	(2,970)	4,465
Increase (decrease) in payroll taxes payable	(4,567)	2,863
Increase (decrease) in pension payable	1,565	-
Increase (decrease) in deferred revenue	(11,034)	-
Increase (decrease) in other liabilities	232	(3,293)
Increase (decrease) in unearned grants	(67,000)	(45,500)
Net cash provided by (used in) operating activities	(108,686)	392,020
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in property and equipment	(2,531)	(994)
Net purchases and proceeds from investments	104,857	(183,825)
Net cash provided by (used in) investing activities	102,326	(184,819)
CASH FLOWS FROM FINANCING ACTIVITIES		
None	-	-
Net cash provided by (used in) financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(6,360)	207,201
Cash and cash equivalents - beginning of year	757,699	550,498
Cash and cash equivalents - end of year	\$ 751,339	\$ 757,699

See accompanying notes and independent auditors' report

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Lutheran Elementary School Association (the “Association”) is a recognized service organization, designated by the Board of Congregational Services of The Lutheran Church-Missouri Synod. The Scholarship Fund serves the Metropolitan St. Louis Area by providing funding to support scholarships for under-privileged youth to attend private metro-area schools. The Association’s support comes primarily from individual donors’ contributions and various religious and social agency grants.

New Accounting Pronouncement

On August 18, 2016, FASB issued 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. The Association has adjusted the presentation of these statements accordingly causing a reclassification of beginning net assets without donor restrictions to net assets restricted by donors.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The financial statements of the Association have been prepared in accordance with the accrual basis of accounting. The Association reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association’s management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications have been made to prior year financial statements to conform to classifications used in the current year. These reclassifications had no impact on changes in net assets or cash flows as previously reported.

Cash and Cash Equivalents

The Association considers all highly liquid investments and certificates of deposit with a maturity of three months or less to be cash equivalents.

Grants and Accounts Receivable

Grants and accounts receivable represents amounts due to the Association that have not been collected. Based upon management's estimated collections, a provision for doubtful accounts has not been established as management considers all accounts to be collectible.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated assets, at their estimated fair market value on the date of donation. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Currently, assets are depreciated over useful lives of five to seven years. Expenditures for repairs and maintenance are charged to operating expense as incurred. Depreciation expense for the years ended June 30, 2019 and 2018 was \$990 and \$612, respectively.

Donated Services

The Association receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

Promises to Give

Contributions and grants are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions or grants are recognized. All other donor-restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of Estimates in Financial Statements

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

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Association is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

The Association adopted the provisions of Accounting for Uncertainty in Income Taxes on July 1, 2010. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of June 30, 2019, no amounts have been recognized for uncertain tax positions. The Association's tax returns filed prior to fiscal 2016 are closed.

Note 2 - CHANGE IN ACCOUNTING PRINCIPLE

The Association changed its accounting method for recognizing grant revenue with an effective date of January 1, 2018. Historically, grants with time restrictions have been recognized as revenue over time, based upon the terms of the grant agreement and recorded as deferred revenues. Effective January 1, 2018 grant revenues with time restrictions will be recorded as earned income and as net assets with donor restrictions until such time as the restriction expires. The cumulative effect on prior years of the change in accounting method was charged to the 2019 change in net assets. The change during 2019 caused a \$61,000 increase in the change in net assets. It was not practicable to determine the effect on the financial statements of applying the new method retroactively.

Note 3 - PRIOR PERIOD ADJUSTMENT

A prior period adjustment in the amount of \$509,947 was recorded to increase ending net position as of June 30, 2018. During the prior year, the Association received a previously unrecorded contribution, which included investments and cash in the amounts of \$412,318 and \$97,629, respectively.

Note 4 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between general and administration, fundraising or the appropriate program based on evaluations of the related benefits. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on time and effort or specific identification, when available.

Note 5 - DEFERRED REVENUE

Deferred revenues consist of membership dues received in advance for services that will be provided in the next fiscal year. Deferred revenues for the fiscal years ended June 30, 2019 and 2018 were \$4,620 and \$15,654, respectively.

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 6 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Association to credit risk consist principally of cash and investments. The Securities Investor Protection Corporation (SIPC) insurance limit covers \$250,000 of cash deposits and \$250,000 of investments per investor. Cash deposits held by United Missouri Bank (UMB) for the fiscal years ended June 30, 2019 and 2018 were \$346,391 and \$275,297, respectively, which exceeded the federally insured limit by \$96,391 and \$25,297, respectively. Investments held by UMB for the fiscal years ended June 30, 2019 and 2018 were \$3,000,756 and \$2,984,338, respectively, which exceeded the SIPC insurance limit by \$2,750,756 and \$2,734,338, respectively.

Cash deposits held by the Lutheran Church Extension Fund for the fiscal years ended June 30, 2019 and 2018 were \$148,312 and \$217,670, respectively. Deposits with the Lutheran Church Extension Fund are not insured.

Investments held by the Lutheran Legacy Foundation, Inc. for the fiscal years ended June 30, 2019 and 2018 were \$4,913,140 and \$4,863,308, respectively. Investments held by the YouthBridge Community Foundation for the fiscal years ended June 30, 2019 and 2018 were \$179,689 and \$164,859, respectively. Investments held by the Lutheran Legacy Foundation and the YouthBridge Community Foundation are not insured.

Note 7 - GRANTS RECEIVABLE

The following grants were receivable at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Serving Children Through Lutheran Schools 2019-2020	\$ 61,000	\$ 67,000
Total	<u>\$ 61,000</u>	<u>\$ 67,000</u>

Note 8 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Computer equipment	\$ 10,336	\$ 7,805
Office furniture and equipment	<u>200</u>	<u>2,070</u>
Total depreciable property	10,536	9,875
Accumulated depreciation	<u>(6,961)</u>	<u>(7,841)</u>
Property and equipment, net	<u>\$ 3,575</u>	<u>\$ 2,034</u>

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include assets that have been restricted for a specific purpose or period. Assets with a purpose restriction must be used for the intended purpose specified by the donor. The restriction expires when the stipulated purpose for which the resource was restricted has been fulfilled. Assets with a period restriction must be used during the period the donor has restricted them for, which can be temporary or permanent in nature. All donor restricted endowment funds held by the Association are considered permanently restricted, and earnings on the endowments are considered purpose restricted.

Net assets with donor restrictions at June 30, 2019 and 2018 are available for the following purposes or endowments:

Restricted for:	2019		2018	
	Purpose	Endowments (Period)	Purpose	Endowments (Period)
LESA endowment funds	\$ -	\$ 5,908,617	\$ -	\$ 6,176,848
Lutheran education	61,000	-	-	-
Scholarships	1,484,251	-	623,009	-
Operations and programming	565,423	-	381,267	-
Total	<u>\$ 2,110,674</u>	<u>\$ 5,908,617</u>	<u>\$ 1,004,276</u>	<u>\$ 6,176,848</u>

Note 10 - AVAILABILITY AND LIQUIDITY

The following represents the Association's financial assets at June 30, 2019:

Financial assets at year-end:

Cash and cash equivalents	\$ 751,339
Investments	8,093,585
Grants receivable	61,000
Other receivables	<u>1,500</u>
Total financial assets at year-end	<u>8,907,424</u>

Less amounts not available for general expenditures:

Net assets with period restrictions in excess of one year	5,908,617
Net assets with purpose restrictions	<u>2,110,674</u>
Total amounts not available for general expenditures	<u>8,019,291</u>

Financial assets available to meet general expenditures
over the next twelve months

\$ 888,133

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 11 - DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS

The Association's endowments consist of six funds established for a variety of purposes. Its endowments include both donor restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2019 follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment corpus	\$ -	\$ 5,908,617	\$ 5,908,617
Donor restricted endowment earnings	-	2,049,674	2,049,674
Board designated endowment funds	562,519	-	562,519
Total endowment funds	<u>\$ 562,519</u>	<u>\$ 7,958,291</u>	<u>\$ 8,520,810</u>

Changes in endowments net assets as of June 30, 2019 follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 7,181,124	\$ 7,181,124
Reclassification of net assets	95,000	(61,000)	34,000
Contributions	467,519	487,009	954,528
Investment return, net	-	351,158	351,158
Endowment net assets, end of year	<u>\$ 562,519</u>	<u>\$ 7,958,291</u>	<u>\$ 8,520,810</u>

Endowment net asset composition by type of fund as of June 30, 2018 follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment corpus	\$ -	\$ 6,176,848	\$ 6,176,848
Donor restricted endowment earnings	-	1,004,276	1,004,276
Total endowment funds	<u>\$ -</u>	<u>\$ 7,181,124</u>	<u>\$ 7,181,124</u>

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018

Note 11 - DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (Continued)

Changes in endowments net assets as of June 30, 2018 follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 6,538,855	\$ 6,538,855
Reclassification of net assets	-	91,812	91,812
Contributions	-	337,303	337,303
Investment return, net	-	213,154	213,154
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 7,181,124</u>	<u>\$ 7,181,124</u>

Note 12 - INVESTMENTS

Fair Value Measurements

Financial Accounting Standards Board Statement *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy under *Fair Value Measurements* are described below:

Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2- Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3- Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for fiscal 2019.

Mutual, equity, and fixed income funds: Valued at the net asset value of shares held by the Association at year end.

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 12 - INVESTMENTS (continued)

Common stocks, exchange-traded funds, corporate bonds and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Funds held by the Lutheran Legacy Foundation (LLF) and YouthBridge Community Foundation (YB) are pooled with other investor accounts and invested jointly. LLF and YB both value the investment pools based on published closing prices of various securities on active exchanges.

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Equity Funds	\$ 675,427	-	-	\$ 675,427
Fixed Income Funds	718,940	-	-	718,940
Common Stocks	1,352,124	-	-	1,352,124
Preferred Stocks	54,348	-	-	54,348
Corporate Bonds	162,001	-	-	162,001
Municipal Bonds	21,497	-	-	21,497
Securities held by LLF	-	-	4,863,309	4,863,309
Securities held by YB	-	-	164,859	164,859
Total at fair value	<u>\$ 2,984,337</u>	<u>-</u>	<u>\$ 5,028,168</u>	<u>\$ 8,012,505</u>

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Equity Funds	\$ 1,488,948	-	-	\$ 1,488,948
Fixed Income Funds	104,944	-	-	104,944
Common Stocks	660,601	-	-	660,601
Corporate Bonds	533,415	-	-	533,415
Municipal Bonds	21,506	-	-	21,506
Government Bonds	191,342	-	-	191,342
Securities held by LLF	-	-	4,913,140	4,913,140
Securities held by YB	-	-	179,689	179,689
Total at fair value	<u>\$ 3,000,756</u>	<u>-</u>	<u>\$ 5,092,829</u>	<u>\$ 8,093,585</u>

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 12 - INVESTMENTS (continued)

The tables below set forth a summary of changes in the fair value of the Association's level 3 assets for the fiscal year ended June 30, 2019 and 2018:

	2019	2018
	<u>Securities held by LLF</u>	<u>Securities held by LLF</u>
Balance - beginning of year	\$ 4,863,309	\$ 4,863,028
Realized gains/(losses)	105,214	102,909
Unrealized gains/(losses) relating to instruments still held at the reporting date	(60,503)	232,773
Interest/dividends	169,685	148,551
Investment fees	(47,948)	(48,952)
Purchases, sales, issuances, and settlements (net)	(116,617)	(435,000)
Balance - end of year	<u>\$ 4,913,140</u>	<u>\$ 4,863,309</u>

	2019	2018
	<u>Securities held by YB</u>	<u>Securities held by YB</u>
Balance - beginning of year	\$ 164,859	\$ 130,390
Realized gains/(losses)	3,103	2,659
Unrealized gains/(losses) relating to instruments still held at the reporting date	3,360	3,406
Interest/dividends	4,263	3,255
Investment fees	(854)	(746)
Purchases, sales, issuances, and settlements (net)	4,958	25,895
Balance - end of year	<u>\$ 179,689</u>	<u>\$ 164,859</u>

Note 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 10, 2019, the date which the financial statements were available for issue, and noted no reportable events.