

**LUTHERAN ELEMENTARY  
SCHOOL ASSOCIATION**

**AUDITED FINANCIAL STATEMENTS**

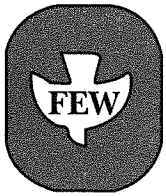
**JUNE 30, 2020 AND 2019**

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, 2020 and 2019, 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, 2020 and 2019, 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.

## **Report on Summarized Comparative Information**

We have previously audited the Lutheran Elementary School Association's 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 10, 2019. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Fick, Eggemeyer, & Williamson*

Fick, Eggemeyer, & Williamson CPAs

Saint Louis, Missouri

September 30, 2020

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 760,668	\$ 751,339
Investments	7,933,791	8,093,585
Grants receivable	57,000	61,000
Other receivables	-	1,500
Other assets	69,422	67,572
	8,820,881	8,974,996
<b>NONCURRENT ASSETS</b>		
Property and equipment, net of accumulated depreciation	8,674	3,575
	8,674	3,575
	\$ 8,829,555	\$ 8,978,571
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ -	\$ 1,495
Payroll taxes payable	4,243	3,936
Pension payable	-	1,565
Deferred revenue	-	4,620
Other liabilities	936	431
	5,179	12,047
<b>NONCURRENT LIABILITIES</b>		
Notes payable	56,000	-
	56,000	-
	61,179	12,047
<b>NET ASSETS</b>		
Without donor restriction	1,039,202	947,233
With donor restriction	7,729,174	8,019,291
	8,768,376	8,966,524
	\$ 8,829,555	\$ 8,978,571

See accompanying notes and independent auditors' report

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	Without Donor Restriction	With Donor Restriction	2020 Total	2019 Total
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 6,532	\$ 345,539	\$ 352,071	\$ 488,118
Dues	31,375	-	31,375	32,363
Fundraising	312,118	23,410	335,528	338,740
Total support and revenue	350,025	368,949	718,974	859,221
Net assets released from restrictions				
Satisfaction of restrictions	780,550	(780,550)	-	-
Total	1,130,575	(411,601)	718,974	859,221
<b>EXPENSES</b>				
Program	841,161	-	841,161	883,993
Total program expenses	841,161	-	841,161	883,993
Support expenses				
General and administration	20,437	-	20,437	25,779
Fundraising	167,746	-	167,746	140,859
Total support expenses	188,183	-	188,183	166,638
Total expenses	1,029,344	-	1,029,344	1,050,631
Changes in net assets from operations	101,231	(411,601)	(310,370)	(191,410)
<b>INVESTMENT ACTIVITIES</b>				
Dividend and interest income	3,315	211,082	214,397	241,467
Realized gain/(loss) on securities	-	61,048	61,048	357,938
Unrealized gain/(loss) on securities	-	(75,152)	(75,152)	(172,001)
Investment fees	-	(75,494)	(75,494)	(72,318)
Donor endowment allocations	(12,577)	-	(12,577)	(11,613)
Total investment activities	(9,262)	121,484	112,222	343,473
Changes in net assets	91,969	(290,117)	(198,148)	152,063
Net assets - beginning of year	947,233	8,019,291	8,966,524	8,814,461
Net assets - end of year	\$ 1,039,202	\$ 7,729,174	\$ 8,768,376	\$ 8,966,524

See accompanying notes and independent auditors' report

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	Program	General and Administration	Fundraising	2020 Total	2019 Total
Salaries	\$ 179,742	\$ 9,445	\$ 69,463	\$ 258,650	\$ 234,038
Payroll taxes	9,664	723	4,039	14,426	12,718
Employee benefits	31,221	1,480	12,142	44,843	39,803
Scholarships	510,001	-	-	510,001	514,828
Fundraising	-	-	61,240	61,240	74,008
Joint marketing	23,999	2,446	6,163	32,608	32,987
Rent	14,025	2,396	6,037	22,458	21,352
Office supplies	733	113	285	1,131	975
Telephone	2,254	348	877	3,479	2,943
Educator development	19,298	-	-	19,298	14,174
Postage and printing	3,613	558	1,405	5,576	5,141
Professional fees	3,087	497	1,201	4,785	4,400
Depreciation	2,644	41	104	2,789	990
Insurance	2,316	357	901	3,574	5,464
Travel	2,360	364	918	3,642	4,084
Curriculum guides	6,726	-	-	6,726	7,557
Counseling	11,206	-	-	11,206	11,000
Other	3,053	1,184	1,748	5,985	7,950
Computer Maintenance	3,144	485	1,223	4,852	4,576
STEM programming	8,806	-	-	8,806	16,930
Student assessment support	3,269	-	-	3,269	25,813
Endowment	-	-	-	-	8,900
Total	<u>\$ 841,161</u>	<u>\$ 20,437</u>	<u>\$ 167,746</u>	<u>\$ 1,029,344</u>	<u>\$ 1,050,631</u>

See accompanying notes and independent auditors' report

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (198,148)	\$ 152,063
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,789	990
Net realized (gain)/loss on sales	(61,048)	(357,938)
Net unrealized (gain)/loss on investments	75,152	172,001
Changes in assets and liabilities:		
(Increase) decrease in grants receivable	4,000	6,000
(Increase) decrease in other receivables	1,500	(1,500)
(Increase) decrease in other assets	(1,850)	3,472
Increase (decrease) in accounts payable	(1,495)	(2,970)
Increase (decrease) in payroll taxes payable	307	(4,567)
Increase (decrease) in pension payable	(1,565)	1,565
Increase (decrease) in deferred revenue	(4,620)	(11,034)
Increase (decrease) in other liabilities	505	232
Increase (decrease) in unearned grants	-	(67,000)
Net cash provided by (used in) operating activities	<u>(184,473)</u>	<u>(108,686)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(7,888)	(2,531)
Proceeds from sales of investments	<u>145,690</u>	<u>104,857</u>
Net cash provided by (used in) investing activities	<u>137,802</u>	<u>102,326</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	<u>56,000</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>56,000</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>9,329</u>	<u>(6,360)</u>
Cash and cash equivalents - beginning of year	<u>751,339</u>	<u>757,699</u>
Cash and cash equivalents - end of year	<u>\$ 760,668</u>	<u>\$ 751,339</u>

See accompanying notes and independent auditors' report



LUTHERAN ELEMENTARY SCHOOL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**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 Association-Missouri Synod. The Association serves the Metropolitan St. Louis Area by providing funding to support scholarships for under privileged youth to attend private metro-area schools and educational resources to member schools. The Association's support comes primarily from individual donors' contributions and various religious and social agency grants.

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.

Comparative Data

The amounts shown for the fiscal year ended June 30, 2019 in the accompanying financial statements are included to provide a basis for comparison with 2020 and present summarized totals only. Accordingly, the 2019 totals are not intended to present all information necessary for a fair presentation in conformity with the accrual basis of accounting. Such information should be read in conjunction with the Association's financial statements, for the year fiscal year ended June 30, 2019, from which the summarized information was derived.

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.

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Grants and Accounts Receivable

Grants and accounts receivable represent 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, 2020 and 2019 was \$2,789 and \$990, 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 donors are reported as increases in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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.

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, 2020, no amounts have been recognized for uncertain tax positions. The Association's tax returns filed prior to fiscal year 2016 are now closed.

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measure of operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Association's program services and support services. Nonoperating activities are limited to resources that generate a return on investment and other activities considered to be of a more unusual or nonrecurring nature.

**Note 2 - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing programs 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 3 - 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, 2020 and 2019 were \$344,261 and \$346,391, respectively, which exceeded the federally insured limit by \$94,261 and \$96,391, respectively. Investments held by UMB for the fiscal years ended June 30, 2020 and 2019 were \$2,922,729 and \$3,000,756, respectively, which exceeded the SIPC insurance limit by \$2,672,729 and \$2,750,756, respectively.

Cash deposits held by the Lutheran Association Extension Fund for the fiscal years ended June 30, 2020 and 2019 were \$251,224 and \$148,312, respectively. Deposits with the Lutheran Association Extension Fund are not insured.

Investments held by the Lutheran Legacy Foundation, Inc. for the fiscal years ended June 30, 2020 and 2019 were \$4,831,436 and \$4,913,140, respectively. Investments held by the Youth Bridge Community Foundation for the fiscal years ended June 30, 2020 and 2019 were \$188,816 and \$179,689, respectively. Investments held by the Lutheran Legacy Foundation and the Youth Bridge Community Foundation are not insured.

**Note 4 - LINE OF CREDIT**

The Association maintains a \$250,000 line of credit with UMB Bank that matures on April 14, 2021. The line of credit was established on April 14, 2020. The line of credit carries a variable interest rate with a minimum of 3.50% per annum. As of June 30, 2020, the outstanding balance was \$0.

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**Note 5 - GRANTS RECEIVABLE**

The following grants were receivable at June 30, 2020 and 2019:

	2020	2019
Serving Children Through Lutheran Schools 2019-2020	\$ 57,000	\$ 61,000
Total	\$ 57,000	\$ 61,000

**Note 6 - PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment as of June 30, 2020 and 2019:

	2020	2019
Computer equipment	\$ 10,336	\$ 10,336
Office furniture and equipment	800	200
STEM equipment	7,288	-
Total depreciable property	18,424	10,536
Accumulated depreciation	(9,750)	(6,961)
Property and equipment, net	\$ 8,674	\$ 3,575

**Note 7 - 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

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**Note 7 - INVESTMENTS** (continued)

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 2020.

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

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 Youth Bridge 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, 2020:

	Level 1	Level 2	Level 3	Total
Equity funds	\$ 1,243,265	\$ -	\$ -	\$ 1,243,265
Fixed income funds	104,184	-	-	104,184
Common stocks	715,363	-	-	715,363
Corporate bonds	550,393	-	-	550,393
Municipal bonds	15,679	-	-	15,679
Government bonds	293,845	-	-	293,845
Securities held by LLF	-	-	4,831,437	4,831,437
Securities held by YB	-	-	179,625	179,625
Total	<u>\$ 2,922,729</u>	<u>\$ -</u>	<u>\$ 5,011,062</u>	<u>\$ 7,933,791</u>

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**Note 7 - INVESTMENTS** (continued)

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	<u>\$ 3,000,756</u>	<u>\$ -</u>	<u>\$ 5,092,829</u>	<u>\$ 8,093,585</u>

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, 2020 and 2019:

	2020	2019
	Securities held by LLF	Securities held by LLF
Balance - beginning of year	\$ 4,913,140	\$ 4,863,309
Realized gain (loss)	29,543	105,214
Unrealized gain (loss)	(9,051)	(60,503)
Interest and dividends	120,640	169,685
Investment fees	(47,751)	(47,948)
Issuances, transfers, settlements, and disbursements (net)	(175,084)	(116,617)
Balance - end of year	<u>\$ 4,831,437</u>	<u>\$ 4,913,140</u>

	2020	2019
	Securities held by YB	Securities held by YB
Balance - beginning of year (restated)	\$ 170,518	\$ 164,859
Realized gain (loss)	4,786	3,103
Unrealized gain (loss)	268	3,360
Interest and dividends	4,218	4,263
Investment fees	(915)	(854)
Issuances, transfers, settlements, and disbursements (net)	750	4,958
Balance - end of year	<u>\$ 179,625</u>	<u>\$ 179,689</u>

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**Note 8 - NOTE PAYABLE**

In April 2020, the Association received loan proceeds in the amount of \$56,000 under the Paycheck Protection Program (“PPP”). The PPP is administered by the Small Business Administration. The loan and accrued interest are forgivable after eight to twenty-four weeks as long as the Association uses the loan proceeds for eligible purposes, such as payroll, benefits, rent, and utilities. The amount of loan forgiveness may be reduced if the Association reduces payroll during the eight to twenty-four week period. The unforgiven portion of the PPP loan is payable over a two-year period at an interest rate of 1%, with a deferral of payments for the first six months. The loan may be prepaid by the Association at any time prior to maturity with no prepayment penalties. The Association intends to use the proceeds for purposes consistent with the PPP. The Association currently believes that its use of the loan proceeds will meet the conditions for forgiveness. As of June 30, 2020, the Association has not yet requested loan forgiveness, and the loan balance was \$56,000.

**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, 2020 and 2019 are available for the following purposes or periods:

	2020		2019	
	Purpose	Period	Purpose	Period
Endowment funds	\$ -	\$ 6,048,867	\$ -	\$ 5,908,617
Endowment funds				
Scholarships	1,259,753	-	1,484,251	-
Operations and programming	320,384	-	565,423	-
Lutheran education	57,000	-	61,000	-
STEM programming	60	-	-	-
Other scholarships	43,110	-	-	-
Total	<u>\$ 1,680,307</u>	<u>\$ 6,048,867</u>	<u>\$ 2,110,674</u>	<u>\$ 5,908,617</u>

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**Note 10 - AVAILABILITY AND LIQUIDITY**

The following represents the Association's financial assets at June 30, 2020 and 2019:

Financial assets at year-end:	2020	2019
Cash and cash equivalents	\$ 760,668	\$ 751,339
Investments	7,933,791	8,093,585
Grants receivable	57,000	61,000
Other receivables	-	1,500
Total financial assets at year-end	<u>8,751,459</u>	<u>8,907,424</u>
Less amounts not available for general expenditures:		
Net assets with period restrictions in excess of one year	6,048,867	5,908,617
Net assets with purpose restrictions	1,680,307	2,110,674
Total amounts not available to meet general expenditures	<u>7,729,174</u>	<u>8,019,291</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,022,285</u>	<u>\$ 888,133</u>

**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, 2020 follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment corpus	\$ -	\$ 6,048,867	\$ 6,048,867
Donor restricted endowment earnings	-	1,580,137	1,580,137
Board Designated endowment funds			
Scholarships	430,479	-	430,479
Operating and programming	133,870	-	133,870
Total endowment funds	<u>\$ 564,349</u>	<u>\$ 7,629,004</u>	<u>\$ 8,193,353</u>



LUTHERAN ELEMENTARY SCHOOL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**Note 11 - DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (continued)**

Changes in endowments net assets as of June 30, 2020 follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	\$ 562,519	\$ 7,958,291	\$ 8,520,810
Reclassifications of net assets	-	685	685
Contributions	1,830	325,779	327,609
Investment return, net	-	124,799	124,799
Released from restrictions	-	(780,550)	(780,550)
Endowment net assets - end of year	<u>\$ 564,349</u>	<u>\$ 7,629,004</u>	<u>\$ 8,193,353</u>

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			
Scholarships	429,015	-	429,015
Operating and programming	133,504	-	133,504
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
Reclassifications 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>

LUTHERAN ELEMENTARY SCHOOL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
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**Note 12 - OPERATING LEASES**

I. In May 2016, the Association entered a five-year operating lease for office space starting on May 1, 2016 and ending on May 31, 2021. Upon termination, the lease does not subject the Association to any additional minimum lease payments. As of June 30, 2020, the future minimum lease payments follow:

Year ending June 30,		
2021	\$	19,531
Total	\$	<u>19,531</u>

The lease expense was \$22,524 for the fiscal year ending June 30, 2020.

II. In January 2018, the Association entered a five-year operating lease for a copier starting in March 2018 and ending in February 2023. Upon termination, the lease does not subject the Association to any additional minimum lease payments. As of June 30, 2020, the future minimum lease payments follow:

Year ending June 30,		
2021	\$	3,657
2022		3,657
2023		2,438
Total	\$	<u>9,752</u>

The lease expense was \$3,727 for the fiscal year ending June 30, 2020.

**Note 13 - 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, 2020 and 2019 were \$0 and \$4,620, respectively.

**Note 14 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 30, 2020, the date which the financial statements were available for issue, and noted no reportable events.