Endowment Fund of the Evangelical Lutheran Church in America (ELCA Foundation)

Board

Ms. Karen M. Bohn, Edina, Minn. (2022)
Mr. Eric Brudos, *chair*, Menlo Park, Calif. (2022)
Mr. Keith J. Christensen, Greene, Iowa (2022)[1]
Mr. Eric J. Draut, Arlington Heights, Ill. (2022)
The Rev. Elizabeth A. Eaton, presiding bishop of the ELCA[2]
The Rev. Frank Espegren, Sacramento, Calif. (2022)
Mr. Bruce D. George, Southborough, Mass. (2022)
Mr. Eric R. Golberg, New Richmond, Wis. (2022)
Ms. Naomi M. Horsager, *secretary*, Lakeville, Minn. (2022)[3]
Ms. Heather L. Marx, *vice chair*, Blaine, Minn. (2022)[4]
Ms. Kori E. Reed, Elkhorn, Neb. (2022)
Mr. Charles H. Self, Appleton, Wis. (2022)[5]
Ms. Ingrid S. Stafford, Evanston, Ill. (2022)[6]

Leadership team

Ms. Annette Shoemaker, *interim president and chief executive officer*

The vision of the ELCA Foundation is to be a thriving ministry that develops a culture of intentional generosity and financial stewardship to expand the work of the ELCA. Our mission is to support and sustain ELCA ministries by enhancing gifting capacity and stewarding resources.

As a ministry of the ELCA, the ELCA Foundation serves individuals, congregations and worship communities; synods; the churchwide organization; and institutions, agencies, and other related ELCA organizations.

The ELCA Foundation exists to:

- Provide gift planning, administration, and processing.
- Manage endowment funds and offer investment management services as an acknowledged fiduciary.
- Engage individuals and organizations in thoughtful planning to pass on philanthropic values and support ministry passions.

Throughout the three-year period of 2019–2021, $158.5 million was distributed to support a variety of ministries. This represents an increase of 21% over the previous three-year period.

Report of work for 2019–2021: Transition to a separately incorporated ministry

The last three years have seen significant change, extreme challenges, and successful results for the Foundation. In August 2019, Ms. Christina Jackson-Skelton retired following 30 years of valuable service to the churchwide organization. During the last portion of her career, she also held the position of president and chief executive officer of the Foundation. Following an executive search, Ms. Kathy Freeman Summers was selected to serve as successor and began her work in October 2019. She concluded her service in April 2022. Ms. Annette C. Shoemaker is serving as interim president and chief executive officer.

[1] Resource Development Committee chair.
[2] *Ex officio* member with voice and vote.
[3] Finance Committee chair.
[4] Governance Committee chair.
[5] Investment Committee chair.
[6] Audit Committee chair.

March 2020 saw the world go into lockdown. No report on the work of any organization throughout the last three years would be complete without the mention of the impact that the global pandemic had on staff, business, and this church. Gift planners could no longer meet in person with donors or investors, mail service was cut, partnership meetings were held virtually, and the list goes on. But through it all, the work persisted and the ministries of this church continued to be supported through donor gifts and distributions from the Ministry Growth Fund (formerly known as Fund A).

On Dec. 31, 2020, the Foundation passed a major milestone when gifts, endowments, and other investments stewarded for this denomination reached the $1 billion level for the first time. This landmark accomplishment was achieved primarily because Foundation staff understood the need for increased communication during a year of unparalleled difficulties. In a surprise to many, 2020 generated strong investment returns, up 12% for the year. Of equal importance, gifts continued to be written, terminations were processed and paid out, and previously completed gifts years were stewarded all while staff adapted to new business practices and virtual conversations.

As the pandemic dragged on, 2021 proved even more challenging. Results for the year, while solid, lagged behind both 2019 and 2020. This was due in part to the return of travel restrictions at the beginning of the year and the resulting inability to have face-to-face meetings with donors and investors. Though activity did pick up during the second half of the year, the lack of a strong pipeline going into 2021 negatively impacted results for the entire year.

Gift distributions, while significant, also lagged behind 2019 and 2020 results. For the year, $48 million was distributed to ministry as compared to $51.5 million in 2019 and $59 million in 2020. At the same time, the Ministry Growth Fund experienced another year of strong results, up another 12%.

Both 2020 and 2021 presented major system and technical challenges for the staff. Significant upgrades to infrastructure are necessary for the Foundation's continued success, yet conversion to the Workday financial system, beginning in 2020, and the subsequent migration to the system's endowment module in 2021 have stressed the accounting and gift administration teams. The Foundation remains committed to upgrading service to our donors and investors and will continue to focus resources on these efforts going forward.

Regional gift planners

The ELCA Foundation has a national network of 21 regional gift planners, supported by centralized donor and investor services. Throughout 2019–2021, the gift-planning network assisted ELCA members in creating $235 million in planned gifts, versus $166 million during 2016–2018. The number of gift plans written has also been on the rise with 697 gift plans created in 2019–2021 compared to 397 in 2016–2018. In addition, $42.1 million in current and currently funded gifts was established during this period and $143.8 million in previously written plans was stewarded, which ensured that gifts remain in place. The ELCA Foundation thanks ELCA members for their generosity in supporting the ministries of this church.

Also during the triennium, 176 new Ministry Growth Fund accounts were opened for outside investors, including 126 congregations. Net new assets, in both new accounts and additions to existing ones, totaled $124.3 million. Investment in the Ministry Growth Fund supports and strengthens ELCA congregations, synods, the churchwide organization, and related ministries.

Gift-planning partnerships

Since 1985, the ELCA Foundation has supported gift-planning partnerships that allow a variety of related entities to share gift planner services. Currently, the ELCA Foundation supports 21 gift-planning partnerships, including:

- 18 partnerships sponsored by the ELCA Foundation.
- Two grants in Nebraska and South Dakota.
- One joint venture with the Lutheran Foundation of the Southwest.

Today, gift-planning partners include the churchwide organization, synods, social service agencies, senior health care facilities, seminaries, campus ministries, and camps. Several levels of partnership engagement are available, including local, regional, or national representation, and back-office gift administration only.

Annual fees generated from partnerships totaled $1.4 million over the last three years, remaining flat compared to the previous three-year period. Growth in new partners was mixed, with the addition of a large national partner and the loss of several smaller organizations due to circumstances surrounding the pandemic.

Gift programs

For the benefit of members and related organizations, the ELCA Foundation supports three charitable-giving pools: charitable gift annuities ($51.4 million), charitable trusts ($64.1 million), and the Ministry Growth Fund ($1.015 billion). Named endowments and donor-advised funds, both invested in the Ministry Growth Fund, are also offered.

Looking ahead

The Foundation has enjoyed significant growth over the past decade, and with that comes the need for a substantial upgrade to infrastructure—parts of which were first put in place in 1988. This will be a major focus throughout 2022 and beyond. Further, the Foundation has completed and is now implementing its first strategic plan. The plan is divided into three phases, with the first to be completed in 2025. We look forward to reporting important progress on the identified priorities at the 2025 Churchwide Assembly and expect that this work will result in an expanded ability to support the ELCA, in all its expressions, with increased financial resources.

Ms. Annette C. Shoemaker, *interim president and chief executive officer*

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST

COMBINED FINANCIAL STATEMENTS

December 31, 2018

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST

COMBINED FINANCIAL STATEMENTS
December 31, 2018

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
ELCA Foundation

Report on the Financial Statements

We have audited the accompanying combined financial statements of the Endowment Fund of the Evangelical Lutheran Church in America (dba the ELCA Foundation) and the Evangelical Lutheran Church in America Endowment Fund Pooled Trust, collectively the Foundation, which comprise the combined statement of financial position as of December 31, 2018, and the related combined statements of activities 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

(Continued)

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the ELCA Foundation and Evangelical Lutheran Church in America Endowment Fund Pooled Trust as of December 31, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the combined financial statements, the ELCA Foundation and the Evangelical Lutheran Church in America Endowment Fund Pooled Trust has adopted ASU 2016-14 - *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities.* Our opinion is not modified with respect to this matter.

Other Matter

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

Crowe LLP

Crowe LLP

Chicago, Illinois
June 26, 2019

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST
COMBINED STATEMENT OF FINANCIAL POSITION
December 31, 2018

ASSETS	
Cash and cash equivalents	$ 14,711,469
Investments	765,901,616
Beneficial interest in outside trusts	876,583
Other assets	119,168
Total assets	$ 781,608,836
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and accrued expenses	$ 1,077,059
Funds due to related organizations	3,985,772
Annuities and trusts liability	52,615,733
Funds held for others	
Funds held for others	357,052,457
Funds held for ELCA churchwide organization	361,189,787
Total funds held for others	718,242,244
Total liabilities	775,920,808
Net assets	
Without donor restrictions	3,695,338
With donor restrictions	1,992,690
Total net assets	5,688,028
Total liabilities and net assets	$ 781,608,836

See accompanying notes to combined financial statements.

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST
COMBINED STATEMENT OF ACTIVITIES
Year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support			
Contributed support	$ 3,206,874	$ 2,150,000	$ 5,356,874
Management fees	4,953,571	-	4,953,571
Partner dues	517,614	-	517,614
Other income	946,591	-	946,591
	9,624,650	2,150,000	11,774,650
Net assets released from restrictions	110,780	(110,780)	-
Total operating revenue and support	9,735,430	2,039,220	11,774,650
Expenses			
Program services	3,078,642	-	3,078,642
Administrative services	1,237,357	-	1,237,357
Management and general	1,638,313	-	1,638,313
Total operating expenses	5,954,312	-	5,954,312
Net operating revenue and support less operating expenses	3,781,118	2,039,220	5,820,338
Non-operating transactions			
Other non-operating loss	(107,004)	-	(107,004)
Net real estate income and expenses	(3,776)	-	(3,776)
Investment loss, net of expenses	-	(46,530)	(46,530)
Total non-operating transactions	(110,780)	(46,530)	(157,310)
Changes in net assets	3,670,338	1,992,690	5,663,028
Net assets at beginning of year	25,000	-	25,000
Net assets at end of year	$ 3,695,338	$ 1,992,690	$ 5,688,028

See accompanying notes to combined financial statements.

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST
COMBINED STATEMENT OF CASH FLOWS
Year ended December 31, 2018

Cash flows from operating activities	
Change in net assets	$ 5,663,028
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Gifts restricted for long-term investment	(1,992,690)
Changes in	
Other assets	(119,168)
Accounts payable and accrued expenses	985,009
Funds due to related organizations	2,403,856
Net cash provided by operating activities	6,940,035
Cash flows from investing activities	
Purchase of investments	(2,466,378)
Net cash used in investing activities	(2,466,378)
Cash flows from financing activities	
Gifts restricted for long-term investment	1,992,690
Net cash provided by financing activities	1,992,690
Increase in cash and cash equivalents	6,466,347
Cash and cash equivalents at beginning of year	8,245,122
Cash and cash equivalents at end of year	$ 14,711,469
Noncash transactions	
Transfer of assets related to charitable remainder trusts from the ELCA churchwide organization	$ 56,191,291
Transfer of obligations related to charitable remainder trusts from the ELCA churchwide organization	57,993,614
Transfer of assets related to charitable gift annuities from the ELCA churchwide organization	30,145,461
Transfer of obligations related to charitable gift annuities from the ELCA churchwide organization	30,059,740

See accompanying notes to combined financial statements.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Organization: Effective January 1, 2018, the Endowment Fund of the Evangelical Lutheran Church in America (the Endowment Fund) began doing business as the ELCA Foundation, a separately incorporated ministry/corporation of the Evangelical Lutheran Church in America. This corporation manages the Evangelical Lutheran Church in America Endowment Fund Pooled Trust (the Trust) and the Deferred Gift Portfolio, including the Charitable Remainder Trust (CRT) and Charitable Gift Annuity (CGA) programs.

The Evangelical Lutheran Church in America (the ELCA) is a denomination organized into approximately 9,100 congregations, 61 geographic synods and a churchwide organization. The ELCA churchwide organization (the Church) is a Minnesota nonprofit corporation that functions interdependently with the congregations and synods of the ELCA. The ELCA churchwide organization serves on behalf of and in support of the ELCA's members, congregations and synods, but the other expressions of the ELCA and ELCA-related organizations and their financial transactions are not included in the references to the ELCA churchwide organization in these financial statements or in notes to the financial statements.

The Trust was initially established on October 9, 1995, and restated on January 20, 1999, under a Restated Declaration of Trust by and between the Church and the Endowment Fund. The Church established the Trust to allow for the collective long-term investment of funds belonging to the Church, Endowment Fund, its congregations, synods, seminaries, and other eligible affiliated entities (the Participants). The Endowment Fund is the Trustee and administrator of the Trust. The Board of Pensions, doing business as Portico Benefit Services, an affiliated corporation of the Church, is an Investment Advisor to the Trust.

On January 20, 1999, the Endowment Fund contributed $25,000 of capital to the Trust. The Trust commenced operations on July 1, 1999, when the Endowment Fund of the Church transferred Participants' accounts of approximately $190,400,000 to the Trust.

During the course of the year the Church transferred investments totaling approximately $86.3 million and corresponding liabilities totaling approximately $88.0 million representing the deferred gifts portfolio to the Foundation.

Basis of Presentation: The combined financial statements include the balances and activities of the ELCA Foundation and the Trust, collectively the Foundation. The combined financial statements are prepared as a result of the ELCA Foundation and the Trust being under common operations and management. All significant intercompany balances and transactions have been eliminated from the combined financial statements. The combined financial statements have been prepared on the accrual basis of accounting.

To ensure the observance of limitations and restrictions placed on the use of resources available, the Foundation maintains its financial accounts in accordance with the principles and practices of fund accounting.

The combined financial statements focus on the organization as a whole and present balances and transactions classified based upon the existence or absence of donor-imposed restrictions. Net assets, revenue, contributed support, expenses, gains, and losses have been classified into two net asset classes based on these donor-imposed restrictions. A description of each net asset class follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect this category of net assets include contributions and bequests without donor restrictions, contributions with donor restrictions and bequests whose donor-imposed restrictions were met during the fiscal year and investment income whose use is without donor restrictions, as well as all expenses incurred in connection with the operations of the Foundation.

(Continued)

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. Items in this net asset category are contributions, bequests, and investment income whose use is limited to specific purposes by the donor. These amounts are reclassified when such restrictions are met or when time restrictions have expired.

Cash and Cash Equivalents: Cash and cash equivalents include investments in money market accounts, commercial paper, and other short-term investments with original maturities of three months or less from the date of purchase. Cash and cash equivalents used by the Foundation in managing its investments are reported in investments. The Foundation maintains cash balances at several financial institutions in excess of the insurance limits provided by the Federal Deposit Insurance Corporation.

Beneficial Interest in Outside Trusts: The Foundation has been granted a beneficial interest in a charitable remainder trust. This trust account is administered and held by an outside trustee. The Foundation records the fair value of the beneficial interest as a receivable when documentation of the beneficial interest is received. There is a corresponding liability included within funds held for others on the combined statement of financial position.

Investments and Related Income, Gains, and Losses: Investments are reported at fair value. Investment income, gains and losses, and any investment-related expenses are recorded as changes in net assets without donor restrictions in the combined statement of activities unless their use is restricted by explicit donor stipulations.

Funds Held for Others: Funds held for others consist of contributions, endowments and deferred gifts received on behalf of and other resources held for other Lutheran organizations that are separate, uncombined entities. The Foundation does not have variance power over these funds.

Revenue, Expenses, and Contributions: Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized in the period received. Conditional contributions are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Contributions received with donor-imposed restrictions are reported as revenue of the net asset class with donor restrictions, as appropriate.

Management fee revenue represents the fees earned by the Foundation for managing the Endowment Fund Pooled Trust, the Charitable Gift Annuity program, and the Charitable Remainder Trust program. These fees are recognized as management performs the related services.

Endowment Pool Unitization: Endowment investments managed by the Trust on behalf of others are pooled and managed on the total return concept. When a pool is established, ownership interests are initially assigned through unitization to the pool based on the fair value of the cash and securities placed in the pool by each participant. Current fair value is used to determine the number of units allocated to additional assets placed in the pool and to value withdrawals from the pool.

(Continued)

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax: The Church received a group ruling determination letter from the Internal Revenue Service in 1988 recognizing the exemption from federal income taxes on income related to its exempt purpose under Section 501(c)(3) of the Internal Revenue Code. In 1993, the Endowment Fund of the Evangelical Lutheran Church in America was included in the group ruling. Accordingly, no provision for income taxes has been made in the combined financial statements.

Use of Estimates: The preparation of combined 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.

Recent Accounting Pronouncements: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14 (ASU 2016-14), *Not-for-Profit Entities: Topic 958.* The amendments in this update affect not-for-profit entities (NFPs) and the users of their general purpose financial statements. The amendments in this Update make certain improvements to the current net asset classification requirements and the information presented in financial statements and notes about an NFP's liquidity, financial performance, and cash flows. The amendments in the ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Foundation adopted ASU 2016-14 for the year ended December 31, 2018.

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments at December 31, 2018, consist of the following:

	2018
Investments in pools	
U.S. equity securities	$ 200,408,519
Non-U.S. equity securities	207,040,434
Investment grade fixed income securities	71,546,445
High-yield fixed income securities	61,404,126
Inflation-indexed fixed income securities	36,873,032
Global real estate securities	42,512,078
Balanced funds	19,095,098
Special purpose bond fund	6,795,838
Direct investments	
Equity funds	40,617,985
Income funds	16,614,215
Alternative investments	
Absolute return	25,212,333
Infrastructure	23,354,787
Private markets	13,273,098
Cash and cash equivalents	475,110
Real estate	678,518
	$ 765,901,616

(Continued)

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Investments carried at fair value consist primarily of investments in pools, direct investments in equity and income funds and alternative investments. Direct investments in real estate are carried at cost.

Fair value is the price that would be received for an asset (an exit price) in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Investments that have readily determinable market values are determined using quoted market prices. Fair values of investments for which market prices are not readily available are determined based upon quoted market close prices for similar issues, dealer quotes, appraisals, or pricing models utilizing market-observable inputs from comparable securities.

The fair value hierarchy is based on maximizing observable inputs and minimizing unobservable inputs when measuring fair value. Three levels of inputs may be used to measure fair value.

> Level 1: Quoted prices (unadjusted) for identical assets in active markets that the Foundation has the ability to access as of the measurement date.
>
> Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
>
> Level 3: Significant unobservable inputs that reflect the Foundation's own assumptions that the market participants would use in pricing an asset.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Investments in Pools: The Foundation's pooled investments are invested in the investment pools of Portico Benefit Services. The fair value of each of the Foundation's pools is measured using a unitization method, with values differing according to the underlying securities of each pool (NAV). Security prices are based on quotes that are obtained from an independent pricing service. Fair values of securities for which market prices are not readily available are determined based upon quoted market close prices for similar issues, dealer quotes, or pricing models utilizing market observable inputs from comparable securities. This total fair value is divided by the total number of units in the pool to determine the per-share value that is assigned to the Foundation's units.

Direct Investments: The absolute return, infrastructure and private markets funds are collectively referred to as alternative investments, whose values have been estimated by the Foundation in the absence of readily ascertainable market values. The Foundation's estimate of fair value is generally based on the net asset value per share (NAV) provided to the Foundation by each alternative investment fund, supported by the independently audited financial statements of the alternative investment fund, when available. For those alternative investment funds for which independently audited financial statements in accordance with accounting principles generally accepted in the United States of America are not provided, the Foundation bases its estimate of fair value on the unaudited information calculated by the respective alternative investment fund's management and reported to the Foundation. The Foundation's equity and income fund securities are readily marketable and have fair values which are determined by obtaining quoted market prices in active markets (Level 1 inputs).

(Continued)

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Beneficial Interest in Outside Trusts: The fair value of beneficial interests in trusts is determined based upon the Foundation's proportional interest in the fair value of the underlying trust assets. The underlying trust assets are readily marketable and have fair values which are determined by obtaining quoted market prices in active markets. This valuation method has been estimated to represent the present value of future distributed income. The liquidation of these assets is contingent upon circumstances that are out of the Foundation's control and cannot be liquidated on a periodic basis (Level 3 inputs).

The following table sets forth, by level within the fair value hierarchy, financial instruments owned, at fair value as of December 31, 2018:

	2018			
	Level 1	Level 2	Level 3	Total
Direct investments				
Equity funds	$ 40,617,985	$ -	$ -	$ 40,617,985
Income funds	16,614,215	-	-	16,614,215
Cash and cash equivalents	475,110	-	-	475,110
Investments held at fair value	$ 57,707,310	$ -	$ -	$ 57,707,310
Investments at net asset value				707,515,788
Total investments at fair value				765,223,098
Physical real estate at cost				678,518
Total investments				$ 765,901,616
Beneficial interest in perpetual trusts, fair value	$ -	$ -	$ 876,583	$ 876,583

The table below rolls forward balances for the Level 3 beneficial interest in perpetual trusts from January 1, 2018, through December 31, 2018:

	2018
Balance as of January 1, 2018	$ -
Transfer from ELCA	876,583
Balance as of December 31, 2018	$ 876,583

Direct Investment Capital Contributions: The Trust made the following capital contributions to alternative investments as called for by the investment agreements in 2018:

Investment Strategies	2018
Absolute return	$ -
Infrastructure	3,000,000
Private markets	9,985,614
Total	$ 12,985,614

(Continued)

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Direct Investment Strategy and Redemption Information: The investment strategy types, commitments to additional capital contributions, and various features of the alternative investment portfolio as of December 31, 2018, are as follows:

Investment Strategies	Fair Value	Unfunded Commitments
Absolute return (a)	$ 25,212,333	$ -
Infrastructure (b)	23,354,787	-
Private markets (c)	13,273,098	136,514,386
Total	$ 61,840,218	$ 136,514,386

(a) This single-investor fund (the absolute return fund) shall invest its assets in a manner consistent with the absolute return fund's "Investment Objectives, Investment Strategy and Approach, Performance Objectives and Portfolio Constraints" (the "Guidelines"), as may be agreed upon between Grosvenor Capital Management, L.P. (Grosvenor) and the initial shareholder. The absolute return fund's investment objectives are: (i) to generate a superior absolute and risk-adjusted rate of return, with low performance volatility and low correlation with global equity and fixed-income markets, over a full-market cycle; and (ii) to preserve capital during challenging market environments. The ability of a shareholder to redeem shares is dependent on the withdrawal/redemption provisions of the limited liability private investment vehicles ("Portfolio Funds") in which the fund invests. Furthermore, the Trust may at any time request Grosvenor to redeem from all Portfolio funds and terminate the fund. Liquidity of the underlying investments range between daily and every three years with over 90% of the underlying investments having liquidity of less than one year from the notice date.

(b) This fund (the infrastructure fund) invests in unlisted infrastructure equity primarily in the U.S., Western Europe, Canada, and Australia, and secondarily in other Organization for Economic Cooperation and Development (OECD) countries. Repurchase requests can be submitted semi-annually; payment subject to best efforts. Redemption dates occur two times a year on March 31 and September 30. Redemption requests must be received during the applicable redemption notice period. For the March 31 redemption date, notices must be received between November 15 and December 31 of the previous year. Redemption requests for the September 30 date must be received between May 15 and June 30 of the same year. If a repurchase request is received after the expiration of the repurchase notice period, then it will be considered a request for the following repurchase date.

(c) This single-investor fund (the private markets fund) focuses on multiple investment strategies, vintage years and geographies across primary fund investments, secondaries and co-investments. The private markets fund is primarily focused on small and mid-sized private equity funds, while seeking diversification through secondary markets, delayed primary markets and credit investments. Private equity funds are typically organized to have a limited life cycle, typically 10-15 years. During this life cycle, the fund manager will call capital from the investors (or Limited Partners), invest that capital into underlying investments (companies), hold those investments, and finally sell those investments and send the proceeds (also known as Distributions) to the fund's investors.

(Continued)

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Strategies Employed for Achieving Objectives for Pooled Investments: Portico Benefit Services, the Investment Advisor for the Trust and for the ELCA Foundation's charitable gift annuity program, endeavors to achieve long-term return objectives within prudent risk constraints by investing in a diversified portfolio that consist of equity-based, fixed-income and alternative investments. Investments are selected in accordance with the criteria of social responsibility that is consistent with the values and programs of the ELCA.

The Trust's target asset allocation ranges are displayed in the following chart. Actual allocations varied from targeted levels by modest amounts.

	Range	Target	December 31, 2018	Difference
U.S. Equity Securities	22-32%	27%	29.4%	2.4%
Non-U.S. Equity Securities	25-35%	30%	30.4%	0.4%
Investment Grade Fixed Income Securities	3.5-13.5%	8.5%	10.5%	2.0%
High-Yield Fixed Income Securities	3.5-13.5%	8.5%	9.0%	0.5%
Inflation-Indexed Fixed Income Securities	0-10%	5%	5.4%	0.4%
Global Real Estate Securities	0-10%	5%	6.2%	1.2%
Absolute Return	0-8%	3%	3.7%	0.7%
Infrastructure	0-8%	3%	3.4%	0.4%
Private Markets	0-20%	5%	1.9%	-3.1%
Cash and Cash Equivalents	0-5%	0%	0.1%	0.1%

A portion of the Foundation's charitable gift annuity assets are invested in the Investment Advisor's Social Purpose 40e Fund and Portico SP Bond Fund. Collectively, these two investments seek to generate rates of return moderately in excess of the rate of inflation over longer time periods, with a long-term goal of growing the purchasing power of participants. The blended targets asset allocation range from 25-35% in equities and 65-75% in fixed income and real assets.

NOTE 3 - SPLIT-INTEREST AGREEMENTS

Charitable Remainder Trusts: Charitable remainder trusts are arrangements in which the donor establishes and funds a trust with specific distributions to be made to a designated beneficiary or beneficiaries over the trust's term. Obligations to the beneficiaries are limited to the trust's assets. Assets are recorded at fair value when received, and a liability is recorded for the present value of the estimated future payments to the beneficiaries. Present values are calculated using a discount rate based on the risk adjusted rate at the date of the trust and the life expectancies of the beneficiaries. The 2012 Individual Annuity Reserving Report and Tables (2012 IAR) are used to calculate life expectancies unless a time restriction is specified.

Upon termination of the trust, the remaining assets are given to a combination of the Church, related organizations, and other organizations, with no more than 30% of the remainder going to unrelated organizations.

(Continued)

NOTE 3 - SPLIT-INTEREST AGREEMENTS (Continued)

Charitable Gift Annuities: Charitable gift annuities are arrangements between a donor and the ELCA Foundation in which the donor contributes assets to the ELCA Foundation in exchange for a promise by the ELCA Foundation to pay a fixed amount for the life of the donor or other individuals designated by the donor. Due to state insurance regulations, the assets received are held as segregated assets. The annuity liability is a general obligation of the ELCA Foundation. Assets are recognized at fair value on the date of the contribution. An annuity payment liability is recognized for the present value of future cash flows expected to be paid to the donor or to the designated individual. The discount rate is the appropriate risk adjusted rate on the date of the contract. The 2012 IAR Tables are used to calculate the life expectancies of the annuity beneficiaries.

At the death of the donor or designated individual, the book value of the contract is distributed to the Church and/or related organization with or without restrictions depending upon the donor's wishes.

A summary of recorded amounts related to these arrangements as of December 31, 2018, is as follows:

	2018
Charitable remainder annuity trusts	$ 1,081,344
Charitable remainder unitrusts	31,628,608
Charitable gift annuities	19,905,781
Total annuities and trusts liability	$ 52,615,733

Adjustments to the liability to reflect amortization of the discount and changes in actuarial assumptions are recognized in the combined statement of financial position as funds held for others and funds held for ELCA churchwide organization.

NOTE 4 - RELATED-PARTY TRANSACTIONS

The ELCA churchwide organization is the beneficiary of endowment, trust and annuity accounts with a fair value of $361,189,787 at December 31, 2018.

The Foundation had balances payable to the ELCA churchwide organization of $3,985,772 at December 31, 2018. This is made up of expenses related to a service level agreement between the Foundation and the ELCA churchwide organization including salaries, benefits, travel and other administrative expenses, provided to the Foundation by the ELCA churchwide organization.

(Continued)

NOTE 5 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets which were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors were as follows during the year ended December 31:

	2018
Satisfaction of program restrictions:	
Payments on underwater Charitable Gift Annuities	$ 110,780
Satisfaction of program restrictions	$ 110,780

NOTE 6 - SECURITIES LOANED

The Foundation's investment pools participate in a securities lending program, whereby securities are lent to borrowers in exchange for a fee. The securities lending program specifies that the custodian is responsible for the lending of securities and obtaining adequate collateral from the borrower. Beneficial interest in fees earned by the investment pools totaled $2,164,864 for the year ended December 31, 2018.

NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following at December 31:

	2018
General	$ 495,338
Reserve for operations	3,200,000
	$ 3,695,338

NOTE 8 - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions totaling $1,992,690 are available for the underwater charitable gift annuity program at December 31, 2018.

NOTE 9 - EXPENSES BY NATURE

The combined statement of activities reports certain categories of expenses attributable to the programs and supporting functions of the Foundation. Program Activities include the costs associated with administrative services provided to the Church and related organizations. The table below presents these functional expenses by their natural classification for the year ended December 31, 2018.

(Continued)

NOTE 9 - EXPENSES BY NATURE (Continued)

	Endowment Fund Pooled Trust	Charitable Gift Annuity Program	Charitable Remainder Trust Program	Other Program Activities	Total Program Activities	Management and General	Total
Grants	$ -	$ -	$ -	$ 193,264	$ 193,264	$ 302,711	$ 495,975
Compensation	101,833	42,555	35,691	1,559,299	1,739,378	511,590	2,250,968
Benefits	47,455	19,005	13,324	763,229	843,013	260,701	1,103,714
Travel	98	301	-	273,329	273,728	23,427	297,155
Professional and other purchased services	139,446	137,806	65,868	34,734	377,854	106,308	484,162
Service level agreement	249,243	87,989	84,189	185,214	606,635	286,035	892,670
Other expenses	88,835	110,320	13,399	69,573	282,127	147,541	429,668
Total expenses	$ 626,910	$ 397,976	$ 212,471	$ 3,078,642	$ 4,315,999	$ 1,638,313	$ 5,954,312

The allocations of certain categories of expenses attributable to more than one program or supporting function are allocated based on an estimate of staff time spent in each of the functional areas.

NOTE 10 - LIQUIDITY AND AVAILABILITY

The Foundation's financial assets available within one year of the combined statement of financial position date for general expenditure are as follows:

	2018
Financial Assets	
Cash	$ 14,711,469
Accounts receivable	93,004
Investments	765,901,616
Financial assets, at year end	780,706,089
Less those unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions	
Donor purpose restrictions	(1,992,690)
Annuities and trusts liability	(52,615,733)
Funds held for other organizations	(718,242,244)
Financial assets available to meet cash needs for general expenditure within one year before board designation	7,855,422
Less: Designations	
Reserves for operations	(3,200,000)
Financial assets available to meet cash needs for general expenditure within one year	$ 4,655,422

(Continued)

NOTE 10 - LIQUIDITY AND AVAILABILITY (Continued)

As part of the Foundation's liquidity management, the Foundation invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The reserves for operations are set aside to help ensure the Foundation has adequate reserves to meet state requirements when registering to provide charitable gift annuities. These funds would be available to meet general expenditures with approval from the Board of Trustees.

NOTE 11 - SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to December 31, 2018, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2018. Management has performed their analysis through June 26, 2019, the date the financial statements were available to be issued. Activities subsequent to this date have not been evaluated by management.

SUPPLEMENTARY INFORMATION

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST
COMBINING STATEMENT OF FINANCIAL POSITION
December 31, 2018

	Endowment Funds	Deferred Gift and Operating Funds	Total
ASSETS			
Cash and cash equivalents	$ 3,320,064	$ 11,391,405	$ 14,711,469
Investments	682,099,962	83,801,654	765,901,616
Beneficial interest in outside trusts	-	876,583	876,583
Other assets	-	119,168	119,168
Total assets	$ 685,420,026	$ 96,188,810	$ 781,608,836
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	$ 118,354	$ 958,705	$ 1,077,059
Funds due to related organizations	3,977,390	8,382	3,985,772
Annuities and trusts liability	-	52,615,733	52,615,733
Funds held for others			
Funds held for others	334,692,107	22,360,350	357,052,457
Funds held for ELCA churchwide organization	346,607,175	14,582,612	361,189,787
Total funds held for others	681,299,282	36,942,962	718,242,244
Total liabilities	685,395,026	90,525,782	775,920,808
Net assets			
Without donor restrictions	25,000	3,670,338	3,695,338
With donor restrictions	-	1,992,690	1,992,690
Total net assets	25,000	5,663,028	5,688,028
Total liabilities and net assets	$ 685,420,026	$ 96,188,810	$ 781,608,836

See accompanying Independent Auditor's Report.

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST

COMBINED FINANCIAL STATEMENTS

December 31, 2019 and 2018

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST

COMBINED FINANCIAL STATEMENTS
December 31, 2019 and 2018

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
ELCA Foundation

Report on the Financial Statements

We have audited the accompanying combined financial statements of the Endowment Fund of the Evangelical Lutheran Church in America (dba the ELCA Foundation) and the Evangelical Lutheran Church in America Endowment Fund Pooled Trust, collectively the Foundation, which comprise the combined statements of financial position as of December 31, 2019 and 2018, and the related combined statements of activities and cash flows for the years 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

(Continued)

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the ELCA Foundation and Evangelical Lutheran Church in America Endowment Fund Pooled Trust as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the combined financial statements, the Foundation has adopted ASU 2014-09, *Revenue from Contracts with Customers: Topic 606* and ASU 2018-08, *Not-For-Profit Entities: Topic 958, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Other Matter

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

Crowe LLP

Crowe LLP

Chicago, Illinois
June 29, 2020

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST
COMBINED STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 12,556,430	$ 14,711,469
Accounts receivable, net	175,286	93,004
Funds due from related organizations	869,349	-
Investments	907,294,168	765,901,616
Beneficial interest in outside trusts	737,537	876,583
Other assets	12,338	26,164
Total assets	$ 921,645,108	$ 781,608,836
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 2,217,077	$ 1,077,059
Funds due to related organizations	752,558	3,985,772
Annuities and trusts liability	54,896,147	52,615,733
Funds held for others		
Funds held for others	428,774,412	357,052,457
Funds held for ELCA churchwide organization	428,965,034	361,189,787
Total funds held for others	857,739,446	718,242,244
Total liabilities	915,605,228	775,920,808
Net assets		
Without donor restrictions	3,885,617	3,695,338
With donor restrictions	2,154,263	1,992,690
Total net assets	6,039,880	5,688,028
Total liabilities and net assets	$ 921,645,108	$ 781,608,836

See accompanying notes to combined financial statements.

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST
COMBINED STATEMENTS OF ACTIVITIES
Years ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support						
Contributed support	$ 13,772	$ -	$ 13,772	$ 3,206,874	$ 2,150,000	$ 5,356,874
Management fees	5,480,226	-	5,480,226	4,953,571	-	4,953,571
Partner dues	455,730	-	455,730	517,614	-	517,614
Other income	914,599	-	914,599	946,591	-	946,591
	6,864,327	-	6,864,327	9,624,650	2,150,000	11,774,650
Net assets released from restrictions	135,942	(135,942)	-	110,780	(110,780)	-
Total operating revenue and support	7,000,269	(135,942)	6,864,327	9,735,430	2,039,220	11,774,650
Expenses						
Program services	4,722,007	-	4,722,007	4,618,710	-	4,618,710
Management and general	1,952,040	-	1,952,040	1,335,602	-	1,335,602
Total operating expenses	6,674,047	-	6,674,047	5,954,312	-	5,954,312
Net operating revenue and support less operating expenses	326,222	(135,942)	190,280	3,781,118	2,039,220	5,820,338
Non-operating transactions						
Other non-operating loss	(130,704)	-	(130,704)	(107,004)	-	(107,004)
Net real estate income and expenses	(5,239)	-	(5,239)	(3,776)	-	(3,776)
Investment income (loss), net of expenses	-	297,515	297,515	-	(46,530)	(46,530)
Total non-operating transactions	(135,943)	297,515	161,572	(110,780)	(46,530)	(157,310)
Changes in net assets	190,279	161,573	351,852	3,670,338	1,992,690	5,663,028
Net assets at beginning of year	3,695,338	1,992,690	5,688,028	25,000	-	25,000
Net assets at end of year	$ 3,885,617	$ 2,154,263	$ 6,039,880	$ 3,695,338	$ 1,992,690	$ 5,688,028

See accompanying notes to combined financial statements.

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST
COMBINED STATEMENTS OF CASH FLOWS
Years ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 351,852	$ 5,663,028
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gifts restricted for long-term investment	-	(1,992,690)
Changes in		
Accounts receivable, net	(82,282)	(93,004)
Funds due from related organizations	(869,349)	-
Beneficial interest in outside trusts	139,046	-
Other assets	13,826	(26,164)
Accounts payable and accrued expenses	1,140,018	985,009
Funds due to related organizations	(3,233,214)	2,403,856
Funds held for others	(6,053,262)	(4,201,912)
Net cash (used in) provided by operating activities	(8,593,365)	2,738,123
Cash flows from investing activities		
Purchase of investments	(99,562,694)	(248,182,879)
Proceeds from sale of investments	106,001,020	249,918,413
Net cash provided by investing activities	6,438,326	1,735,534
Cash flows from financing activities		
Proceeds from gifts restricted for long-term investments	-	1,992,690
Net cash provided by financing activities	-	1,992,690
(Decrease) increase in cash and cash equivalents	(2,155,039)	6,466,347
Cash and cash equivalents at beginning of year	14,711,469	8,245,122
Cash and cash equivalents at end of year	$ 12,556,430	$ 14,711,469
Noncash transactions		
Transfer of assets related to charitable remainder trusts from the ELCA churchwide organization	$ -	$ 56,191,291
Transfer of obligations related to charitable remainder trusts from the ELCA churchwide organization	-	57,993,614
Transfer of assets related to charitable gift annuities from the ELCA churchwide organization	-	30,145,461
Transfer of obligations related to charitable gift annuities from the ELCA churchwide organization	-	30,059,740

See accompanying notes to combined financial statements.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Organization: Effective January 1, 2018, the Endowment Fund of the Evangelical Lutheran Church in America (the Endowment Fund) began doing business as the ELCA Foundation, a separately incorporated ministry/corporation of the Evangelical Lutheran Church in America. This corporation manages the Evangelical Lutheran Church in America Endowment Fund Pooled Trust (the Trust) and the Deferred Gift Portfolio, including the Charitable Remainder Trust (CRT) and Charitable Gift Annuity (CGA) programs.

The Evangelical Lutheran Church in America (the ELCA) is a denomination organized into approximately 9,100 congregations, 61 geographic synods and a churchwide organization. The ELCA churchwide organization (the Church) is a Minnesota nonprofit corporation that functions interdependently with the congregations and synods of the ELCA. The ELCA churchwide organization serves on behalf of and in support of the ELCA's members, congregations and synods, but the other expressions of the ELCA and ELCA-related organizations and their financial transactions are not included in the references to the ELCA churchwide organization in these financial statements or in notes to the financial statements.

The Trust was initially established on October 9, 1995, and restated on January 20, 1999, under a Restated Declaration of Trust by and between the Church and the Endowment Fund. The Church established the Trust to allow for the collective long-term investment of funds belonging to the Church, Endowment Fund, its congregations, synods, seminaries, and other eligible affiliated entities (the Participants). The Endowment Fund is the Trustee and administrator of the Trust. The Board of Pensions, doing business as Portico Benefit Services, an affiliated corporation of the Church, is an Investment Advisor to the Trust.

On January 20, 1999, the Endowment Fund contributed $25,000 of capital to the Trust. The Trust commenced operations on July 1, 1999, when the Endowment Fund of the Church transferred Participants' accounts of approximately $190,400,000 to the Trust.

During the year ended December 31, 2018, the Church transferred investments totaling approximately $86.3 million and corresponding liabilities totaling approximately $88.0 million representing the deferred gifts portfolio to the Foundation. No such transfer occurred in 2019. See footnote 12 regarding transfers made in January 2020.

Basis of Presentation: The combined financial statements include the balances and activities of the ELCA Foundation and the Trust, collectively the Foundation. The combined financial statements are prepared as a result of the ELCA Foundation and the Trust being under common operations and management. All significant intercompany balances and transactions have been eliminated from the combined financial statements. The combined financial statements have been prepared on the accrual basis of accounting.

To ensure the observance of limitations and restrictions placed on the use of resources available, the Foundation maintains its financial accounts in accordance with the principles and practices of fund accounting.

The combined financial statements focus on the organization as a whole and present balances and transactions classified based upon the existence or absence of donor-imposed restrictions. Net assets, revenue, contributed support, expenses, gains, and losses have been classified into two net asset classes based on these donor-imposed restrictions. A description of each net asset class follows:

(Continued)

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect this category of net assets include contributions and bequests without donor restrictions, contributions with donor restrictions and bequests whose donor-imposed restrictions were met during the fiscal year and investment income whose use is without donor restrictions, as well as all expenses incurred in connection with the operations of the Foundation.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. Items in this net asset category are contributions, bequests, and investment income whose use is limited to specific purposes by the donor. These amounts are reclassified when such restrictions are met or when time restrictions have expired.

Cash and Cash Equivalents: Cash and cash equivalents include investments in money market accounts, commercial paper, and other short-term investments with original maturities of three months or less from the date of purchase. Cash and cash equivalents used by the Foundation in managing its investments are reported in investments. The Foundation maintains cash balances at several financial institutions in excess of the insurance limits provided by the Federal Deposit Insurance Corporation.

Beneficial Interest in Outside Trusts: The Foundation has been granted a beneficial interest in a charitable remainder trust. This trust account is administered and held by an outside trustee. The Foundation records the fair value of the beneficial interest as a receivable when documentation of the beneficial interest is received. There is a corresponding liability included within funds held for others on the combined statement of financial position.

Investments and Related Income, Gains, and Losses: Investments are reported at fair value. Investment income, gains and losses, and any investment-related expenses are recorded as changes in net assets without donor restrictions in the combined statement of activities unless their use is restricted by explicit donor stipulations.

Funds Held for Others: Funds held for others consist of contributions, endowments and deferred gifts received on behalf of and other resources held for other Lutheran organizations that are separate, uncombined entities. The Foundation does not have variance power over these funds.

Revenue, Expenses, and Contributions: Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized in the period received. Conditional contributions are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Contributions received with donor-imposed restrictions are reported as revenue of the net asset class with donor restrictions, as appropriate.

(Continued)

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management Fees: The Foundation charges fees for managing the Endowment Fund Pooled Trust, the Charitable Gift Annuity program, and the Charitable Remainder Trust program. These fees are charged based on the value of assets in each program at the end of each month and are recognized over the course of the year as the Foundation performs the related services.

Partner Dues: The Foundation charges dues to partner organizations for gift planner services performed for the partner organizations. Dues are established with each organization on an annual basis and are recognized over the course of the year as the Foundation performs the related services. Partner organizations that sign agreements during the year have dues pro-rated and revenue is recognized over the remaining course of the year as services are performed. No dues are billed or recognized for services not yet performed at December 31, 2019 or 2018.

Endowment Pool Unitization: Endowment investments managed by the Trust on behalf of others are pooled and managed on the total return concept. When a pool is established, ownership interests are initially assigned through unitization to the pool based on the fair value of the cash and securities placed in the pool by each participant. Current fair value is used to determine the number of units allocated to additional assets placed in the pool and to value withdrawals from the pool.

Income Tax: The Church received a group ruling determination letter from the Internal Revenue Service in 1988 recognizing the exemption from federal income taxes on income related to its exempt purpose under Section 501(c)(3) of the Internal Revenue Code. In 1993, the Endowment Fund of the Evangelical Lutheran Church in America was included in the group ruling. Accordingly, no provision for income taxes has been made in the combined financial statements.

Use of Estimates: The preparation of combined 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.

Recent Accounting Pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers: Topic 606*. This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. This ASU will supersede the current revenue recognition requirements and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU are effective retrospectively for fiscal years beginning after December 15, 2018. The Foundation has implemented the provisions of this ASU for the year ended December 31, 2019 using a modified retrospective method of application. However, there was no material impact to the recognition or presentation of revenue as a result of the application of ASU 2014-09. As a result, no cumulative effect adjustment was recorded upon adoption.

(Continued)

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities: Topic 958*. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendment also provided additional guidance for the determination of whether a contribution is conditional. The Foundation adopted this ASU for the year ended December 31, 2019 using a modified retrospective method of application. However, there was no material impact to the recognition or presentation of revenue as a result of the application of ASU 2018-08. As a result, no cumulative effect adjustment was recorded upon adoption.

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments at December 31, 2019 and 2018, respectively, consist of the following:

	2019	2018
Investments in pools		
Common stocks	$ 233,535,793	$ 200,408,519
Non-U.S. stocks	262,839,006	207,040,434
Government and corporate bonds	67,645,444	71,546,445
Inflation-indexed securities	39,461,552	36,873,032
High-yield fixed income securities	46,231,790	61,404,126
Balanced funds	21,799,312	19,095,098
Global real estate securities	43,399,549	42,512,078
Special purpose bond fund	7,069,310	6,795,838
Direct investments		
Equity funds	47,305,755	40,617,985
Income funds	17,950,745	16,614,215
Alternative investments		
Absolute return	42,110,471	25,212,333
Infrastructure	24,467,181	23,354,787
Private markets	25,797,074	13,273,098
Cash and cash equivalents	27,263,183	475,110
Real estate	418,003	678,518
	$ 907,294,168	$ 765,901,616

Investments carried at fair value consist primarily of investments in pools, direct investments in equity and income funds and alternative investments. Direct investments in real estate are carried at cost.

Fair value is the price that would be received for an asset (an exit price) in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Investments that have readily determinable market values are determined using quoted market prices. Fair values of investments for which market prices are not readily available are determined based upon quoted market close prices for similar issues, dealer quotes, appraisals, or pricing models utilizing market-observable inputs from comparable securities.

(Continued)

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The fair value hierarchy is based on maximizing observable inputs and minimizing unobservable inputs when measuring fair value. Three levels of inputs may be used to measure fair value.

> Level 1: Quoted prices (unadjusted) for identical assets in active markets that the Foundation has the ability to access as of the measurement date.
>
> Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
>
> Level 3: Significant unobservable inputs that reflect the Foundation's own assumptions that the market participants would use in pricing an asset.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Investments in Pools: The Foundation's pooled investments are invested in the investment pools of Portico Benefit Services. The fair value of each of the Foundation's pools is measured using a unitization method, with values differing according to the underlying securities of each pool. On the first business day of each month, the Trust may purchase or redeem units in the investment pools based on the pools' prior month-end closing unit prices. Units in these pools are not exchanged and do not have quoted prices in active markets. Prices for underlying securities in the investment pools are based on quotes that are obtained from an independent pricing service. Fair values of securities for which market prices are not readily available are determined based upon quoted market prices for similar issues, dealer quotes, or pricing models utilizing market observable inputs from comparable securities. This total fair value is divided by the total number of units in the pool to determine the net asset value that is assigned to the Foundation's units. As a result, the Foundation's investments in pools, in accordance with Accounting Standards Codification Topic 820, are not required to be classified within the fair value hierarchy.

Direct Investments: The hedge funds, infrastructure and private markets funds are collectively referred to as alternative investments, whose values have been estimated by the Foundation in the absence of readily ascertainable market values. The Foundation's estimate of fair value is generally based on the net asset value per share (NAV) provided to the Foundation by each alternative investment fund, supported by the independently audited financial statements of the alternative investment fund, when available. For those alternative investment funds for which independently audited financial statements in accordance with accounting principles generally accepted in the United States of America are not provided, the Foundation bases its estimate of fair value on the unaudited information calculated by the respective alternative investment fund's management and reported to the Foundation. The Foundation's equity and income fund securities are readily marketable and have fair values which are determined by obtaining quoted market prices in active markets (Level 1 inputs).

Beneficial Interest in Outside Trusts: The fair value of beneficial interests in trusts is determined based upon the Foundation's proportional interest in the fair value of the underlying trust assets. The underlying trust assets are readily marketable and have fair values which are determined by obtaining quoted market prices in active markets. This valuation method has been estimated to represent the present value of future distributed income. The liquidation of these assets is contingent upon circumstances that are out of the Foundation's control and cannot be liquidated on a periodic basis (Level 3 inputs).

(Continued)

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth, by level within the fair value hierarchy, financial instruments owned, at fair value as of December 31, 2019 and 2018:

	2019			
	Level 1	Level 2	Level 3	Total
Direct investments				
Equity funds	$ 47,305,755	$ -	$ -	$ 47,305,755
Income funds	17,950,745	-	-	17,950,745
Cash and cash equivalents	27,263,183	-	-	27,263,183
Investments held at fair value	$ 92,519,683	$ -	$ -	$ 92,519,683
Investments at net asset value				814,356,482
Total investments at fair value				906,876,165
Physical real estate at cost				418,003
Total investments				$ 907,294,168
Beneficial interest in outside trusts, fair value	$ -	$ -	$ 737,537	$ 737,537

	2018			
	Level 1	Level 2	Level 3	Total
Direct investments				
Equity funds	$ 40,617,985	$ -	$ -	$ 40,617,985
Income funds	16,614,215	-	-	16,614,215
Cash and cash equivalents	475,110	-	-	475,110
Investments held at fair value	$ 57,707,310	$ -	$ -	$ 57,707,310
Investments at net asset value				707,515,788
Total investments at fair value				765,223,098
Physical real estate at cost				678,518
Total investments				$ 765,901,616
Beneficial interest in outside trusts, fair value	$ -	$ -	$ 876,583	$ 876,583

The table below rolls forward balances for the Level 3 beneficial interest in perpetual trusts at December 31, 2019 and 2018:

	2019	2018
Balance as of January 1	$ 876,583	$ -
Transfer from ELCA	-	876,583
Unrealized losses		
Funds Held for others	(139,046)	-
Balance as of December 31	$ 737,537	$ 876,583

(Continued)

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Direct Investment Capital Contributions: The Trust made the following capital contributions to alternative investments as called for by the investment agreements in 2019 and 2018:

Investment Strategies	2019	2018
Hedge Funds (a)	$ 15,000,000	$ -
Private Infrastructure (b)	-	3,000,000
Private Markets (c)	13,700,433	9,985,614
	$ 28,700,433	$ 12,985,614

Direct Investment Strategy and Redemption Information: The investment strategy types, commitments to additional capital contributions, and various features of the alternative investment portfolio as of December 31, 2019, are as follows:

Investment Strategies	Fair Value	Unfunded Commitments
Hedge Funds (a)	$ 42,110,471	$ -
Private Infrastructure (b)	24,467,181	15,000,000
Private Markets (c)	25,797,074	123,900,536
	$ 92,374,726	$ 138,900,536

(a) This single-investor fund shall invest its assets in a manner consistent with the Fund's "Investment Objectives, Investment Strategy and Approach, Performance Objectives and Portfolio Constraints" (the "Guidelines"), as may be agreed upon between Grosvenor and the initial shareholder. The fund's investment objectives are: (i) to generate a superior absolute and risk-adjusted rate of return, with low performance volatility and low correlation with global equity and fixed-income markets, over a full-market cycle; and (ii) to preserve capital during challenging market environments. The ability of a shareholder to redeem shares is dependent on the withdrawal/redemption provisions of the limited liability private investment vehicles ("Portfolio Funds") in which the fund invests. Furthermore, the Trust may at any time request Grosvenor to redeem from all Portfolio funds and terminate the fund. Liquidity of the underlying investments range between daily and self-liquidating with over 80% of the underlying investments having liquidity within 3-years, including lockups.

(b) This fund invests in unlisted infrastructure equity primarily in the U.S., Western Europe, Canada, and Australia, and secondarily in other OECD countries. Repurchase requests can be submitted semi-annually; payment subject to best efforts. Redemption dates occur two times a year on March 31 and September 30. Redemption requests must be received during the applicable redemption notice period. For the March 31 redemption date, notices must be received between November 15 and December 31 of the previous year. Redemption requests for the September 30 date must be received between May 15 and June 30 of the same year. If a repurchase request is received after the expiration of the repurchase notice period, then it will be considered a request for the following repurchase date.

(Continued)

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

(c) This single-investor fund focuses on multiple investment strategies, fund size, vintage years and geographies across primary fund investments, secondaries and co-investments. The fund will focus on developing an appropriately diversified pool of private equity, private credit, private real estate and private real assets funds, while seeking J-curve mitigation through investments in secondaries and credit investments. Private equity funds are typically organized to have a limited life cycle, typically 10-15 years. During this life cycle, the fund manager will call capital from the investors (or Limited Partners), invest that capital into underlying investments (companies), hold those investments, and finally sell those investments and send the proceeds (also known as distributions) to the fund's investors.

Strategies Employed for Achieving Objectives for Pooled Investments: Portico Benefit Services, the Investment Advisor for the Trust and for the ELCA Foundation's charitable gift annuity program, endeavors to achieve long-term return objectives within prudent risk constraints by investing the Trust's assets in a diversified portfolio that consists of equity-based, fixed-income, and alternative investments. Whenever possible, investments are selected in accordance with the criteria of social responsibility that is consistent with the values and programs of the Church.

The Trust's target asset allocation ranges are displayed in the following chart. Actual allocations varied from targeted levels by modest amounts.

	Range	Target	December 31, 2019	Difference
U.S. Equity Securities	22-32%	25%	28.7%	3.7%
Non-U.S. Equity Securities	25-35%	29%	32.3%	3.3%
Investment Grade Fixed Income Securities	4-14%	8%	8.3%	0.3%
High-Yield Fixed Income Securities	0-10%	5%	5.7%	0.7%
Inflation-Indexed Fixed Income Securities	0-10%	5%	4.9%	-0.1%
Global Real Estate Securities	0-10%	4%	5.3%	1.3%
Absolute Return	0-8%	5%	5.2%	0.2%
Infrastructure	0-8%	5%	3.0%	-2.0%
Private Markets	0-20%	10%	3.2%	-6.8%
Cash and Cash Equivalents	0-5%	4%	3.4%	-0.6%

A portion of the Foundation's charitable gift annuity assets are invested in the Investment Advisor's Social Purpose 40e Fund and Portico SP Bond Fund. Collectively, these two investments seek to generate rates of return moderately in excess of the rate of inflation over longer time periods, with a long-term goal of growing the purchasing power of participants. The blended targets asset allocation range is 25-35% in equities and 65-75% in fixed income and real assets.

NOTE 3 - SPLIT-INTEREST AGREEMENTS

Charitable Remainder Trusts: Charitable remainder trusts are arrangements in which the donor establishes and funds a trust with specific distributions to be made to a designated beneficiary or beneficiaries over the trust's term. Obligations to the beneficiaries are limited to the trust's assets. Assets are recorded at fair value when received, and a liability is recorded for the present value of the estimated future payments to the beneficiaries. Present values are calculated using a discount rate based on the risk adjusted rate at the date of the trust and the life expectancies of the beneficiaries. The 2012 Individual Annuity Reserving Report and Tables (2012 IAR) are used to calculate life expectancies unless a time restriction is specified.

(Continued)

NOTE 3 - SPLIT-INTEREST AGREEMENTS (Continued)

Upon termination of the trust, the remaining assets are given to a combination of the Church, related organizations, and other organizations, with no more than 30% of the remainder going to unrelated organizations.

Charitable Gift Annuities: Charitable gift annuities are arrangements between a donor and the ELCA Foundation in which the donor contributes assets to the ELCA Foundation in exchange for a promise by the ELCA Foundation to pay a fixed amount for the life of the donor or other individuals designated by the donor. Due to state insurance regulations, the assets received are held as segregated assets. The annuity liability is a general obligation of the ELCA Foundation. Assets are recognized at fair value on the date of the contribution. An annuity payment liability is recognized for the present value of future cash flows expected to be paid to the donor or to the designated individual. The discount rate is the appropriate risk adjusted rate on the date of the contract. The 2012 IAR Tables are used to calculate the life expectancies of the annuity beneficiaries.

At the death of the donor or designated individual, the book value of the contract is distributed to the Church and/or related organization with or without restrictions depending upon the donor's wishes.

A summary of recorded amounts related to these arrangements as of December 31, is as follows:

	2019	2018
Charitable remainder annuity trusts	$ 1,199,196	$ 1,081,344
Charitable remainder unitrusts	34,729,572	31,628,608
Charitable gift annuities	18,967,379	19,905,781
Total annuities and trusts liability	$ 54,896,147	$ 52,615,733

Adjustments to the liability to reflect amortization of the discount and changes in actuarial assumptions are recognized in the combined statements of financial position as funds held for others and funds held for ELCA churchwide organization.

NOTE 4 - RELATED-PARTY TRANSACTIONS

The ELCA churchwide organization is the beneficiary of endowment, trust and annuity accounts with a fair value of $429,141,658 and $361,189,787 at December 31, 2019 and 2018 respectively.

The Foundation had a net balance receivable from the ELCA churchwide organization of $116,215 at December 31, 2019 and a balance payable to the ELCA churchwide organization of $3,985,772 at December 31, 2018. This is made up of expenses related to a service level agreement between the Foundation and the ELCA churchwide organization including salaries, benefits, travel and other administrative expenses, provided to the Foundation by the ELCA churchwide organization offset by funds held by the churchwide organization on behalf of the Foundation.

(Continued)

NOTE 5 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets which were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors were as follows during the years ended December 31:

	2019	2018
Satisfaction of program restrictions:		
Payments on underwater Charitable Gift Annuities	$ 135,942	$ 110,780
Satisfaction of program restrictions	$ 135,942	$ 110,780

NOTE 6 - SECURITIES LOANED

The Foundation's investment pools participate in a securities lending program, whereby securities are lent to borrowers in exchange for a fee. The securities lending program specifies that the custodian is responsible for the lending of securities and obtaining adequate collateral from the borrower. Beneficial interest in fees earned by the investment pools totaled $2,591,517 and $2,164,864 for the years ended December 31, 2019 and 2018 respectively.

NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following at December 31:

	2019	2018
General	$ 685,617	$ 495,338
Board designated reserve for operations	3,200,000	3,200,000
Total net assets without donor restrictions	$ 3,885,617	$ 3,695,338

NOTE 8 - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions totaling $2,154,263 and $1,992,690 are available for the underwater charitable gift annuity program at December 31, 2019 and 2018 respectively.

(Continued)

NOTE 9 - EXPENSES BY NATURE

The combined statements of activities report certain categories of expenses attributable to the programs and supporting functions of the Foundation. Program Activities include the costs associated with administrative services provided to the Church and related organizations. The table below presents these functional expenses by their natural classification for the year ended December 31, 2019.

	Program Activities						
	Endowment Fund Pooled Trust	Charitable Gift Annuity Program	Charitable Remainder Trust Program	Other Program Activities	Total Program Activities	Management and General	Total
2019							
Grants	$ 248,058	$ -	$ -	$ 256,523	$ 504,581	$ -	$ 504,581
Compensation	127,594	64,416	38,987	1,717,917	1,948,914	688,092	2,637,006
Benefits	61,883	31,242	18,909	806,389	918,423	308,674	1,227,097
Travel	-	-	-	316,133	316,133	44,950	361,083
Professional and other purchased services	138,197	110,519	42,674	60,199	351,589	312,101	663,690
Service level agreement	19,379	24,994	13,765	349,279	407,417	358,693	766,110
Other expenses	52,271	112,750	30,685	79,244	274,950	239,530	514,480
Total expenses	$ 647,382	$ 343,921	$ 145,020	$ 3,585,684	$ 4,722,007	$ 1,952,040	$ 6,674,047

The table below presents these functional expenses by their natural classification for the year ended December 31, 2018.

	Program Activities						
	Endowment Fund Pooled Trust	Charitable Gift Annuity Program	Charitable Remainder Trust Program	Other Program Activities	Total Program Activities	Management and General	Total
2018							
Grants	$ 302,711	$ -	$ -	$ 193,264	$ 495,975	$ -	$ 495,975
Compensation	101,833	42,555	35,691	1,559,299	1,739,378	511,590	2,250,968
Benefits	47,455	19,005	13,324	763,229	843,013	260,701	1,103,714
Travel	98	301	-	273,329	273,728	23,427	297,155
Professional and other purchased services	139,446	137,806	65,868	34,734	377,854	106,308	484,162
Service level agreement	249,243	87,989	84,189	185,214	606,635	286,035	892,670
Other expenses	88,835	110,320	13,399	69,573	282,127	147,541	429,668
Total expenses	$ 929,621	$ 397,976	$ 212,471	$ 3,078,642	$ 4,618,710	$ 1,335,602	$ 5,954,312

The allocations of certain categories of expenses attributable to more than one program or supporting function are allocated based on an estimate of staff time spent in each of the functional areas.

(Continued)

NOTE 10 - LIQUIDITY AND AVAILABILITY

The Foundation's financial assets available within one year of the combined statement of financial position date for general expenditure are as follows:

	2019	2018
Financial Assets		
Cash	$ 12,556,430	$ 14,711,469
Accounts receivable, net	175,286	93,004
Funds due from related organizations	869,349	-
Investments	907,294,168	765,901,616
Financial assets, at year end	920,895,233	780,706,089
Less those unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions		
Donor purpose restrictions	(2,154,263)	(1,992,690)
Annuities and trusts liability	(54,896,147)	(52,615,733)
Funds held for other organizations	(857,739,446)	(718,242,244)
Financial assets available to meet cash needs for general expenditure within one year before Board designation	6,105,377	7,855,422
Less: Board designated reserves for operations	(3,200,000)	(3,200,000)
Financial assets available to meet cash needs for general expenditure within one year	$ 2,905,377	$ 4,655,422

As part of the Foundation's liquidity management, the Foundation invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The reserves for operations are set aside to help ensure the Foundation has adequate reserves to meet operating and regulatory requirements. These funds would be available to meet general expenditures with approval from the Board of Trustees.

NOTE 11 - RECLASSIFICATION OF PRIOR YEAR PRESENATION

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the changes in net assets or total net assets.

(Continued)

NOTE 12 - SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to December 31, 2019 and 2018, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the years ended December 31, 2019 and 2018. Management has performed their analysis through June 29, 2020, the date the financial statements were available to be issued. Activities subsequent to this date have not been evaluated by management.

In December 2019, a novel strain of coronavirus surfaced, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Foundation could be materially adversely affected. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

In January 2020, the Foundation assumed charitable gift annuities (CGA) totaling approximately $9,268,000 from the ELCA churchwide organization. These represent the ELCA's CGAs in 14 states. Between January and March 2020, assets totaling $8,969,598 were transferred from the ELCA churchwide organization to the Foundation to cover these liabilities.

SUPPLEMENTARY INFORMATION

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST
COMBINING STATEMENT OF FINANCIAL POSITION
December 31, 2019

	Endowment Funds	Deferred Gift and Operating Funds	Total
ASSETS			
Cash and cash equivalents	$ 5,715,180	$ 6,841,250	$ 12,556,430
Accounts receivable, net	-	175,286	175,286
Funds due from related organizations	-	869,349	869,349
Investments	812,651,543	94,642,625	907,294,168
Beneficial interest in outside trusts	-	737,537	737,537
Other assets	-	12,338	12,338
Total assets	$ 818,366,723	$ 103,278,385	$ 921,645,108
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	$ 13,572	$ 2,203,505	$ 2,217,077
Funds due to related organizations	752,558	-	752,558
Annuities and trusts liability	-	54,896,147	54,896,147
Funds held for others			
Funds held for others	405,137,868	23,636,544	428,774,412
Funds held for ELCA churchwide organization	412,437,725	16,527,309	428,965,034
Total funds held for others	817,575,593	40,163,853	857,739,446
Total liabilities	818,341,723	97,263,505	915,605,228
Net assets			
Without donor restrictions	25,000	3,860,617	3,885,617
With donor restrictions	-	2,154,263	2,154,263
Total net assets	25,000	6,014,880	6,039,880
Total liabilities and net assets	$ 818,366,723	$ 103,278,385	$ 921,645,108

See accompanying Independent Auditor's Report.

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST
COMBINING STATEMENT OF FINANCIAL POSITION
December 31, 2018

	Endowment Funds	Deferred Gift and Operating Funds	Total
ASSETS			
Cash and cash equivalents	$ 3,320,064	$ 11,391,405	$ 14,711,469
Accounts receivable, net	-	93,004	93,004
Funds due from related organizations	-	-	-
Investments	682,099,962	83,801,654	765,901,616
Beneficial interest in outside trusts	-	876,583	876,583
Other assets	-	26,164	26,164
Total assets	$ 685,420,026	$ 96,188,810	$ 781,608,836
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	$ 118,354	$ 958,705	$ 1,077,059
Funds due to related organizations	3,977,390	8,382	3,985,772
Annuities and trusts liability	-	52,615,733	52,615,733
Funds held for others			
Funds held for others	334,692,107	22,360,350	357,052,457
Funds held for ELCA churchwide organization	346,607,175	14,582,612	361,189,787
Total funds held for others	681,299,282	36,942,962	718,242,244
Total liabilities	685,395,026	90,525,782	775,920,808
Net assets			
Without donor restrictions	25,000	3,670,338	3,695,338
With donor restrictions	-	1,992,690	1,992,690
Total net assets	25,000	5,663,028	5,688,028
Total liabilities and net assets	$ 685,420,026	$ 96,188,810	$ 781,608,836

See accompanying Independent Auditor's Report.

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST

COMBINED FINANCIAL STATEMENTS

December 31, 2020 and 2019

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST

COMBINED FINANCIAL STATEMENTS
December 31, 2020 and 2019

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Crowe

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
ELCA Foundation

Report on the Financial Statements

We have audited the accompanying combined financial statements of the Endowment Fund of the Evangelical Lutheran Church in America (dba the ELCA Foundation) and the Evangelical Lutheran Church in America Endowment Fund Pooled Trust, collectively the Foundation, which comprise the combined statements of financial position as of December 31, 2020 and 2019, and the related combined statements of activities and cash flows for the years 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

(Continued)

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the ELCA Foundation and Evangelical Lutheran Church in America Endowment Fund Pooled Trust as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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

Crowe LLP

Crowe LLP

Chicago, Illinois
September 7, 2021

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST
COMBINED STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 17,367,866	$ 12,556,430
Accounts receivable, net	197,453	175,286
Funds due from related organizations	-	869,349
Investments	1,002,805,806	907,294,168
Beneficial interest in outside trust	722,964	737,537
Other assets	304,824	12,338
Total assets	$ 1,021,398,913	$ 921,645,108
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,243,605	$ 2,217,077
Funds due to related organizations	1,027,051	752,558
Annuities and trusts liability	59,296,460	54,896,147
Funds held for others		
Funds held for others	478,913,450	428,774,412
Funds held for ELCA churchwide organization	474,307,638	428,965,034
Total funds held for others	953,221,088	857,739,446
Total liabilities	1,014,788,204	915,605,228
Net assets		
Without donor restrictions	4,417,677	3,885,617
With donor restrictions	2,193,032	2,154,263
Total net assets	6,610,709	6,039,880
Total liabilities and net assets	$ 1,021,398,913	$ 921,645,108

See accompanying notes to combined financial statements.

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST
COMBINED STATEMENTS OF ACTIVITIES
Years ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support						
Contributed support	$ 17,745	$ -	$ 17,745	$ 13,772	$ -	$ 13,772
Management fees	5,467,326	-	5,467,326	5,480,226	-	5,480,226
Partner dues	480,870	-	480,870	455,730	-	455,730
Other income	1,177,857	-	1,177,857	914,599	-	914,599
	7,143,798	-	7,143,798	6,864,327	-	6,864,327
Net assets released from restrictions	178,357	(178,357)	-	135,942	(135,942)	-
Total operating revenue and support	7,322,155	(178,357)	7,143,798	7,000,269	(135,942)	6,864,327
Expenses						
Program services	4,549,146	-	4,549,146	4,722,007	-	4,722,007
Management and general	2,062,855	-	2,062,855	1,952,040	-	1,952,040
Total operating expenses	6,612,001	-	6,612,001	6,674,047	-	6,674,047
Net operating revenue and support less operating expenses	710,154	(178,357)	531,797	326,222	(135,942)	190,280
Non-operating transactions						
Other non-operating loss	(178,094)	-	(178,094)	(130,704)	-	(130,704)
Net real estate income and expenses	-	-	-	(5,239)	-	(5,239)
Investment income, net of expenses	-	217,126	217,126	-	297,515	297,515
Total non-operating transactions	(178,094)	217,126	39,032	(135,943)	297,515	161,572
Changes in net assets	532,060	38,769	570,829	190,279	161,573	351,852
Net assets at beginning of year	3,885,617	2,154,263	6,039,880	3,695,338	1,992,690	5,688,028
Net assets at end of year	$ 4,417,677	$ 2,193,032	$ 6,610,709	$ 3,885,617	$ 2,154,263	$ 6,039,880

See accompanying notes to combined financial statements.

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST
COMBINED STATEMENTS OF CASH FLOWS
Years ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	$ 570,829	$ 351,852
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Changes in		
Accounts receivable, net	(22,167)	(82,282)
Funds due from related organizations	869,349	(869,349)
Beneficial interest in outside trusts	14,573	139,046
Other assets	(292,486)	13,826
Accounts payable and accrued expenses	(973,472)	1,140,018
Funds due to related organizations	274,493	(3,233,214)
Funds held for others	(1,517,657)	(6,053,262)
Net cash used in operating activities	(1,076,538)	(8,593,365)
Cash flows from investing activities		
Purchase of investments	(81,136,613)	(99,562,694)
Proceeds from sale of investments	87,024,587	106,001,020
Net cash provided by investing activities	5,887,974	6,438,326
Increase (decrease) in cash and cash equivalents	4,811,436	(2,155,039)
Cash and cash equivalents at beginning of year	12,556,430	14,711,469
Cash and cash equivalents at end of year	$ 17,367,866	$ 12,556,430
Noncash transactions		
Transfer of assets related to charitable gift annuities from the ELCA churchwide organization	$ 8,969,598	$ -
Transfer of obligations related to charitable gift annuities from the ELCA churchwide organization	9,268,000	-

See accompanying notes to combined financial statements.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Organization: Effective January 1, 2018, the Endowment Fund of the Evangelical Lutheran Church in America (the Endowment Fund) began doing business as the ELCA Foundation (the Foundation), a separately incorporated ministry/corporation of the Evangelical Lutheran Church in America. This corporation manages the Evangelical Lutheran Church in America Endowment Fund Pooled Trust (the Trust) and the Deferred Gift Portfolio, including the Charitable Remainder Trust (CRT) and Charitable Gift Annuity (CGA) programs.

The Evangelical Lutheran Church in America (the Church) is a denomination organized into approximately 8,900 congregations, 65 geographic synods and a churchwide organization. The ELCA churchwide organization (the ELCA) is a Minnesota nonprofit corporation that functions interdependently with the congregations and synods of the ELCA. The ELCA churchwide organization serves on behalf of and in support of the ELCA's members, congregations and synods, but the other expressions of the ELCA and ELCA-related organizations and their financial transactions are not included in the references to the ELCA churchwide organization in these financial statements or in notes to the financial statements.

The Trust was initially established on October 9, 1995, and restated on January 20, 1999, under a Restated Declaration of Trust by and between the Church and the Endowment Fund. The Church established the Trust to allow for the collective long-term investment of funds belonging to the Church, Endowment Fund, its congregations, synods, seminaries, and other eligible affiliated entities (the Participants). The Endowment Fund is the Trustee and administrator of the Trust. The Board of Pensions, doing business as Portico Benefit Services, an affiliated corporation of the Church, is an Investment Advisor to the Trust.

On January 20, 1999, the Endowment Fund contributed $25,000 of capital to the Trust. The Trust commenced operations on July 1, 1999, when the Endowment Fund of the Church transferred Participants' accounts of approximately $190,400,000 to the Trust.

In January 2020, the Foundation assumed charitable gift annuity (CGA) obligations totaling $9,268,000 from the ELCA churchwide organization. These represent the ELCA's CGAs in 14 states. Between January and March 2020, assets totaling $8,969,598 were transferred from the ELCA churchwide organization to the Foundation to cover these liabilities. See footnote 12 regarding transfers made in January 2021.

As part of the Foundation becoming a separately incorporated ministry and agreeing to take on the charitable gift annuity program of the ELCA, the Foundation and the ELCA signed a Memorandum of Understanding (MOU) that states, in part, that in addition to transferring the assets associated with the CGAs, an additional $2,150,000 will be transferred to cover future liabilities not covered by the pooled funds currently backing the CGAs. The MOU further states that if the Foundation incurs additional liabilities under the CGAs which are not covered by the transfers, the additional unfunded liability will be paid 80 percent by the ELCA and 20 percent by the Foundation. The $2,150,000 contribution, earnings and usage is reflected in net assets with donor restrictions on the financial statements.

Basis of Presentation: The combined financial statements include the balances and activities of the ELCA Foundation and the Trust, collectively the Foundation. The combined financial statements are prepared as a result of the ELCA Foundation and the Trust being under common operations and management. All significant intercompany balances and transactions have been eliminated from the combined financial statements. The combined financial statements have been prepared on the accrual basis of accounting.

To ensure the observance of limitations and restrictions placed on the use of resources available, the Foundation maintains its financial accounts in accordance with the principles and practices of fund accounting.

(Continued)

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The combined financial statements focus on the organization as a whole and present balances and transactions classified based upon the existence or absence of donor-imposed restrictions. Net assets, revenue, contributed support, gains, and losses have been classified into two net asset classes based on these donor-imposed restrictions. A description of each net asset class follows:

> *Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions. Items that affect this category of net assets include contributions and bequests without donor restrictions, contributions with donor restrictions and bequests whose donor-imposed restrictions were met during the fiscal year and investment income whose use is without donor restrictions, as well as all expenses incurred in connection with the operations of the Foundation.
>
> *With Donor Restrictions* – Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. Items in this net asset category are contributions, bequests, and investment income whose use is limited to specific purposes by the donor. These amounts are reclassified when such restrictions are met or when time restrictions have expired.

Cash and Cash Equivalents: Cash and cash equivalents include investments in money market accounts, commercial paper, and other short-term investments with original maturities of three months or less from the date of purchase. Cash and cash equivalents used by the Foundation in managing its investments are reported in investments. The Foundation maintains cash balances at several financial institutions in excess of the insurance limits provided by the Federal Deposit Insurance Corporation.

Beneficial Interest in Outside Trust: The Foundation has been granted a beneficial interest in a charitable remainder trust. This trust account is administered and held by an outside trustee. The Foundation records the fair value of the beneficial interest as a receivable when documentation of the beneficial interest is received. There is a corresponding liability included within funds held for others on the combined statement of financial position.

Investments and Related Income, Gains, and Losses: Investments are reported at fair value. Investment income, gains and losses, and any investment-related expenses are recorded as changes in net assets without donor restrictions in the combined statement of activities unless their use is restricted by explicit donor stipulations.

Funds Held for Others: Funds held for others consist of contributions, endowments and deferred gifts received on behalf of and other resources held for other Lutheran organizations that are separate, uncombined entities. The Foundation does not have variance power over these funds.

Revenue, Expenses, and Contributions: Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

(Continued)

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions, including unconditional promises to give, are recognized in the period received. Conditional contributions are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Contributions received with donor-imposed restrictions are reported as revenue of the net asset class with donor restrictions, as appropriate.

Management Fees: The Foundation charges fees for managing the Endowment Fund Pooled Trust, the Charitable Gift Annuity program, and the Charitable Remainder Trust program. These fees are charged based on the value of assets in each program at the end of each month and are recognized over the course of the year as the Foundation performs the related services.

Partner Dues: The Foundation charges dues to partner organizations for gift planner services performed for the partner organizations. Dues are established with each organization on an annual basis and are recognized over the course of the year as the Foundation performs the related services. Partner organizations that sign agreements during the year have dues pro-rated and revenue is recognized over the remaining course of the year as services are performed. No dues are billed or recognized for services not yet performed at December 31, 2020 or 2019.

Endowment Pool Unitization: Endowment investments managed by the Trust on behalf of others are pooled and managed on the total return concept. When a pool is established, ownership interests are initially assigned through unitization to the pool based on the fair value of the cash and securities placed in the pool by each participant. Current fair value is used to determine the number of units allocated to additional assets placed in the pool and to value withdrawals from the pool.

Income Tax: The Church received a group ruling determination letter from the Internal Revenue Service in 1988 recognizing the exemption from federal income taxes on income related to its exempt purpose under Section 501(c)(3) of the Internal Revenue Code. In 1993, the Endowment Fund of the Evangelical Lutheran Church in America was included in the group ruling. Accordingly, no provision for income taxes has been made in the combined financial statements.

Use of Estimates: The preparation of combined 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.

Adoption of New Accounting Standard: During the year ended December 31, 2020, the Foundation adopted Accounting Standards Update (ASU) 2018-13 *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* issued by the Financial Accounting Standards Board (FASB). This update is intended to improve the effectiveness of disclosures as it relates to fair value measurements.

COVID-19 Risk Factors: In December 2019, a novel strain of coronavirus (COVID-19) surfaced resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. COVID-19 changed the way the Foundation conducts business, requiring adoption of a work from home and virtual meeting procedures until travel restrictions were lifted. COVID-19 has created more investment volatility, but ultimately has not yet had a significant impact on the investment results. The extent to which COVID-19 may ultimately impact the Foundation's future business activity or investment results will depend on future developments.

(Continued)

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments at December 31, 2020 and 2019, respectively, consist of the following:

	2020	2019
Investments in pools		
U.S. equity securities	$ 245,982,863	$ 233,535,793
Non-U.S. equity securities	291,941,747	262,839,006
Investment grade fixed income securities	68,193,624	67,645,444
High-yield securities	46,448,617	46,231,790
Inflation-indexed fixed income securities	45,005,690	39,461,552
Balanced funds	-	21,799,312
Global real estate securities	40,965,262	43,399,549
Special purpose bond fund	-	7,069,310
Direct investments		
Equity funds	62,874,957	47,305,755
Income funds	38,952,668	17,950,745
Alternative investments		
Hedge funds	46,513,940	42,110,471
Private infrastructure	42,600,170	24,467,181
Private markets	44,037,634	25,797,074
Institutional money market funds	29,288,634	27,263,183
Real estate	-	418,003
	$ 1,002,805,806	$ 907,294,168

Investments carried at fair value consist primarily of investments in pools, direct investments in equity and income funds and alternative investments. Direct investments in real estate are carried at cost.

Fair value is the price that would be received for an asset (an exit price) in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Investments that have readily determinable market values are determined using quoted market prices.

The fair value hierarchy is based on maximizing observable inputs and minimizing unobservable inputs when measuring fair value. Three levels of inputs may be used to measure fair value.

Level 1: Quoted prices (unadjusted) for identical assets in active markets that the Foundation has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Foundation's own assumptions about the assumptions that market participants would use in pricing an asset.

(Continued)

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Investments in Pools: The Foundation's pooled investments are invested in the investment pools of Portico Benefit Services. The fair value of each of the Foundation's pools is measured using a unitization method, with values differing according to the underlying securities of each pool. On the first business day of each month, the Trust may purchase or redeem units in the investment pools based on the pools' prior month-end closing unit prices. Units in these pools are not exchanged and do not have quoted prices in active markets. Prices for underlying securities in the investment pools are based on quotes that are obtained from an independent pricing service. Fair values of securities for which market prices are not readily available are determined based upon quoted market prices for similar issues, dealer quotes, or pricing models utilizing market observable inputs from comparable securities. This total fair value is divided by the total number of units in the pool to determine the net asset value that is assigned to the Foundation's units. As a result, the Foundation's investments in pools, in accordance with Accounting Standards Codification Topic 820, are not required to be classified within the fair value hierarchy.

Direct Investments: The Foundation held investments in hedge funds, private infrastructure, private markets and institutional money market funds. The hedge funds, private infrastructure and private markets funds are collectively referred to as alternative investments, whose values have been estimated by the Foundation in the absence of readily ascertainable market values. The Foundation's estimate of fair value is generally based on the net asset value per share (NAV) provided to the Foundation by each alternative investment fund, supported by the independently audited financial statements of the alternative investment fund, when available. For those alternative investment funds for which independently audited financial statements in accordance with accounting principles generally accepted in the United States of America are not provided, the Foundation bases its estimate of fair value on the unaudited information calculated by the respective alternative investment fund's management and reported to the Foundation. The Foundation's equity and income fund securities, including common and collective trusts, and institutional money market funds are readily marketable and have fair values which are determined by obtaining quoted market prices in active markets (Level 1 inputs).

Beneficial Interest in Outside Trust: The fair value of the Foundation's beneficial interest is determined based upon the Foundation's proportional interest in the fair value of the underlying trust assets. The underlying trust assets are readily marketable and have fair values which are determined by obtaining quoted market prices in active markets. This valuation method has been estimated to represent the present value of future distributed income. The liquidation of these assets is contingent upon circumstances that are out of the Foundation's control and assets cannot be liquidated on a periodic basis (Level 3 inputs).

(Continued)

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth, by level within the fair value hierarchy, financial instruments owned, at fair value as of December 31, 2020 and 2019:

	2020			
	Level 1	Level 2	Level 3	Total
Equity funds	$ 62,874,957	$ -	$ -	$ 62,874,957
Income funds	38,952,668	-	-	38,952,668
Institutional money market funds	29,288,634	-	-	29,288,634
Investments held at fair value	$ 131,116,259	$ -	$ -	$ 131,116,259
Investments at net asset value				871,689,547
Total investments at fair value				1,002,805,806
Physical real estate at cost				-
Total investments				$ 1,002,805,806
Beneficial interest in outside trust, fair value	$ -	$ -	$ 722,964	$ 722,964

	2019			
	Level 1	Level 2	Level 3	Total
Equity funds	$ 47,305,755	$ -	$ -	$ 47,305,755
Income funds	17,950,745	-	-	17,950,745
Institutional money market funds	27,263,183	-	-	27,263,183
Investments held at fair value	$ 92,519,683	$ -	$ -	$ 92,519,683
Investments at net asset value				814,356,482
Total investments at fair value				906,876,165
Physical real estate at cost				418,003
Total investments				$ 907,294,168
Beneficial interest in outside trust, fair value	$ -	$ -	$ 737,537	$ 737,537

There were no purchases or transfers in or out of the Foundation's Level 3 beneficial interest in outside trust for the years ended December 31, 2020 and 2019.

Alternative Investment Capital Contributions: The Trust made the following capital contributions to alternative investments as called for by the investment agreements in 2020 and 2019:

Investment Strategies	2020	2019
Hedge funds (a)	$ -	$ 15,000,000
Private infrastructure (b)	15,000,000	-
Private markets (c)	18,511,649	13,700,433
	$ 33,511,649	$ 28,700,433

(Continued)

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Alternative Investment Strategy and Redemption Information: The investment strategy types, commitments to additional capital contributions, and various features of the alternative investment portfolio as of December 31, 2020 and 2019, are as follows:

	2020		2019	
Investment Strategies	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Hedge funds (a)	$ 46,513,940	$ -	$ 42,110,471	$ -
Private infrastructure (b)	42,600,170	-	24,467,181	15,000,000
Private markets (c)	44,037,634	111,594,585	25,797,074	123,900,536
	$ 133,151,744	$ 111,594,585	$ 92,374,726	$ 138,900,536

(a) This single-investor fund shall invest its assets in a manner consistent with the Fund's "Investment Objectives, Investment Strategy and Approach, Performance Objectives and Portfolio Constraints" (the "Guidelines"), as may be agreed upon between Grosvenor and the initial shareholder. The fund's investment objectives are: (i) to generate a superior absolute and risk-adjusted rate of return, with low performance volatility and low correlation with global equity and fixed-income markets, over a full-market cycle; and (ii) to preserve capital during challenging market environments. The ability of a shareholder to redeem shares is dependent on the withdrawal/redemption provisions of the limited liability private investment vehicles ("Portfolio Funds") in which the fund invests. Furthermore, the Trust may at any time request Grosvenor to redeem from all Portfolio funds and terminate the fund. Liquidity of the underlying investments range between daily and self-liquidating with over 80% of the underlying investments having liquidity within 3-years, including lockups.

(b) This fund invests in unlisted infrastructure equity primarily in the U.S., Western Europe, Canada, and Australia, and secondarily in other OECD countries. Repurchase requests can be submitted semi-annually; payment subject to best efforts. Redemption dates occur two times a year on March 31 and September 30. Redemption requests must be received during the applicable redemption notice period. For the March 31 redemption date, notices must be received between November 15 and December 31 of the previous year. Redemption requests for the September 30 date must be received between May 15 and June 30 of the same year. If a repurchase request is received after the expiration of the repurchase notice period, then it will be considered a request for the following repurchase date.

(c) This single-investor fund focuses on multiple investment strategies, fund size, vintage years and geographies across primary fund investments, secondaries and co-investments. The fund will focus on developing an appropriately diversified pool of private equity, private credit, private real estate and private real assets funds, while seeking J-curve mitigation through investments in secondaries and credit investments. Private equity funds are typically organized to have a limited life cycle, typically 10-15 years. During this life cycle, the fund manager will call capital from the investors (or Limited Partners), invest that capital into underlying investments (companies), hold those investments, and finally sell those investments and send the proceeds (also known as distributions) to the fund's investors. The Trust does not have the right to request redemptions during the life cycle of the fund.

(Continued)

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Strategies Employed for Achieving Objectives for Pooled Investments: Portico Benefit Services, the Investment Advisor for the Trust and for the ELCA Foundation's charitable gift annuity program (through March 2020), endeavors to achieve long-term return objectives within prudent risk constraints by investing the Trust's assets in a diversified portfolio that consists of equity-based, fixed-income, and alternative investments. Whenever possible, investments are selected in accordance with the criteria of social responsibility that is consistent with the values and programs of the Church.

The Trust's target asset allocation ranges and variation from targeted levels are displayed in the following chart.

	Range	Target	December 31, 2020	Difference
U.S. Equity Securities	22-32%	25%	27.3%	2.3%
Non-U.S. Equity Securities	25-35%	29%	32.4%	3.4%
Investment Grade Fixed Income Securities	4-14%	8%	7.6%	-0.4%
High-Yield Fixed Income Securities	0-10%	5%	5.2%	0.2%
Inflation-Indexed Fixed Income Securities	0-10%	5%	5.0%	0.0%
Global Real Estate Securities	0-10%	4%	4.5%	0.5%
Hedge Funds	0-8%	5%	5.2%	0.2%
Private Infrastructure	0-8%	5%	4.7%	-0.3%
Private Markets	0-20%	10%	4.9%	-5.1%
Institutional Money Markey Funds	0-5%	4%	3.2%	-0.8%

A portion of the Foundation's charitable gift annuity assets were invested in the Investment Advisor's Social Purpose 40e Fund and Portico SP Bond Fund as of December 31, 2019. Collectively, these two investments sought to generate rates of return moderately in excess of the rate of inflation over longer time periods, with a long-term goal of growing the purchasing power of participants. The blended target asset allocation ranges were 25-35% in equities and 65-75% in fixed income and real assets. During the year ended December 31, 2020, the Foundation liquidated these two investments.

NOTE 3 - SPLIT-INTEREST AGREEMENTS

Charitable Remainder Trusts: Charitable remainder trusts are arrangements in which the donor establishes and funds a trust with specific distributions to be made to a designated beneficiary or beneficiaries over the trust's term. Obligations to the beneficiaries are limited to the trust's assets. Assets are recorded at fair value when received, and a liability is recorded for the present value of the estimated future payments to the beneficiaries. Present values are calculated using a discount rate based on the risk adjusted rate at the date of the trust and the life expectancies of the beneficiaries. The 2012 Individual Annuity Reserving Report and Tables (2012 IAR) are used to calculate life expectancies unless a time restriction is specified.

Upon termination of the trust, the remaining assets are given to a combination of the Church, related organizations, and other organizations, with no more than 30% of the remainder going to unrelated organizations.

(Continued)

NOTE 3 - SPLIT-INTEREST AGREEMENTS (Continued)

Charitable Gift Annuities: Charitable gift annuities are arrangements between a donor and the ELCA Foundation in which the donor contributes assets to the ELCA Foundation in exchange for a promise by the ELCA Foundation to pay a fixed amount for the life of the donor or other individuals designated by the donor. Due to state insurance regulations, the assets received are held as segregated assets. The annuity liability is a general obligation of the ELCA Foundation. Assets are recognized at fair value on the date of the contribution. An annuity payment liability is recognized for the present value of future cash flows expected to be paid to the donor or to the designated individual. The discount rate is the appropriate risk adjusted rate on the date of the contract. The 2012 IAR Tables are used to calculate the life expectancies of the annuity beneficiaries.

At the death of the donor or designated individual, the book value of the contract is distributed to the Church and/or related organization with or without restrictions depending upon the donor's wishes.

A summary of recorded amounts related to these arrangements as of December 31, is as follows:

	2020	2019
Charitable remainder annuity trusts	$ 2,550,974	$ 1,199,196
Charitable remainder unitrusts	33,229,486	34,729,572
Charitable gift annuities	23,516,000	18,967,379
Total annuities and trusts liability	$ 59,296,460	$ 54,896,147

Adjustments to the liability to reflect amortization of the discount and changes in actuarial assumptions are recognized in the combined statements of financial position as funds held for others and funds held for ELCA churchwide organization.

NOTE 4 - RELATED-PARTY TRANSACTIONS

The ELCA churchwide organization is the beneficiary of endowment, trust and annuity accounts with a fair value of $474,307,638 and $428,965,034 at December 31, 2020 and 2019 respectively.

The Foundation had a net balance payable to the ELCA churchwide organization of $1,027,051 at December 31, 2020 and a net balance receivable from the ELCA churchwide organization of $116,791 at December 31, 2019. This is made up of revenues and expenses related to a service level agreement between the Foundation and the ELCA churchwide organization including donated stock liquidation, accounting and gift planning services provided to the ELCA churchwide organization by the Foundation and salaries, benefits and other administrative expenses, provided to the Foundation by the ELCA churchwide organization.

(Continued)

NOTE 5 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets which were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors were as follows during the years ended December 31:

	2020	2019
Satisfaction of program restrictions:		
Payments on underwater charitable gift annuities	$ 178,357	$ 135,942
Satisfaction of program restrictions	$ 178,357	$ 135,942

NOTE 6 - SECURITIES LOANED

The Foundation's investment pools participate in a securities lending program, whereby securities are lent to borrowers in exchange for a fee. The securities lending program specifies that the custodian is responsible for the lending of securities and obtaining adequate collateral from the borrower. Beneficial interest in fees earned by the investment pools totaled $808,484 and $2,591,517 for the years ended December 31, 2020 and 2019 respectively.

NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following at December 31:

	2020	2019
General	$ 767,677	$ 685,617
Board designated reserve for operations	3,650,000	3,200,000
Total net assets without donor restrictions	$ 4,417,677	$ 3,885,617

NOTE 8 - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions totaling $2,193,032 and $2,154,263 are available for the underwater charitable gift annuity program at December 31, 2020 and 2019 respectively.

(Continued)

NOTE 9 - EXPENSES BY NATURE

The combined statements of activities report certain categories of expenses attributable to the programs and supporting functions of the Foundation. Program Activities include the costs associated with administrative services provided to the Church and related organizations. The table below presents these functional expenses by their natural classification for the year ended December 31, 2020.

	Program Activities						
	Endowment Fund Pooled Trust	Charitable Gift Annuity Program	Charitable Remainder Trust Program	Other Program Activities	Total Program Activities	Management and General	Total
2020							
Grants	$ 224,803	$ -	$ -	$ 247,813	$ 472,616	$ -	$ 472,616
Compensation	146,502	155,419	56,032	1,863,357	2,221,310	675,150	2,896,460
Benefits	60,135	64,097	21,187	790,703	936,122	290,122	1,226,244
Travel	-	-	-	76,783	76,783	7,761	84,544
Professional and other purchased services	47,900	19,393	22,624	13,200	103,117	152,889	256,006
Service level agreement	23,037	25,689	8,767	338,012	395,505	335,573	731,078
Other expenses	54,767	172,040	14,590	102,296	343,693	601,360	945,053
Total expenses	$ 557,144	$ 436,638	$ 123,200	$ 3,432,164	$ 4,549,146	$ 2,062,855	$ 6,612,001

(Continued)

NOTE 9 - EXPENSES BY NATURE (Continued)

The table below presents these functional expenses by their natural classification for the year ended December 31, 2019.

	Program Activities						
	Endowment Fund Pooled Trust	Charitable Gift Annuity Program	Charitable Remainder Trust Program	Other Program Activities	Total Program Activities	Management and General	Total
2019							
Grants	$ 248,058	$ -	$ -	$ 256,523	$ 504,581	$ -	$ 504,581
Compensation	127,594	64,416	38,987	1,717,917	1,948,914	688,092	2,637,006
Benefits	61,883	31,242	18,909	806,389	918,423	308,674	1,227,097
Travel	-	-	-	316,133	316,133	44,950	361,083
Professional and other purchased services	138,197	110,519	42,674	60,199	351,589	312,101	663,690
Service level agreement	19,379	24,994	13,765	349,279	407,417	358,693	766,110
Other expenses	52,271	112,750	30,685	79,244	274,950	239,530	514,480
Total expenses	$ 647,382	$ 343,921	$ 145,020	$ 3,585,684	$ 4,722,007	$ 1,952,040	$ 6,674,047

The allocations of certain categories of expenses attributable to more than one program or supporting function are allocated based on an estimate of staff time spent in each of the functional areas.

(Continued)

NOTE 10 - LIQUIDITY AND AVAILABILITY

The Foundation's financial assets available within one year of the combined statement of financial position date for general expenditure are as follows:

	2020	2019
Financial Assets		
Cash	$ 17,367,866	$ 12,556,430
Accounts receivable, net	197,453	175,286
Funds due from related organizations	-	869,349
Investments	1,002,805,806	907,294,168
Financial assets, at year end	1,020,371,125	920,895,233
Less those unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions		
Donor purpose restrictions	(2,193,032)	(2,154,263)
Annuities and trusts liability	(59,296,460)	(54,896,147)
Funds held for other organizations	(953,221,088)	(857,739,446)
Financial assets available to meet cash needs for general expenditure within one year before Board designation	5,660,545	6,105,377
Less: Board designated reserves for operations	(3,650,000)	(3,200,000)
Financial assets available to meet cash needs for general expenditure within one year	$ 2,010,545	$ 2,905,377

As part of the Foundation's liquidity management, the Foundation invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The reserves for operations are set aside to help ensure the Foundation has adequate reserves to meet operating and regulatory requirements. These funds would be available to meet general expenditures with approval from the Board of Trustees.

NOTE 11 - SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to December 31, 2020, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2020. Management has performed their analysis through September 7, 2021, the date the financial statements were available to be issued. Activities subsequent to this date have not been evaluated by management.

In January 2021, the Foundation assumed charitable gift annuity (CGA) obligations totaling approximately $3.2 million from the ELCA churchwide organization. These represent the ELCA's CGAs in 6 states. Between January and March 2021, assets totaling approximately $2.9 million were transferred from the ELCA churchwide organization to the Foundation to cover these liabilities.

SUPPLEMENTARY INFORMATION

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST
COMBINING STATEMENT OF FINANCIAL POSITION
December 31, 2020

	Endowment Funds	Deferred Gift and Operating Funds	Total
ASSETS			
Cash and cash equivalents	$ 8,882,048	$ 8,485,818	$ 17,367,866
Accounts receivable, net	-	197,453	197,453
Funds due from related organizations	-	-	-
Investments	900,978,181	101,827,625	1,002,805,806
Beneficial interest in outside trust	-	722,964	722,964
Other assets	-	304,824	304,824
Total assets	$ 909,860,229	$ 111,538,684	$ 1,021,398,913
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	$ 181,622	$ 1,061,983	$ 1,243,605
Funds due to related organizations	757,945	269,106	1,027,051
Annuities and trusts liability	-	59,296,460	59,296,460
Funds held for others			
Funds held for others	452,408,764	26,504,686	478,913,450
Funds held for ELCA churchwide organization	456,486,898	17,820,740	474,307,638
Total funds held for others	908,895,662	44,325,426	953,221,088
Total liabilities	909,835,229	104,952,975	1,014,788,204
Net assets			
Without donor restrictions	25,000	4,392,677	4,417,677
With donor restrictions	-	2,193,032	2,193,032
Total net assets	25,000	6,585,709	6,610,709
Total liabilities and net assets	$ 909,860,229	$ 111,538,684	$ 1,021,398,913

See accompanying Independent Auditor's Report.

ELCA FOUNDATION AND THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA ENDOWMENT FUND POOLED TRUST
COMBINING STATEMENT OF FINANCIAL POSITION
December 31, 2019

	Endowment Funds	Deferred Gift and Operating Funds	Total
ASSETS			
Cash and cash equivalents	$ 5,715,180	$ 6,841,250	$ 12,556,430
Accounts receivable, net	-	175,286	175,286
Funds due from related organizations	-	869,349	869,349
Investments	812,651,543	94,642,625	907,294,168
Beneficial interest in outside trust	-	737,537	737,537
Other assets	-	12,338	12,338
Total assets	$ 818,366,723	$ 103,278,385	$ 921,645,108
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	$ 13,572	$ 2,203,505	$ 2,217,077
Funds due to related organizations	752,558	-	752,558
Annuities and trusts liability	-	54,896,147	54,896,147
Funds held for others			
Funds held for others	405,137,868	23,636,544	428,774,412
Funds held for ELCA churchwide organization	412,437,725	16,527,309	428,965,034
Total funds held for others	817,575,593	40,163,853	857,739,446
Total liabilities	818,341,723	97,263,505	915,605,228
Net assets			
Without donor restrictions	25,000	3,860,617	3,885,617
With donor restrictions	-	2,154,263	2,154,263
Total net assets	25,000	6,014,880	6,039,880
Total liabilities and net assets	$ 818,366,723	$ 103,278,385	$ 921,645,108

See accompanying Independent Auditor's Report.