



# LCMS, INC. ANNUAL REPORT

## OUR MISSION

In grateful response to God's grace and empowered by the Holy Spirit through Word and Sacraments, the mission of The Lutheran Church—Missouri Synod is vigorously to make known the love of Christ by word and deed within our churches, communities and the world. (Adopted by the Synod in convention, 1995.)

Guided by the mission statement of the LCMS, the national offices and departments of the corporate Synod work to synchronize the strategic internal ministry capabilities and coordinate with the districts, agencies, auxiliaries, educational institutions, Recognized Service Organizations and formal international church partners of the Synod in order to enhance efforts and activities that make known the love of Christ throughout the world.

# 2018



# THE SEVEN MISSION PRIORITIES OF THE LCMS

PHOTOS: LCMS COMMUNICATIONS/ERIK M. LUNSFORD

## What does it look like for the national offices of the LCMS to put the Synod's mission statement into practice?

### 1. PLANT, SUSTAIN AND REVITALIZE LUTHERAN CHURCHES

**re:Vitality** provides resources to help churches invite, welcome and receive people from outside their congregations.

**Mission Field: USA** offers a flexible framework for Lutheran church planting.

**LCMS Stewardship Ministry** works with congregations to help their members manage life's resources for God's purposes.

**The LCMS Office of International Mission** sends missionaries around the world to plant churches.

### 2. SUPPORT AND EXPAND THEOLOGICAL EDUCATION

**The LCMS Joint Seminary Fund** supplements the Synod subsidy by directly soliciting charitable donations that go exclusively to supporting both of our world-class seminaries.

**The Global Seminary Initiative (GSI)** equips and supports international partner church pastors and future leaders by providing scholarships to international students attending LCMS seminaries and by sending LCMS experts to teach overseas.

**Post-Seminary Applied Learning and Support (PALS)** brings together recent LCMS seminary graduates and their wives for mentoring and continuing education during the first three years of their ministries.

**The LCMS Office of International Mission** sends missionaries around the world to serve as theological educators.

### 3. PERFORM HUMAN CARE IN CLOSE PROXIMITY TO WORD AND SACRAMENT MINISTRIES

**LCMS Mercy Medical Teams** provide desperately needed health care to thousands of patients in underserved regions around the globe.

**LCMS Disaster Response** reaches out to LCMS congregations and their communities in the aftermath of natural and man-made disasters with services including on-site assessment, emergency relief and development grants, pastoral care for LCMS church workers and members, and other resources.

**The Lutheran Young Adult Corps** gives young adults (18–26) an opportunity to grow in a community of faith and service through long-term, full-time service in urban ministry settings.

### 4. COLLABORATE WITH THE SYNOD'S MEMBERS AND PARTNERS TO ENHANCE MISSION EFFECTIVENESS

**LCMS Rural & Small Town Mission and LCMS Urban & Inner-City Mission** support pastors, professional church workers and lay leaders as they meet the challenges of leading Christ-centered outreach in their unique communities.

**LCMS Witness & Outreach Ministry** provides resources including *Every One His Witness* to help churches and individuals share the Gospel in their communities.

**Together In Mission and Mission Central** invite congregations, groups and organizations to partner with LCMS missionaries serving around the world.

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*'We have more going on in the next month than we have had in years,' the Rev. Luke Brown noted after his Ellsworth, Kan., congregation began using Every One His Witness and re:Vitality resources.*

*'We have reinvigorated our midweek and Sunday school programs, and I am hopeful we can see positive results there.'*

— Rev. Dr. Mark Wood, Director, LCMS Witness & Outreach Ministry

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## 5. PROMOTE AND NURTURE THE SPIRITUAL, EMOTIONAL AND PHYSICAL WELL-BEING OF PASTORS AND PROFESSIONAL CHURCH WORKERS

**Soldiers and Veterans of the Cross** support the transitional and long-term spiritual, physical and financial well-being of current and retired servants of the Church.

**LCMS Ministry to the Armed Forces** supports the work of LCMS military chaplains in all branches of the United States Armed Forces.

**The LCMS Office of National Mission** provides support to worker wellness-oriented Recognized Service Organizations (RSOs) including Shepherd's Canyon, Grace Place and DOXOLOGY.

## 6. ENHANCE EARLY CHILDHOOD, ELEMENTARY AND SECONDARY EDUCATION AND YOUTH MINISTRY

**LCMS School Ministry** assists, equips and uplifts school educators, district staff, education executives and congregational leaders so that through them children may be equipped as disciples of Jesus Christ.

**LCMS Youth Ministry and the Youth Gathering** work through LCMS districts and congregations to lead, serve, resource and network youth and adults.

**LCMS U** connects and supports Lutheran students at universities around the country.

## 7. STRENGTHEN AND SUPPORT THE LUTHERAN FAMILY IN LIVING OUT GOD'S DESIGN

**LCMS Life Ministry** works in the Church and the culture at large to uphold the sanctity of human life at all stages of development.

**The Lutheran Center for Religious Liberty** provides encouragement, education and advocacy relating to religious liberty and the sanctity of life and marriage.

**Worldwide KFUE** provides Gospel-centered, family-friendly radio programming and podcasts.

**The Lutheran Witness** helps families "interpret the contemporary world through a Lutheran Christian perspective."

“Lara served as a Lutheran Young Adult Corps volunteer with Trinity Lutheran Church in St. Louis over 10 months, assisting with the congregation's many ministries to its urban community. During her service, Lara even helped start a branch of Helping Hand-Me-Downs, allowing Trinity to offer a range of essential items — and the Gospel — to struggling families.”

— Julianna Shults, Program Manager, Lutheran Young Adult Corps



Lutheran Young Adult Corps volunteer Lara McCormack distributes food to the homeless at Trinity Lutheran Church in St. Louis.

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National missionary Rev. Adam DeGroot shares God's love during a home visit.

Faith in Christ Lutheran Church in Albuquerque, N.M., knew the challenges that lay ahead for St. Andrew Lutheran Church, the daughter congregation they planted in 2015. Demographic studies had revealed an extremely diverse population, primarily Hispanic, and a great deal of poverty. Yet thanks to the sending of LCMS national missionary Rev. Adam DeGroot last year, this budding Mission Field: USA church plant has begun to grow and thrive.

— Rev. Dr. Steven D. Schave, Director, LCMS Urban & Inner-City Mission

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# Spending: How Dollars Were Put to Work

(\$s in thousands)

## Direct Services \$54,054

Missions  
67 percent\*

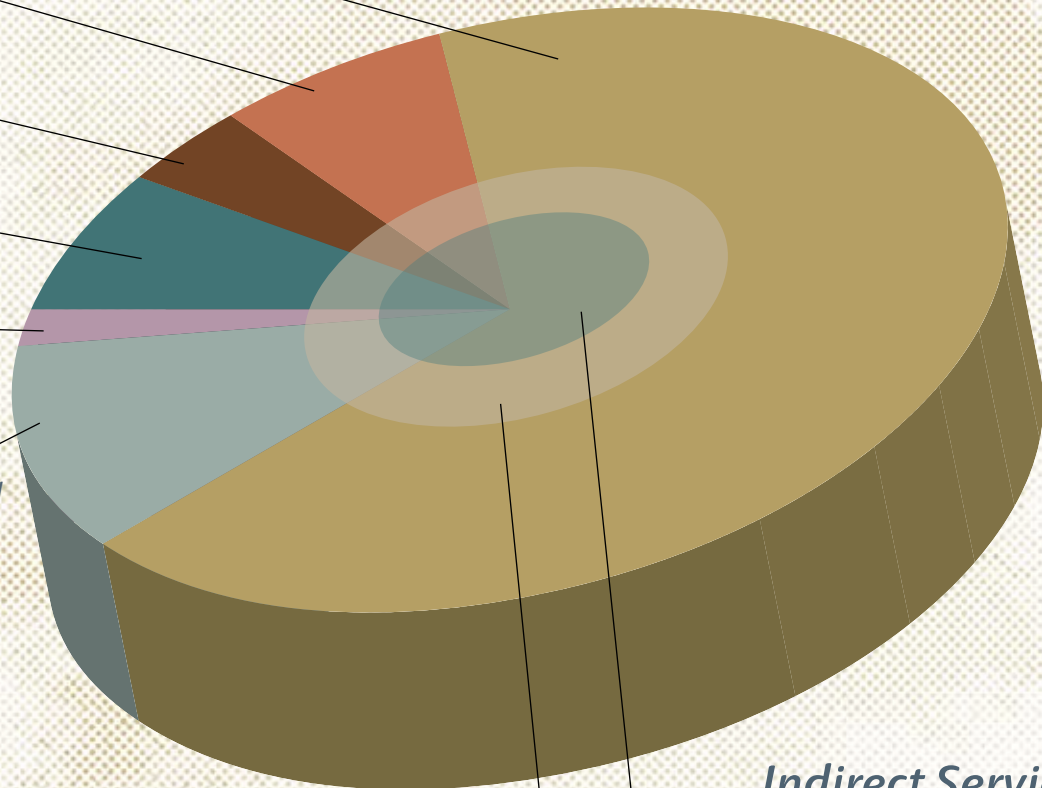
Pastoral education  
7 percent

University education  
4 percent

Communications  
7 percent

KFUO  
2 percent

Constitution/  
Convention-mandated  
direct services\*\*  
12 percent



## Indirect Services \$11,088

Common Services\*\*\*  
\$5,672

Advancement  
\$5,416

## Total \$65,142

\*Due to rounding, direct services percentages do not add up exactly to 100.

\*\*An independent review by the Better Business Bureau categorized the expenditures required by the Synod Constitution and Bylaws or convention mandate as direct services (program).

\*\*\*Human resources, legal services, information technology, accounting, audit, risk management, operational services.

# Budget & Spheres of Mission

## Fiscal Year 2018

Chief Mission Officer	Plan (Budget)	Expenditures**	Available Net Assets Released
International Level 1, incl. MAF*	10,161,517	8,798,820	6,430,080
International Missionaries	18,021,892	12,114,738	12,114,738
International Level 2*	7,517,146	3,976,571	3,976,571
<b>National Level 1*</b>			
National Level 1*	2,688,329	2,382,498	1,346,502
National (domestic) Missionaries	607,279	609,955	367,148
National Level 2*	5,760,922	3,818,843	3,818,843
<b>Disaster Response; Disaster Relief</b>			
Disaster Response; Disaster Relief	1,950,279	4,754,497	4,754,497
<b>Pastoral Ed</b>			
Pastoral Ed	570,730	538,217	152,274
<b>Seminary Subsidies &amp; Joint Sem. Funds</b>			
Seminary Subsidies & Joint Sem. Funds	2,245,227	2,978,466	2,377,327
<b>University Education</b>			
University Education	2,277,270	2,282,379	5,106
<b>Global Seminary Initiative</b>			
Global Seminary Initiative	950,000	297,203	297,203
<b>LCMS Communications</b>			
LCMS Communications	4,427,451	3,767,690	446,679
<b>Mission Advancement</b>			
Mission Advancement	5,581,148	5,416,325	2,683,249
<b>Office of the President, BOD, COP</b>			
Constitution-Mandated	112,388	28,387	-
Officers Work	4,500,132	3,417,621	196,068
Boards & Councils	283,271	286,815	-
Commissions (CCM, CTCR, etc.)	1,675,712	1,411,032	50,822
Church Relations	936,922	860,860	148,396
KFUO	1,553,194	1,309,623	1,059,416
Concordia Historical Institute	400,000	420,080	2,618
<b>Chief Financial Officer, Chief Adm. Officer</b>			
Common Services	4,669,800	5,671,378	2,487,424
<b>Net Assets without Donor-Imposed Restrictions; Multi-Department Funds</b>			<b>22,140,739</b>
	<u>Plan (Budget)</u>	<u>Expenditures</u>	<u>Net Assets Released</u>
<b>Totals</b>	<b>77,015,609</b>	<b>65,141,998</b>	<b>64,980,700</b>

Net Assets with Donor-Imposed Restrictions



\*Level 1 represents core activities. Level 2 represents projects and initiatives that are undertaken only if designated gifts are available to fund them. If funds are not available, these projects and initiatives are deferred.

\*\*Net assets released can include contributions (with related donor restrictions) still on deposit at the end of the prior fiscal year. Expenses in excess of Available (restricted) Net Assets Released result in a draw on available Net Assets without Donor-Imposed Restrictions.

### Fast facts on Synod finances for fiscal year 2018



• Days of cash on hand for operating expenses	12.5 (up from 3 in FY17) (Target: 90 days)
• Spending over (under) revenues	\$(9,440,000) (Target: at or under)
• Historic Concordia University System debt	\$13,744,611 (down from \$14,655,121 in FY17) (Target: \$0)
• Number of contributing districts	35 (100 percent participation) (Target: 35)
• Income from charitable contributions	\$50,463,000 (up from \$36,807,000 in FY17)
• Unrestricted/undesignated net assets deficit	\$13,314,000 (improved from \$13,600,000 in FY17) (Target: \$0)

# Our Giving

One of the greatest compliments we received this year was a handwritten note from a 62-year-old woman that simply said, “Thank you for helping me make a difference.”

Serving the needs of contributors like her to enhance their joy in giving is LCMS Mission Advancement’s highest priority. In 2018, these expressed needs include increased transparency and accountability and a greater array of options for contributing to the work of sharing the Gospel.

God blessed the LCMS mightily through His baptized people in 2018. We saw growth in giving toward:

- Direct missionary support (up \$2 million)
- World Relief and Human Care work (a four-fold increase in the number of contributors)

- Undesignated (unrestricted) donations given directly to the LCMS
- Giving for disaster response efforts including in the aftermath of three major hurricanes

There still are massive challenges. We struggle to raise adequate support for national and international mission work, beyond the gifts that support individual missionaries, with fewer staff. Meanwhile, vital support from regular worship offerings continues to decline.

Even so, by God’s grace and His people’s generosity, our Synod boldly carries the Gospel into all the world.

— *Mark Hofman, CFRE*  
Executive Director,  
LCMS Mission Advancement

Fiscal Year 2018				Fiscal Year 2017 (adjusted and audited)		
DONORS	GIFTS	AMOUNT (\$)	DESIGNATION (CONTRIBUTOR INTENT)	DONORS	GIFTS	AMOUNT (\$)
<b>SYNOD SUPPORT</b>						
35	434	13,906,801	Synod Unrestricted (regular worship offerings via districts)	35	428	14,719,875
4,634	6,573	4,724,165	Synod Unrestricted (contributions and bequests direct to Synod)	3,023	4,226	3,666,674
12,358	24,180	5,772,902	Shared Funds — Global Witness & Mercy, National Offering	12,406	23,608	5,695,753
15,997	57,003	20,738,566	International Only (work/missionaries) — Witness & Mercy	14,099	51,447	17,890,193
1,693	3,320	1,354,807	National Only (work/missionaries only) — Witness & Mercy	2,367	3,376	1,442,548
30,414	26,576	10,237,458	Shared Funds — Disaster Response Work	6,525	9,962	1,665,677
3,027	4,922	2,582,277	Pastoral Ed, incl. LCMS Joint Seminary Fund, GSI (general)	3,429	6,438	2,093,214
67	76	315,156	Global Seminary Initiative — Grants to LCMS Seminaries	1	1	100
1,421	2,558	929,725	Worldwide KFUO	1,562	2,732	647,221
288	3,640	517,931	Synod — Other Restricted Uses	601	3,551	565,243
<b>69,934</b>	<b>129,282</b>	<b>61,079,788</b>		<b>44,048</b>	<b>105,769</b>	<b>48,386,498</b>
<b>SYNOD RESTRICTED CAMPAIGNS &amp; SPECIAL INITIATIVES</b>						
39	100	7,871	Lutheran Malaria Initiative (conclude; pledge fulfillment only)	83	171	45,948
2,329	2,667	1,000,666	Lutheran Center for Religious Liberty (active)	1,427	1,704	294,163
147	232	67,996	Wittenberg Project Old Latin School (building, outreach and education)	1,366	1,514	496,838
5	5	572	Reformation 500th Anniversary Celebration	1	1	70,000
<b>2,520</b>	<b>3,004</b>	<b>1,077,105</b>		<b>2,877</b>	<b>3,390</b>	<b>906,949</b>
<b>OTHER ENTITIES/PROGRAMS</b>						
344	579	227,007	Concordia University System	469	767	172,374
499	886	193,843	Lutheran Housing Support	585	1,052	205,432
<b>843</b>	<b>1,465</b>	<b>420,850</b>		<b>1,054</b>	<b>1,819</b>	<b>377,806</b>

FY18 figures are subject to auditing and adjustment. Amounts are gross contributions, not adjusted to reflect fundraising, contributor care or regulatory compliance costs.

*To continue supporting the work of the LCMS with your contributions, please contact Mission Advancement or visit [lcms.org/givenow](http://lcms.org/givenow).*

# Assets and Activities

## Statement of Financial Position (Condensed)

(\$s in thousands)

As of June 30	2018	2017
<b>Assets</b>		
Cash & Receivables	40,812	39,040
Property, Investments, Other	<u>51,253</u>	<u>48,320</u>
<b>Total Assets</b>	<b>92,065</b>	<b>87,360</b>
<b>Liabilities</b>		
Payable (Due) to Others	7,345	9,513
Deferred Revenue	7,241	9,361
Other	<u>973</u>	<u>1,420</u>
<b>Total Liabilities</b>	<b>15,559</b>	<b>20,294</b>
<b>Net Assets (Assets Minus Liabilities)</b>		
Without Donor Restrictions	4,193	4,354
With Donor Restrictions	<u>72,313</u>	<u>62,712</u>
<b>Total Net Assets</b>	<b>76,506</b>	<b>67,066</b>

## Statement of Activities (Condensed)

(\$s in thousands)

Net Asset Releases	2018	2017
District Pledges (Worship Offerings)	13,907	14,367
Charitable Contributions Released	50,487	36,807
Investment Returns/Sale of Fixed Assets	5,853	6,288
Sales and Services	4,335	4,194
Convention, Youth Gathering	—	<u>9,718</u>
<b>Total Revenue</b>	<b>74,582</b>	<b>71,374</b>
<b>Expenditures (Expenses)</b>		
Missions — National & International	36,456	35,055
Nat'l Youth Gathering	—	8,421
Pastoral Ed/Seminaries, CUS	5,799	4,130
Communications, KFUD	5,078	5,719
Constitution-Mandated, Convention	6,722	9,888
Common Services <sup>1</sup>	5,671	5,471
Contributor Support and Fundraising <sup>2</sup>	<u>5,416</u>	<u>5,763</u>
<b>Total Expenditures</b>	<b>65,142</b>	<b>74,447</b>
<b>Change in Net Assets (Bottom Line)</b>		
Net Assets — Beginning of Year	67,066	70,139
Net Assets — End of Year	76,506	67,066

<sup>1</sup> Human resources, legal services, information technology, accounting, audit, risk management, operational services

<sup>2</sup> LCMS Mission Advancement — appeals, special campaigns, contributor services, regulatory compliance; full audited financial statements are publicly accessible at [lcms.org/giving/transparency](http://lcms.org/giving/transparency) or [lcms.org/bod](http://lcms.org/bod)



## A Look Back and to the Future

*A word from the LCMS Board of Directors*

The LCMS Board of Directors has had nothing less than a full plate of activity and business this past fiscal year. There were highs and lows, joy and sadness, yet the Board faithfully fulfilled its duties in governing the corporate side of the LCMS.

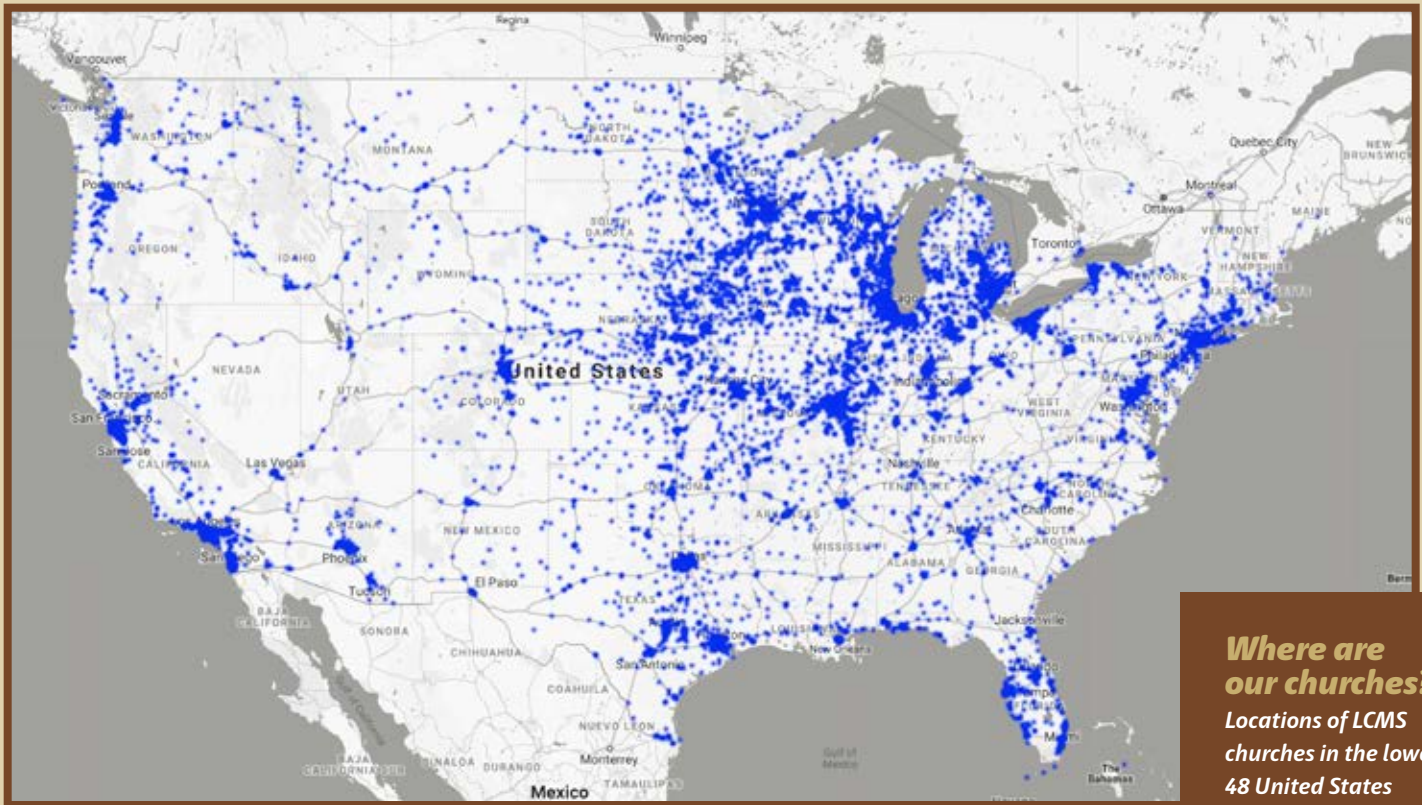
The Board has rallied around seeking efficiency and accountability throughout LCMS, Inc. Program assessments have been conducted in the areas of facilities management, information technology and administration by third-party entities. The results have shown the need for change and increased efficiency, and those recommendations have been or are being implemented. The entire accounting function has also recently been assessed, and we are now in the review and implementation planning stage for even more increased efficiency and productivity. To date, the assessments and implementation of recommendations have a projected cost savings to Synod of approximately \$800,000 per year.

The Board of Directors continues to deal with the difficult legal and financial issues that come before us. I am very proud of our Board, as 12 excellent minds gather to safeguard the assets and ensure the work of our Lord is conducted with the utmost efficiency and productivity. To God alone be the glory!

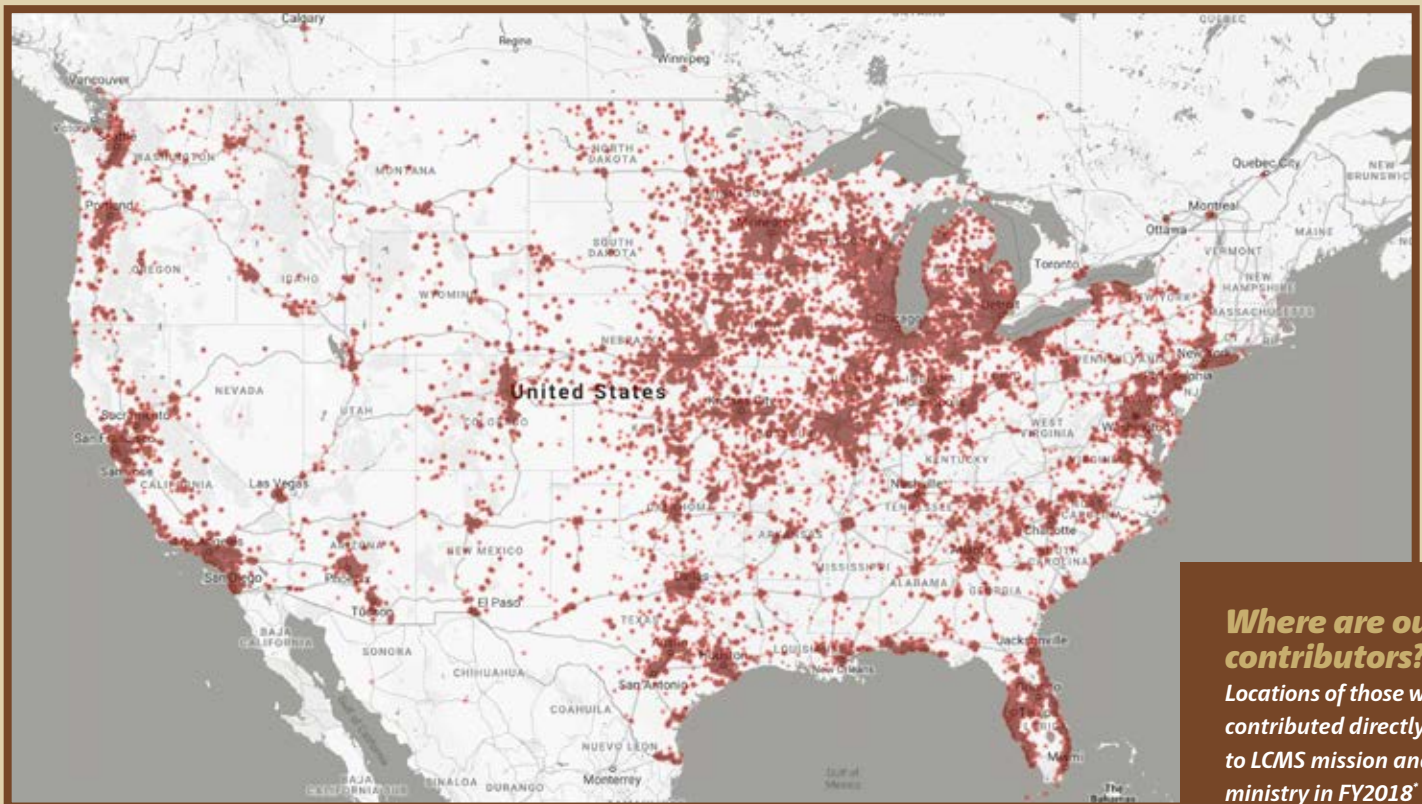
— Rev. Dr. Michael Kumm, Chairman

# WHERE WE LIVE, HOW WE GIVE

*From sea to shining sea, LCMS members live, worship, serve — and give generously to the work of the Lord.*



**Where are our churches?**  
Locations of LCMS churches in the lower 48 United States



**Where are our contributors?**  
Locations of those who contributed directly to LCMS mission and ministry in FY2018\*

\*Reflects contributions to LCMS national- and international-level mission and ministry, including disaster relief, human care, seminary/university support and KFUD Radio. Refer to the "Our Giving" page for a complete breakdown.



TO ALL THOSE WHO CHOOSE TO CONTRIBUTE TO THE NATIONAL WORK OF  
THE LCMS, WHO GIVE OF THEMSELVES FREELY EVEN AS THEY HAVE FREELY  
RECEIVED CHRIST'S LOVE AND FORGIVENESS, WHO BY THEIR SELFLESS  
GENEROSITY FUEL VITAL MISSION AND MINISTRY,  
**THANK YOU.**

Reader feedback regarding this inaugural annual report,  
including recommendations for improvement, is welcomed.

**EMAIL**

*mission.advancement@lcms.org*

**CALL**

888-930-4438

**WRITE**

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1333 S. Kirkwood Road  
St. Louis, MO 63122-7295

Special thanks to Thrivent Financial,  
by whose generous support this annual report has been made possible.



This eight-page insert — along with supporting documents, financial statements, board minutes and other information — is available as a no-cost, downloadable PDF on the LCMS website at [lcms.org/giving/transparency](https://www.lcms.org/giving/transparency).

**STATEMENT OF GIFT UTILIZATION**

Contributions designated (restricted) for a specific purpose when accepted are used only to fund expenses related to that purpose.

Occasionally, the LCMS may receive more in contributions for a particular purpose than can be wisely applied to it in the foreseeable future or the purpose may cease to be feasible. In these situations, the LCMS will make reasonable attempts to contact contributors to apply their contribution differently. If a contributor cannot be contacted, the LCMS will use the gift to meet a similar pressing need that most closely matches the contributor's original intent.

Consistent with Synod Board policy, no more than 12 percent of a charitable contribution may be applied to the costs of administering gifts (soliciting, receiving and properly recording donations) and communicating with contributors. The annual ceiling (percentage) is calculated by dividing advancement costs by the total charitable response of contributors (gifts, grants and bequests including worship offerings) over a rolling three-year period.

The phrase "costs of administering gifts" does not include expenditures related to the administrative structure of the LCMS as a corporation (boards, commissions, councils, elected officers, indebtedness and other expenses required [legal, auditing, insurance, etc.] either by law or regulatory bodies) which are to be funded entirely out of unrestricted worship offerings from member congregations.

Contributions received and accepted by the LCMS are deemed to be in agreement with this statement.

