



FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

MAY 31, 2016

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Independent Auditor's Report

Board of Trustees
The Lutheran Hour Ministries Foundation
St. Louis, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of The Lutheran Hour Ministries Foundation (the "Foundation"), which comprise the statements of financial position as of May 31, 2016 and 2015, and the related 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lutheran Hour Ministries Foundation as of May 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Brown Smith Wallace, LLP

St. Louis, Missouri

August 19, 2016

THE LUTHERAN HOUR MINISTRIES FOUNDATION

Statements of Financial Position

May 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 51,555	\$ 58,571
Investments	18,551,304	20,094,405
Estate gifts and other receivables	5,739	6,408
TOTAL ASSETS	\$ 18,608,598	\$ 20,159,384
LIABILITIES AND NET ASSETS		
Liabilities		
Due to International Lutheran Laymen's League	\$ 882,322	\$ 504,171
Accounts payable	10,308	160
Gift annuity liabilities	2,072,558	2,165,577
Custodial funds	30,082	458,683
Total Liabilities	2,995,270	3,128,591
Net Assets		
Unrestricted	2,964,866	3,732,298
Temporarily restricted	1,673,666	2,649,321
Permanently restricted	10,974,796	10,649,174
Total Net Assets	15,613,328	17,030,793
TOTAL LIABILITIES AND NET ASSETS	\$ 18,608,598	\$ 20,159,384

The accompanying notes are an integral part of these financial statements.

THE LUTHERAN HOUR MINISTRIES FOUNDATION

Statement of Activities

Year ended May 31, 2016

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total
	Undesignated	Board Designated			
Income:					
Donations	\$ 2,889	\$ -	\$ -	\$ 68,344	\$ 71,233
Bequests, annuities and trusts	-	-	-	257,278	257,278
Contributions to gift annuities	-	94,931	-	-	94,931
Donated services from related parties	93,216	-	-	-	93,216
Net investment income (loss)	-	(164,248)	(272,648)	-	(436,896)
Management fees and other income	1,064	-	-	-	1,064
Net assets released from restrictions and designations	1,401,122	(698,115)	(703,007)	-	-
Total income	1,498,291	(767,432)	(975,655)	325,622	80,826
Expenses:					
Payments to annuitants	253,259	-	-	-	253,259
Change in deferred value of gift annuities	(93,019)	-	-	-	(93,019)
Annuity distributions to beneficiaries	79,332	-	-	-	79,332
Travel expenses	27,715	-	-	-	27,715
Management and custodial fees	102,943	-	-	-	102,943
Other professional fees	22,617	-	-	-	22,617
Insurance	12,720	-	-	-	12,720
Miscellaneous expense	1,475	-	-	-	1,475
Donated services from related parties	93,216	-	-	-	93,216
Total expenses	500,258	-	-	-	500,258
Changes in net assets before distributions and transfers	998,033	(767,432)	(975,655)	325,622	(419,432)
Transfers to International Lutheran Laymen's League:					
Endowment distributions	(677,878)	-	-	-	(677,878)
Other fund distributions	(320,155)	-	-	-	(320,155)
Total transfers	(998,033)	-	-	-	(998,033)
CHANGE IN NET ASSETS	-	(767,432)	(975,655)	325,622	(1,417,465)
Net assets at beginning of year	-	3,732,298	2,649,321	10,649,174	17,030,793
Net assets at end of year	\$ -	\$ 2,964,866	\$ 1,673,666	\$ 10,974,796	\$ 15,613,328

The accompanying notes are an integral part of these financial statements.

THE LUTHERAN HOUR MINISTRIES FOUNDATION

Statement of Activities

Year ended May 31, 2015

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total
	Undesignated	Board Designated			
Income:					
Donations	\$ 4,683	\$ -	\$ -	\$ 329,482	\$ 334,165
Bequests, annuities and trusts	-	-	-	1,567,540	1,567,540
Contributions to gift annuities	-	201,000	-	-	201,000
Net investment income (loss)	-	225,187	538,202	-	763,389
Management fees and other income	3,615	-	-	-	3,615
Net assets released from restrictions and designations	1,538,857	(868,803)	(670,054)	-	-
Total income	1,547,155	(442,616)	(131,852)	1,897,022	2,869,709
Expenses:					
Payments to annuitants	260,414	-	-	-	260,414
Change in deferred value of gift annuities	(92,136)	-	-	-	(92,136)
Annuity distributions to beneficiaries	108,601	-	-	-	108,601
Travel expenses	46,200	-	-	-	46,200
Management and custodial fees	91,536	-	-	-	91,536
Other professional fees	18,635	-	-	-	18,635
Insurance	12,059	-	-	-	12,059
Miscellaneous expense	2,194	-	-	-	2,194
Total expenses	447,503	-	-	-	447,503
Changes in net assets before distributions and transfers	1,099,652	(442,616)	(131,852)	1,897,022	2,422,206
Transfers to International Lutheran Laymen's League:					
Endowment distributions	(637,259)	-	-	-	(637,259)
Other fund distributions	(462,393)	-	-	-	(462,393)
Total transfers	(1,099,652)	-	-	-	(1,099,652)
CHANGE IN NET ASSETS	-	(442,616)	(131,852)	1,897,022	1,322,554
Net assets at beginning of year	-	4,174,914	2,781,173	8,752,152	15,708,239
Net assets at end of year	\$ -	\$ 3,732,298	\$ 2,649,321	\$ 10,649,174	\$ 17,030,793

The accompanying notes are an integral part of these financial statements.

THE LUTHERAN HOUR MINISTRIES FOUNDATION

Statements of Cash Flows

Years ended May 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,417,465)	\$ 1,322,554
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized loss on investments	569,884	2,869,033
Change in deferred value of gift annuity liabilities	(93,019)	(92,136)
Decrease in assets -		
Estate gifts and other receivables	669	284,331
Prepaid expenses	-	1,162
Increase (decrease) in liabilities -		
Due to International Lutheran Laymen's League	378,151	(108,573)
Custodial funds	(428,601)	(35,719)
Accounts payable	10,148	(4,660)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	(980,233)	4,235,992
Cash flows from investing activities:		
Purchases of investments	(10,705,513)	(59,423,456)
Proceeds from sales of investments	11,678,730	55,238,166
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	973,217	(4,185,290)
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NET INCREASE (DECREASE) IN CASH	(7,016)	50,702
Cash, beginning of year	58,571	7,869
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Cash, end of year	\$ 51,555	\$ 58,571
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The accompanying notes are an integral part of these financial statements.

THE LUTHERAN HOUR MINISTRIES FOUNDATION

Notes to Financial Statements

May 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

The Lutheran Hour Ministries Foundation (the Foundation) was established to generate interest in and funds for the ministries of the International Lutheran Laymen's League (the League) and manage the assets of the Foundation. On an annual basis the Foundation provides funding to the League.

The League, doing business as Lutheran Hour Ministries, is a not-for-profit organization which serves as the media evangelism auxiliary of the Lutheran Church—Missouri Synod and the Lutheran Church-Canada. The League's purpose is to proclaim the Gospel of Jesus Christ on a domestic and international scale via the media of radio, television, and other forms of mass communication.

The Foundation, due to substantial organizational control by the League, was consolidated in the League's financial statements for the years ended May 31, 2016 and 2015. These financial statements only include the accounts of the Foundation.

Basis of Accounting and Presentation

The financial statements have been prepared using the accrual basis of accounting. Additionally, the financial statement presentation follows the requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) which requires the Foundation to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets

Unrestricted net assets are neither permanently nor temporarily restricted by donor-imposed stipulations and include revenue from fees, certain investment income, and all unrestricted gifts, grants, and contributions. Unrestricted amounts are those currently available at the discretion of the Board for use in the Foundation's operations. In addition, the Board has designated certain funds for the purposes of providing additional security for its gift annuities and endowments for funding certain fund raising activities and other purposes.

Temporarily Restricted Net Assets

Temporarily restricted net assets account for unspent contributions that are restricted by the donor for specific purposes or time periods.

THE LUTHERAN HOUR MINISTRIES FOUNDATION

Notes to Financial Statements - Continued

May 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Presentation (Continued)

Permanently Restricted Net Assets

Permanently restricted net assets represent perpetual endowments established for the benefit of the League. These donor-imposed restrictions stipulate that the original contribution be maintained permanently and permit the Foundation to distribute payouts according to the board approved endowment distribution policy.

Cash

The Foundation's cash is on deposit with major domestic financial institutions. At times, bank deposits may be in excess of federally insured limits. Highly liquid investments with initial maturities of three months or less are considered to be cash equivalents and are reported as investments.

Estate Gifts and Other Receivables

Estate gifts which are due and not received as of the financial statement date are accrued as receivables. Unless affirmed by subsequent events, it is the Foundation's practice to establish a 5% holdback for additional fees and adverse market fluctuations. Receivables are also established to recognize investment income due.

Investments

Investments are stated at fair value using quoted market prices. Investment income is recognized when earned. Unrealized gains and losses are included in the changes in net assets in the accompanying Statements of Activities.

Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Donated Other Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values as of the date of donation.

THE LUTHERAN HOUR MINISTRIES FOUNDATION

Notes to Financial Statements - Continued

May 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Donated Services

Donated services include administrative services provided by the League. Since these services meet the criteria for recognition under FASB ASC 958-605, their cost value is recorded as unrestricted contributions and expenses in the accompanying Statements of Activities.

Use of Estimates in Financial Statements

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

Subsequent Events

Management has evaluated all subsequent events and transactions through August 19, 2016, the date the financial statements were available to be issued. No events require recognition in the financial statements or disclosures of the Foundation per the definitions and requirements of FASB ASC 855-10.

Note 2 - Fair Value and Investments

FASB ASC 820 establishes a framework for measuring fair value, and expands disclosures about fair value measurements. FASB ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820-10 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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

Level 2: Observable inputs based on quoted prices in non-active markets or in active markets for similar assets or liabilities. Inputs other than quoted prices that are observable, or inputs that are not directly observable, but are corroborated by observable market data.

THE LUTHERAN HOUR MINISTRIES FOUNDATION

Notes to Financial Statements - Continued

May 31, 2016

Note 2 - Fair Value and Investments (Continued)

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying Statements of Financial Position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

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

Mutual Funds, Common Trust Funds (CTF) and Exchange Trust Funds (ETF): Valued at the net assets value (NAV) of shares held at fiscal year-end.

Management determines the fair value measurement valuation policies and procedures. The Investment Committee of the Board of Directors assesses and approves these policies and procedures. At least annually, management: (1) determines if the current valuation techniques used in fair value measurements are still appropriate, and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

The Foundation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. There were no transfers between levels for the years ended May 31, 2016 and 2015.

THE LUTHERAN HOUR MINISTRIES FOUNDATION

Notes to Financial Statements - Continued

May 31, 2016

Note 2 - Fair Value and Investments (Continued)

The following table presents the fair value measurements of investments recognized in the accompanying Statements of Financial Position measured at fair value on a recurring basis and the level within the FASB ASC 820-10 fair value hierarchy in which the fair value measurements fall at May 31, 2016 and 2015:

2016	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Cash equivalents	\$ 315,753	\$ 315,753	\$ -	\$ -
Government securities	-	-	-	-
Mutual funds:				
Equity funds	9,757,255	742,000	9,015,255	-
Real estate funds	1,131,308	572,857	558,451	-
Fixed income funds	7,346,988	-	7,346,988	-
Total mutual funds	18,235,551	1,314,857	16,920,694	-
	\$ 18,551,304	\$ 1,630,610	\$ 16,920,694	\$ -
2015	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Cash equivalents	\$ 348,025	\$ 348,025	\$ -	\$ -
Government securities	485,321	262,867	222,454	-
Mutual funds:				
Equity funds	11,218,034	899,982	10,318,052	-
Real estate funds	993,069	588,022	405,047	-
Fixed income funds	7,049,956	486,398	6,563,558	-
Total mutual funds	19,261,059	1,974,402	17,286,657	-
	\$ 20,094,405	\$ 2,585,294	\$ 17,509,111	\$ -

THE LUTHERAN HOUR MINISTRIES FOUNDATION

Notes to Financial Statements - Continued

May 31, 2016

Note 2 - Fair Value and Investments (Continued)

Investment income (loss) at May 31, 2016 consists of the following:

	<u>Total</u>	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Dividends and interest	\$ 167,571	\$ 70,809	\$ 96,762	\$ -
Realized gain (loss) on investments	(34,583)	78,376	(112,959)	-
Unrealized loss on investments	(569,884)	(313,433)	(256,451)	-
	<u>\$ (436,896)</u>	<u>\$ (164,248)</u>	<u>\$ (272,648)</u>	<u>\$ -</u>

Investment income at May 31, 2015 consists of the following:

	<u>Total</u>	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Dividends and interest	\$ 393,316	\$ 119,870	\$ 273,446	\$ -
Realized gain on investments	3,239,106	1,015,086	2,224,020	-
Unrealized loss on investments	(2,869,033)	(909,769)	(1,959,264)	-
	<u>\$ 763,389</u>	<u>\$ 225,187</u>	<u>\$ 538,202</u>	<u>\$ -</u>

In April, 2015 all investments were consolidated under the management and custodianship of State Street Global Advisors (SSGA) of Boston, MA. Previous to this, only investments pertaining to the gift annuity program were held at SSGA.

The Foundation also manages custodial funds on behalf of certain League districts and zones. Net investment income gain (loss) associated with custodial funds was \$(10,854) and \$23,780 at May 31, 2016 and 2015, respectively.

Note 3 - Income Tax Status

The Foundation is exempt from Federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code except as to unrelated business income, if any. The Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Foundation has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings and believes that no provision for income taxes is necessary, at this time, to cover any uncertain tax positions.

THE LUTHERAN HOUR MINISTRIES FOUNDATION

Notes to Financial Statements - Continued

May 31, 2016

Note 4 - Concentration of Risk

The Foundation's investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying Statements of Financial Position.

Note 5 - Gift Annuity Liabilities

Gift annuities are established by donors and related entities for the benefit of the International Lutheran Laymen's League and related organizations.

The Foundation established a gift annuity program in which donors make an irrevocable gift to the Foundation and receive an annuity payment for their lifetime and/or their survivor's lifetime. At their death, the Foundation will receive the balance of the annuity. The payments to the individuals are generally based on rates suggested by the American Council on Gift Annuities and the gift values are based on rates established by the Internal Revenue Service which range from 4.1% to 10.0% as of May 31, 2016 and May 31, 2015. Under the counsel of State Street Global Advisors, the Foundation is in compliance with the reserve requirements and limitations on investments of the states in which the gift annuity contracts have been written.

Annuity reserves were determined by State Street Global Advisors (SSGA) at May 31, 2016 using the Annuity 2000 M&F table with an assumed rate of interest of 4.25% for gifts prior to January 1, 2015 and the 2012 IAR Mortality table with an assumed rate of interest of 4.25% for gifts on or after January 1, 2015. Annuity reserves were determined by SSGA at May 31, 2015 using the Annuity 2000 M&F table with an assumed rate of interest of 4.25%.

Because of state regulations, the programs for the States of California, Wisconsin, Illinois, and New York are being operated by the League.

Change in gift annuity liabilities:

Years ended May 31,	2016	2015
Beginning gift annuity liabilities	\$ 2,165,577	\$ 2,257,713
Increase in liabilities on gift annuities issued before payouts	56,042	104,738
Other net changes in liabilities including terminations	(149,061)	(196,874)
Ending gift annuity liabilities	\$ 2,072,558	\$ 2,165,577

THE LUTHERAN HOUR MINISTRIES FOUNDATION

Notes to Financial Statements - Continued

May 31, 2016

Note 6 - Custodial Funds

Custodial accounts are being held by the Foundation on behalf of tax exempt affiliates of the League.

Note 7 - Administrative and Fund Raising Expenses

Administrative expenses were \$167,470 and \$170,624, respectively, for the years ended May 31, 2016 and May 31, 2015. The Foundation did not incur fund raising expenses for the years ended May 31, 2016 and 2015.

Note 8 - Related Party Transactions

During the year ended May 31, 2016, the League donated administrative services to the Foundation valued at \$93,216 based on the cost of actual services provided. These services meet the criteria for recognition under FASB ASC 958-605 and are recorded as contributions and expenses in the accompanying Statements of Activities. During the year ended May 31, 2015, there were no donated administrative services from the League to the Foundation recognized in the financial statements.

Note 9 - Board Designated Unrestricted Net Assets

The board designated unrestricted net assets at May 31, 2016 and 2015 include:

	<u>2016</u>	<u>2015</u>
Gift annuities reserve	\$ 1,297,236	\$ 1,598,072
Other retained annuity excess earnings	261,744	611,450
Board designated endowments	<u>1,405,886</u>	<u>1,522,776</u>
	<u>\$ 2,964,866</u>	<u>\$ 3,732,298</u>

THE LUTHERAN HOUR MINISTRIES FOUNDATION

Notes to Financial Statements - Continued

May 31, 2016

Note 10 - Endowment Policies

The investment objectives of the Foundation endowment funds are designed to produce the desired long-term real growth over inflation and sufficient income for expenses and the desired annual spending from the Foundation funds. The assets are to be invested with the care, skill, prudence and diligence that a prudent person acting at those times in a like capacity and familiar with such matters would use in the investment of a fund of like character, with like aims and due consideration given to the tax-exempt status of the Foundation. The targeted investment asset mix is currently 55% equities, 40% fixed income, 4% alternative investments and 1% cash equivalents. The Foundation honors donors' specific, written restrictions or directives. The endowment distribution policy follows the requirements of the State of Missouri's Uniform Prudent Management of Institutional Funds Act. The distribution policy is based on 5% of the average market value of endowment assets for the preceding twelve quarters.

Most of the endowment funds permit invasion of corpus not to exceed 10% on an annual basis in the event of extraordinary circumstances requiring the emergency expenditure of funds and only with the approval of the Foundation Board of Trustees. So as to ensure a perpetual source of payout to support the International Lutheran Laymen's League, the Foundation strives to maintain the market value of the endowments on an aggregate basis equal to their total historic dollar value when received. In the aggregate, the fair value of donor restricted endowment funds exceeds the historic dollar value. The Board of Trustees continues to interpret state law to require the original value of an endowment gift to be maintained as the permanent endowment corpus.

The changes in and composition of endowment net assets for the year ended May 31, 2016 are as follows:

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets – Beginning of year	\$ 1,522,776	\$ 2,649,321	\$ 10,649,174	\$ 14,821,271
Contributions	-	-	325,622	325,622
Investment earnings:				
Dividends and interest	10,183	96,762	-	106,945
Net realized losses	(12,064)	(112,959)	-	(125,023)
Net change in unrealized losses	(28,118)	(256,451)	-	(284,569)
Total investment gains	(29,999)	(272,648)	-	(302,647)
Release of endowment funds:				
Endowment distributions to the League	(75,668)	(602,210)	-	(677,878)
Foundation expenses	(11,223)	(100,797)	-	(112,020)
Total endowment funds released	(86,891)	(703,007)	-	(789,898)
Endowment net assets – End of year	\$ 1,405,886	\$ 1,673,666	\$ 10,974,796	\$ 14,054,348

THE LUTHERAN HOUR MINISTRIES FOUNDATION

Notes to Financial Statements - Continued

May 31, 2016

Note 10 - Endowment Policies (Continued)

The changes in and composition of endowment net assets for the year ended May 31, 2015 are as follows:

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets – Beginning of year	\$ 1,540,684	\$ 2,781,173	\$ 8,752,152	\$ 13,074,009
Contributions	-	-	1,897,022	1,897,022
Investment earnings:				
Dividends and interest	38,579	273,446	-	312,025
Net realized gains	257,411	2,224,020	-	2,481,431
Net change in unrealized losses	(225,488)	(1,959,264)	-	(2,184,752)
Total investment gains	70,502	538,202	-	608,704
Release of endowment funds:				
Endowment distributions to the League	(75,929)	(561,330)	-	(637,259)
Foundation expenses	(12,481)	(108,724)	-	(121,205)
Total endowment funds released	(88,410)	(670,054)	-	(758,464)
Endowment net assets – End of year	\$ 1,522,776	\$ 2,649,321	\$ 10,649,174	\$ 14,821,271

Endowment net asset composition by type of funds as of May 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-designated	\$ -	\$ 1,673,666	\$ 10,974,796	\$ 12,648,462
Board-designated	1,405,886	-	-	1,405,886
	\$ 1,405,886	\$ 1,673,666	\$ 10,974,796	\$ 14,054,348

Endowment net asset composition by type of funds as of May 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-designated	\$ -	\$ 2,649,321	\$ 10,649,174	\$ 13,298,495
Board-designated	1,522,776	-	-	1,522,776
	\$ 1,522,776	\$ 2,649,321	\$ 10,649,174	\$ 14,821,271