REAL.

JOY.
SOMETIMES BEING REAL IS AS SIMPLE AS GETTING THE FACTS STRAIGHT. IT ALSO MEANS TAKING RESPONSIBILITY. AND IT’S ABOUT BEING HONEST, TRANSPARENT AND INTENTIONAL. WE’RE TALKING ABOUT STARE-IT-IN-THE-FACE REAL.
DEAR FRIENDS.

We all want to get to what matters most to us; the things that are aligned with our values. You’d think that it would be simple to get to the heart of the matter, but it’s all too easy to be distracted by the superficial and the hype. In short, we want what’s real, what’s true, what’s important.

Sometimes being real is as simple as getting the facts straight. It also means taking responsibility. And it’s about being honest, transparent and intentional. We’re talking about stare-it-in-the-face real.

LCF donors want to get to what matters most to them in their giving. They want to make a difference in the lives of people, often people they’ve never met. And increasingly, they want to see the results first hand. In short, they want it to be real.

In 2012, LCF donors made grants of more than $10 million to 2,648 charities and causes. You’ll find these charities and causes listed throughout this annual report. But the real story lives behind these grants in the way that lives were changed and the message of joy that was spread across neighborhoods, nations and beyond to global ministries. In fact, the LCF determines the number of lives changed through grants as one way to measure the effectiveness of our collective grantmaking.
It’s relatively easy to make grants to charities, but the true measure of stewardship is demonstrated in how we ensure that each gift to the LCF is enhanced through sound fiscal management, and that each grant from our donors’ funds is intentional, purposeful with measurable results. Grants from the LCF Community Fund created real and meaningful change in 2012 through congregational-based training to prevent domestic violence, in projects that care for God’s creation and support to programs that rebuild communities after disasters. These efforts directly changed the lives of 51,623 people. That’s change that people feel. Real change.

Is true joy anything less than real? The joy that we know as Christians is honest, transparent and intentional. It is God’s intention, and gift to us, that we experience complete joy. A joy made real for us and a joy to be shared in real ways with others. One might call this evangelism. At the LCF, we call it spreading joy and changing lives. And our donors make it real, every day.

GENUINELY.

Reverend John R. Sabatelli, Board Chair

Chris Andersen, President & Executive Director
TRUE.

GIFTS FROM DONORS

LCF donors want to get to what matters most to them in their giving. They want to make a difference in the lives of people, often people they’ve never met. Through each of the 3,539 charitable funds established at the LCF, donors are expressing what’s real, what’s true and what’s important by giving.

- Individuals and families created 192 new Donor Advised Funds in 2012. Each fund represents a personal expression of generosity, beliefs and values that will now be shared with our greater community.
- Faith-based nonprofits and congregations established 37 new endowment funds to support their missions in 2012.
- LCF donors made outright and deferred gifts totaling $60.17 million in 2012, making it one of the top three giving years in LCF history. Total gifts exceed $835.49 million since the LCF’s inception in 1995.
- LCF donors made 190 additional gifts to their Donor Advised Funds in 2012, enhancing support to the charities that they care about most.
- LCF donor satisfaction reached an all-time high of 97% in 2012. Through annual surveys and personal conversations, the LCF receives valuable input on how to better serve donors’ giving interests. This feedback serves as a guide for ongoing improvements in the areas of donor communications, technology, giving services and grantmaking.
- Gifts to the LCF’s Collaborative Funds have made it possible for the LCF to address pressing community issues that can only be solved by working together. Nearly 2,000 donors have made outright or deferred gifts to these funds since the LCF’s inception.
- For a complete list of LCF Donor Advised Funds, Organizational Funds and Collaborative Funds, visit TheLCF.org/2012funds.

LCF staff is here to help donors give in ways that match their interests and circumstances. Visit TheLCF.org or call the LCF at 800-365-4172 with questions about your charitable fund, additional giving opportunities, or for assistance making grants to the charities and causes that match your interests and values.
**TYPES OF GIFTS**

*by number of gifts*

- **GIVE NOW 28%**
  - Outright Gifts 28%
- **GIVE LATER 45%**
  - Bequest/Beneficiary Proceeds 21%
- **GIVE & RECEIVE 27%**
  - Charitable Gift Annuities 18%
  - Life Estate Reserved 1%
  - Charitable Remainder Trusts 9%

**GROWTH IN DONOR GIFTS**

*in millions*

- 1997: $55.74
- 2002: $330.63
- 2007: $575.27
- 2012: $835.49

Represents cumulative outright & deferred gifts.
TANGIBLE.

GRANTS TO COMMUNITY

Thanks to the generosity of LCF donors, 2,648 grants were distributed in 2012. The real story lives behind these grants in the way that lives were changed and the message of joy that was spread across neighborhoods, nations and beyond to global ministries. Each grant demonstrates tangible evidence of lives changed through giving.

- A record number of 2,648 grants totaling $10.07 million were distributed from LCF Donor Advised Funds, Organizational Funds and Collaborative Funds in 2012. Grants total $94.2 million since the LCF’s inception in 1995.
- The majority of these grants, 91%, were distributed through Donor Advised Funds. Another 6% were from endowment funds of faith-based nonprofits and congregations, and 3% from the LCF Collaborative Funds.
- Donors have named more than 6,445 different charities and causes to benefit from their Donor Advised Funds. Through each charity and cause, the LCF and its donors will achieve effective, positive and lasting change.
- Nearly 40% of LCF Donor Advised Funds distributed grants to donor-designated charities in 2012. The remaining Donor Advised Funds will begin granting to donor-designated charities once assets are placed in the fund, typically after the donor’s lifetime.
- Through the LCF Collaborative Funds, the LCF is training congregations to recognize and support victims of family abuse and helping international communities rebuild after disasters. The LCF is also building awareness of how our faith community can help care for God’s creation and educating the next generation on the importance of giving. This work is made possible through donor gifts to one or more LCF collaborative funds or initiatives.

To learn more about how LCF donors are making a difference through their gifts, explore the interactive grant map at TheLCF.org/grants.
FACTUAL.

STEWARDSHIP OF ASSETS

The true measure of stewardship is demonstrated in how we ensure that each gift to the LCF is enhanced through sound fiscal management. This stewardship is made transparent to donors and community partners through clear, factual reporting.

• The LCF Growth Portfolio returned 12.2% for the year ending December 31, 2012, outperforming its strategic benchmarks by 1%. This investment performance in 2012 occurred in the face of a volatile and uncertain global economic environment. There were European sovereign debt issues, fears of a global slowdown in economic growth and the U.S. fiscal cliff, to name a few. The LCF navigated these volatile markets by focusing on the long-term implications of each portfolio decision and by maintaining a disciplined approach to rebalancing.

• In the LCF’s role as steward of donor gifts, it closely monitors its investments and continues to adhere to the investment fundamentals of professional, active management, diversification and a long-term investment strategy.

• For the fifth consecutive year, the LCF earned Charity Navigator’s top four-star rating for sound fiscal management in 2012. Charity Navigator is the leading evaluator of charities in the U.S.

• The LCF earned a clean audit from independent auditors for the year ending December 31, 2012, and has earned consecutive clean audits since its inception in 1995.

• Throughout 2012, the LCF operated under budget while maintaining reserves of over 50% of annual expenses.

• The LCF received additional support through a grant from Thrivent Financial for Lutherans.

For more information about the LCF’s investment policies and performance, visit TheLCF.org or call the LCF at 800-365-4172. Complete audited financial statements are available upon request.
GROWTH IN LCF ASSETS

in millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$75.82</td>
</tr>
<tr>
<td>2007</td>
<td>$221.35</td>
</tr>
<tr>
<td>2012</td>
<td>$287.07</td>
</tr>
</tbody>
</table>

ALLOCATION OF LCF GROWTH PORTFOLIO

- U.S. EQUITY 25%
  - Large Capitalization 15%
  - Medium Capitalization 5%
  - Small Capitalization 5%
- GLOBAL (non-U.S.) EQUITY 22%
- MARKETABLE ALTERNATIVES 15%
- REAL ASSETS 11%
- EMERGING MARKETS EQUITY 7%
- FIXED INCOME 20%

2012 gifts

- $330.63
- $55.74
- $575.27
- $835.49

2012 grants

- $13.29
- $1.26
- $46.50
- $94.20

Outright Gifts: 28%
Charitable Life Insurance: 23%
Bequest/Beneficiary Proceeds: 21%
Life Estate Reserved: 1%
Charitable Gift Annuities: 18%
Charitable Remainder Trusts: 9%
GIVE NOW: 28%
GIVE & RECEIVE: 27%
GIVE LATER: 45%

Total Assets Allocation for 2012:

- CONGREGATIONS: 29%
- EDUCATION: 21%
- HUMAN SERVICES: 17%
- HEALTH SERVICES: 7%
- ENVIRONMENT: 3%
- OTHER: 2%
- ARTS & CULTURE: 3%
- DISASTER RELIEF: 2%
- FAITH-BASED ORGANIZATIONS: 16%
FINANCIAL SUMMARY

ASSETS
Cash and Cash Equivalents $ 2,064,779 $ 7,825,583
Receivables 5,363,029 1,167,363
Investments:
  Securities and Treasury Notes $ 233,314,421 $ 201,918,595
  Life Insurance and Annuity Contracts 37,964,820 34,528,962
  Real Assets 8,331,799 1,024,860
Property and Equipment, Net of Depreciation 31,759 36,707
Total Assets $ 287,070,607 $ 246,502,070

LIABILITIES AND NET ASSETS
Liabilities $ 82,800,236 $ 72,211,411
Net Assets 204,270,371 174,290,659
Total Liabilities and Net Assets $ 287,070,607 $ 246,502,070
LCF BOARD

REV. JOHN R. SABATELLI, Chair  
Pastor Emeritus  
Baltimore, Maryland

TIM LEHMAN, Vice Chair  
Chief Executive Officer  
Time of Grace Ministry  
Neenah, Wisconsin

JOY ANDERSON  
President, Criterion Ventures  
Haddam, Connecticut

KARL ANDERSON  
Vice President  
Product & Solution Management  
Thrivent Financial for Lutherans  
Salem, Oregon

JENNIFER BRAATEN, PH.D.  
President, Ferrum College  
Ferrum, Virginia

REV. JON BRAUNERSREUTHER  
Mission & Ministry Facilitator  
The Lutheran Church–Missouri Synod  
Tomball, Texas

BRYAN K. GALLERSON, ESQ.  
Law Office of Gallerson & Yates  
Irving, Texas

MICHAEL HAGLIN  
Divisional Vice President  
Thrivent Financial for Lutherans  
Minneapolis, Minnesota

SUZANNE HAZARD  
Federal Government  
Washington, D.C.

BRADFORD L. HEWITT  
President & Chief Executive Officer  
Thrivent Financial for Lutherans  
Minneapolis, Minnesota

LISA KRO  
Managing Director, Mill City Capital  
Minneapolis, Minnesota

DEB MOORE  
Leader Community Engagement  
Thrivent Financial for Lutherans  
San Francisco, California

SUNSHINE JANDA OVERKAMP  
Chair, Overkamp, Overkamp-Smith  
Atlanta, Georgia

KNUT OLSON  
Senior Vice President, Financial Network  
Thrivent Financial for Lutherans  
Tacoma, Washington

TERESA RASMUSSEN, ESQ.  
Senior Vice President  
General Counsel & Secretary  
Thrivent Financial for Lutherans  
Minneapolis, Minnesota

RONALD SCHULTZ  
Chief Administrative Officer  
The Lutheran Church–Missouri Synod  
St. Louis, Missouri

not pictured: Knut Olson, Terry Rasmussen and Ronald Schultz
LCF STAFF

CHRIS ANDERSEN
President & Executive Director

KELLY KLUKAS
Office Administrator

PAT NORTON
Office Administrator

CHARITABLE GIVING SERVICES
LISA B. BONDS
Director of Charitable Giving Services

CINDY AEGERTER
Gift Planner

CHERYL GRASMOEN
Philanthropic Advisor & Institutional Relations

DANA HOLT
Gift Planner

JASON WATT
Gift Planner

COMMUNITY GRANTS & SERVICES
SUSAN HAYES
Director of Community Grants & Services

JENNY KRAMM
Grants Associate

REBECCA WESTERMeyer
Senior Associate of Donor Services

COMMUNICATIONS & TECHNOLOGY SERVICES
LORI ANDERSON
Marketing Communications Manager

DAVID MEIER
Technology & Web Communications Manager

FINANCIAL SERVICES & ADMINISTRATION
TOM PETERSON
Director of Financial Services & Administration

NANCY ASHLAND
Asset Services Administrator

LOIS EBNET
Finance Accountant

HER VANG
Senior Accountant