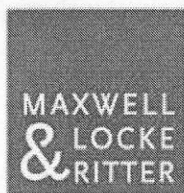


**LUTHERAN FOUNDATION  
OF THE SOUTHWEST**

**Financial Statements for the  
Years Ended December 31, 2009 and 2008  
and Independent Auditors' Report**



MAXWELL  
& LOCKE  
RITTER



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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Lutheran Foundation of the Southwest:

We have audited the accompanying statements of financial position of Lutheran Foundation of the Southwest (the "Foundation") as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*maxwell locke + ritter LLP*  
August 17, 2010

Affiliated Companies  
ML&R PERSONNEL SOLUTIONS LLC  
*"The Resource for Direct Hire & Project Staffing"*

ML&R WEALTH MANAGEMENT LLC<sup>\*</sup>  
*"A Registered Investment Advisor"*  
<sup>\*</sup>This firm is not a CPA firm

# LUTHERAN FOUNDATION OF THE SOUTHWEST

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2009 AND 2008

|   | Operating<br>Fund | Plant<br>Fund  | Endowment<br>Fund | Trusts and<br>Managed<br>Assets Fund | Total             |                   |
|---|-------------------|----------------|-------------------|--------------------------------------|-------------------|-------------------|
|   |                   |                |                   |                                      | 2009              | 2008              |
| <b>ASSETS:</b>                            |                   |                |                   |                                      |                   |                   |
| Cash                                      | \$ 320,535        | -              | -                 | -                                    | 320,535           | 304,085           |
| Accounts receivable                       | 6,270             | -              | -                 | -                                    | 6,270             | 6,270             |
| Prepaid insurance                         | 9,230             | -              | -                 | -                                    | 9,230             | 6,955             |
| Investments:                              |                   |                |                   |                                      |                   |                   |
| Restricted cash                           | -                 | -              | 157,647           | -                                    | 157,647           | 422,881           |
| Money market accounts                     | -                 | -              | 48,823            | 2,066,406                            | 2,115,229         | 1,247,291         |
| Income investment fund                    | -                 | -              | 11,715,911        | 2,028,554                            | 13,744,465        | 16,487,886        |
| Equity investment fund                    | -                 | -              | 4,219,295         | 1,361,118                            | 5,580,413         | 4,445,905         |
| Tax-exempt bonds                          | -                 | -              | 400               | 6,548,989                            | 6,549,389         | 1,998,852         |
| Taxable bonds                             | -                 | -              | 1,005,190         | 2,245,667                            | 3,250,857         | 2,764,661         |
| Mutual funds                              | -                 | -              | 208,582           | 1,247,428                            | 1,456,010         | 1,185,748         |
| Government securities and corporate bonds | -                 | -              | -                 | 1,253,741                            | 1,253,741         | 3,191,518         |
| Equity securities                         | -                 | -              | 242,793           | 2,614,221                            | 2,857,014         | 2,752,432         |
| Certificates of deposit                   | -                 | -              | -                 | 1,423,634                            | 1,423,634         | 804,920           |
| Mission loan and development certificates | -                 | -              | 347,882           | 178,196                              | 526,078           | 383,556           |
| Mortgage loans receivable                 | -                 | -              | -                 | 175,000                              | 175,000           | 175,000           |
| Limited partnership                       | -                 | -              | 10,207            | -                                    | 10,207            | 10,207            |
| Land                                      | -                 | -              | 90,279            | 1,726,298                            | 1,816,577         | 1,835,747         |
| Insurance                                 | -                 | -              | -                 | 146,798                              | 146,798           | 149,152           |
| Accrued income                            | -                 | -              | -                 | -                                    | -                 | 642               |
| Total investments                         | -                 | -              | 18,047,009        | 23,016,050                           | 41,063,059        | 37,856,398        |
| Property, plant and equipment:            |                   |                |                   |                                      |                   |                   |
| Land and improvements                     | -                 | 451,455        | -                 | -                                    | 451,455           | 451,455           |
| Building                                  | -                 | 727,338        | -                 | -                                    | 727,338           | 727,338           |
| Furniture and equipment                   | -                 | 173,374        | -                 | -                                    | 173,374           | 173,374           |
| Accumulated depreciation                  | -                 | (538,928)      | -                 | -                                    | (538,928)         | (522,331)         |
| Total property, plant and equipment, net  | -                 | 813,239        | -                 | -                                    | 813,239           | 829,836           |
| <b>TOTAL</b>                              | <b>\$ 336,035</b> | <b>813,239</b> | <b>18,047,009</b> | <b>23,016,050</b>                    | <b>42,212,333</b> | <b>39,003,544</b> |
| <b>LIABILITIES AND NET ASSETS:</b>        |                   |                |                   |                                      |                   |                   |
| <b>LIABILITIES:</b>                       |                   |                |                   |                                      |                   |                   |
| Accounts payable                          | \$ 100            | -              | -                 | -                                    | 100               | 1,006             |
| Trusts and managed assets:                |                   |                |                   |                                      |                   |                   |
| Unitrusts                                 | -                 | -              | -                 | 2,280,036                            | 2,280,036         | 2,363,060         |
| Management trusts                         | -                 | -              | -                 | 18,621,353                           | 18,621,353        | 13,967,979        |
| Managed assets                            | -                 | -              | -                 | 123,464                              | 123,464           | 107,622           |
| Annuity trusts                            | -                 | -              | -                 | 448,256                              | 448,256           | 518,108           |
| Gift annuities                            | -                 | -              | -                 | 1,295,531                            | 1,295,531         | 1,667,514         |
| Other                                     | -                 | -              | -                 | 91,969                               | 91,969            | 84,552            |
| Total trusts and managed assets           | -                 | -              | -                 | 22,860,609                           | 22,860,609        | 18,708,835        |
| Endowments                                | -                 | -              | 13,397,122        | -                                    | 13,397,122        | 13,541,086        |
| Total liabilities                         | 100               | -              | 13,397,122        | 22,860,609                           | 36,257,831        | 32,250,927        |
| <b>NET ASSETS:</b>                        |                   |                |                   |                                      |                   |                   |
| Unrestricted                              | 335,935           | 813,239        | (471,114)         | -                                    | 678,060           | 1,144,232         |
| Temporarily restricted                    | -                 | -              | -                 | 118,043                              | 118,043           | 465,407           |
| Permanently restricted:                   |                   |                |                   |                                      |                   |                   |
| Benefiting the Foundation                 | -                 | -              | 3,743,254         | 37,398                               | 3,780,652         | 3,765,271         |
| Benefiting other parties                  | -                 | -              | 1,377,747         | -                                    | 1,377,747         | 1,377,707         |
| Total net assets                          | 335,935           | 813,239        | 4,649,887         | 155,441                              | 5,954,502         | 6,752,617         |
| <b>TOTAL</b>                              | <b>\$ 336,035</b> | <b>813,239</b> | <b>18,047,009</b> | <b>23,016,050</b>                    | <b>42,212,333</b> | <b>39,003,544</b> |

See notes to financial statements.