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System and Organization Controls (SOC) 1

Type 2 Report on the Description of the Investment Management Services System and Any Related Information Technology General Controls and the Suitability of the Design and Operating Effectiveness of Controls

July 1, 2025 to June 30, 2026



REPORT PREPARED FOR

LCMS Foundation

TODAY | TOMORROW | FOREVER

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INDEPENDENT SERVICE AUDITOR'S REPORT

To the Management of

The Lutheran Church-Missouri Synod Foundation

Scope

We have examined The Lutheran Church-Missouri Synod Foundation's ("LCMSF" or the "Foundation") description of its investment management services system found in Section III titled "Description of the System" for processing user entities' investment transactions throughout the period July 1, 2025 to June 30, 2026 (description) and the suitability of the design and operating effectiveness of the controls included in the description to achieve the related control objectives stated in the description, based on the criteria identified in "Management's Assertion" (assertion). The controls and control objectives included in the description are those that management of LCMSF believes are likely to be relevant to user entities' internal control over financial reporting, and the description does not include those aspects of the investment management system that are not likely to be relevant to user entities' internal control over financial reporting.

The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of LCMSF's controls are suitably designed and operating effectively, along with related controls at the service organization. Our examination did not extend to such complementary user entity controls and we have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

LCMSF uses subservice organizations, U.S. Bank to perform certain investment activity processing, investment valuation and investment custody functions and Innovest (InnoTrust) to serve as the trust processing system;. The description includes only the control objectives and related controls of LCMSF and excludes the control objectives and related controls of the subservice organization. The description also indicates that certain control objectives specified by LCMSF can be achieved only if complementary subservice organization controls assumed in the design of LCMSF's controls are suitably designed and operating effectively, along with the related controls at LCMSF. Our examination did not extend to controls of the subservice organization and we have not evaluated the suitability of the design or operating effectiveness of such complementary subservice organization controls.

Service Organization's Responsibilities

In Section II, LCMSF has provided an assertion about the fairness of the presentation of the description and suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description. LCMSF is responsible for preparing the description and assertion, including the completeness, accuracy, and method of presentation of the description and assertion, providing the services covered by the description, specifying the control objectives and stating them in the description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria stated in the assertion, and designing, implementing, and documenting controls that are suitably designed and operating effectively to achieve the related control objectives stated in the description.

Service Auditor's Responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of the description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on our examination.

Section I – Independent Service Auditor's Report

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether, in all material respects, based on the criteria in management's assertion, the description is fairly presented, and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the description throughout the period July 1, 2025 to June 30, 2026. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of controls involves—

- Performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on the criteria in management's assertion.
- Assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description.
- Testing the operating effectiveness of those controls that management considers necessary to provide reasonable assurance that the related control objectives stated in the description were achieved.
- Evaluating the overall presentation of the description, suitability of the control objectives stated in the description, and suitability of the criteria specified by the service organization in its assertion.

Inherent Limitations

The description is prepared to meet the common needs of a broad range of user entities and their auditors who audit and report on user entities' financial statements and may not, therefore, include every aspect of the system that each individual user entity may consider important in its own particular environment. Because of their nature, controls at a service organization may not prevent, or detect and correct, all misstatements in investment management system. Also, the projection to the future of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives, is subject to the risk that controls at a service organization may become ineffective.

Description of Tests of Controls

The specific controls tested, and the nature, timing, and results of those tests are listed in Section IV, "Description of Control Objectives, Controls, and Tests of Operating Effectiveness".

Service Auditor's Independence

We are required to be independent of LCMSF and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our examination.

Section I – Independent Service Auditor's Report

Opinion

In our opinion, in all material respects, based on the criteria described in LCMSF's assertion—

a. The description fairly presents the investment management services system controls that was designed and implemented throughout the period July 1, 2025 to June 30, 2026.

b. The controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period July 1, 2025 to June 30, 2026 and subservice organizations and user entities applied the complementary controls assumed in the design of LCMSF's controls throughout that period.

c. The controls operated effectively to provide reasonable assurance that the control objectives stated in the description were achieved throughout the period July 1, 2025 to June 30, 2026 if complementary subservice organization and complementary user entity controls assumed in the design of LCMSF's controls operated effectively throughout that period.

Restricted Use

This report, including the description of tests of controls and results thereof in Section IV, is intended solely for the information and use of LCMSF, user entities of LCMSF's investment management services system during some or all of the period July 1, 2025 to June 30, 2026, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities themselves, when assessing the risks of material misstatement of user entities' financial statements. This report is not intended to be, and should not be, used by anyone other than these specified parties.

Armanino LLP

San Ramon, California

September 2, 2026

Section II – Management's Assertion

MANAGEMENT'S ASSERTION

We have prepared the description of The Lutheran Church-Missouri Synod Foundation ("LCMSF" or the "Company") investment management services system entitled "Description of the System" for processing user entities' investment transactions throughout the period July 1, 2025 to June 30, 2026 for user entities of the system during some or all of the period July 1, 2025 to June 30, 2026, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by subservice organizations and user entities of the system themselves when assessing the risks of material misstatement of user entities' financial statements.

The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of LCMSF's controls are suitably designed and operating effectively, along with related controls at the service organization. The description does not extend to controls of the user entities.

LCMSF uses subservice organizations, U.S. Bank to perform certain investment activity processing, investment valuation and investment custody functions and Innovest (InnoTrust) to serve as the trust processing system. The description includes only the control objectives and related controls of LCMSF and excludes the control objectives and related controls of the subservice organization. The description also indicates that certain control objectives specified in the description can be achieved only if complementary subservice organization controls assumed in the design of our controls are suitably designed and operating effectively, along with the related controls. The description does not extend to controls of the subservice organizations.

We confirm, to the best of our knowledge and belief, that:

1) The description fairly presents the investment management services system made available to user entities of the system during some or all of the period July 1, 2025 to June 30, 2026 for transaction processing as it relates to controls that are likely to be relevant to user entities' internal control over financial reporting. The criteria we used in making this assertion were that the description:
    a) Presents how the system made available to user entities of the system was designed and implemented to process relevant user entity transactions, including, if applicable:
        i) The types of services provided, including, as appropriate, the classes of transactions processed.
        ii) The procedures, within both automated and manual systems, by which those services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports and other information prepared for user entities of the system.
        iii) The information used in the performance of the procedures including, if applicable, related accounting records, whether electronic or manual, and supporting information involved in initiating, authorizing, recording, processing, and reporting transactions; this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for user entities.
        iv) How the system captures and addresses significant events and conditions other than transactions.
        v) The process used to prepare reports and other information for user entities.
        vi) The services performed by a subservice organization, if any, including whether the carve-out method or the inclusive method has been used in relation to them.

vii) The specified control objectives and controls designed to achieve those objectives including, as applicable, complementary user entity controls and complementary subservice organization controls assumed in the design of the controls.

viii) Other aspects of our control environment, risk assessment process, information, and communications (including the related business processes), control activities, and monitoring activities that are relevant to the services provided.

b) Includes relevant details of changes to the investment management services system during the period covered by the description.

c) Does not omit or distort information relevant to the system, while acknowledging that the description is prepared to meet the common needs of a broad range of user entities of the system and their user auditors and may not, therefore, include every aspect of the investment management services system that each individual user entity of the system and its auditor may consider important in its own particular environment.

2) The controls related to the control objectives stated in the description were suitably designed and operating effectively throughout the period July 1, 2025 to June 30, 2026 to achieve those control objectives if subservice organizations and user entities applied the complementary controls assumed in the design of LCMSF's controls throughout that period. The criteria we used in making this assertion were that:

a) The risks that threaten the achievement of the control objectives stated in the description have been identified by management.

b) The controls identified in the description would, if operating effectively, provide reasonable assurance that those risks would not prevent the control objectives stated in the description from being achieved.

c) The controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

DESCRIPTION OF LCMSF's INVESTMENT MANAGEMENT SERVICES SYSTEM

Overview of Operations

Company Overview and Services Provided

The Lutheran Church Missouri Synod Foundation (the "Foundation") provides investment management services for legacies, bequests, devises, endowments, annuity gifts, and other trust funds of The Lutheran Church Missouri Synod and its agencies, congregations, auxiliaries, recognized service organization and other affiliated entities. Since its establishment in 1958 by a group of Lutherans, the Foundation has been dedicated to planned giving and endowment management, functioning as a stewardship ministry of the Church.

The Foundation Board of Trustees is responsible to the Synod and oversees charitable estate gift planning for LCMS members and investment services for LCMS ministries. The Foundation's mission is to strengthen ministries financially and support the work of the Church for future generations.

To this end, the Foundation processes gifts of appreciated securities on behalf of Synod-wide agencies and collaborates directly with donors wishing to donate marketable securities to any LCMS entity listed in the Synod annual.

The Foundation's investment portfolios utilize separately managed accounts, mutual funds, and commingled funds in its investment portfolios. As part of its fiduciary responsibilities, the Foundation establishes investment restrictions for managers of separately managed accounts and closely monitors the investment practices of commingled funds managers. Investment portfolios are periodically rebalanced to maintain an optimal investment structure amidst market fluctuations.

With the guidance of its investment advisors, the Foundation offers diverse investment options tailored to meet the specific needs of a wide range of clients.

In-scope Systems

The SOC 1 report includes testing of information technology general controls the following in-scope systems:

Application	Description
Investment Management Services System	The Investment Management Services System consists primarily of InnoTrust, a third-party hosted and developed trust accounting and investment management platform provided by SS&C Technologies. LCMS Foundation uses InnoTrust to administer donor and ministry investment accounts, including account setup and maintenance, investment strategy configuration, trade order processing, portfolio rebalancing, and reporting activities. The system maintains approved investment models and restrictions associated with each account and supports configurable workflows and compliance checks designed to ensure investment activity is processed in accordance with authorized investment objectives and account-specific requirements.

Significant Changes to the System

There were no changes that are likely to affect report users' understanding of how the system is used to provide the service for the period July 1, 2025 to June 30, 2026.

RELEVANT ASPECTS OF INTERNAL CONTROL

As defined by the American Institute of Certified Public Accountants (AICPA), internal control is a process affected by an entity's board of directors, management, and other personnel and consists of five interrelated components:

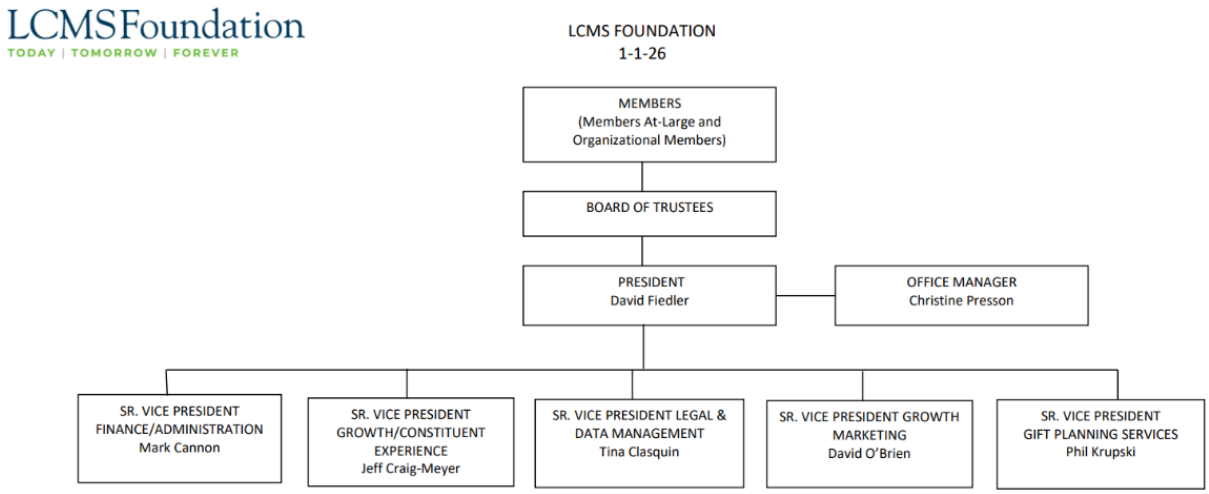
- Control Environment
- Risk Management
- Information and Communication
- Monitoring Activities
- Control Activities

This section briefly describes the essential characteristics and other interrelated components over the control objectives as they pertain to the Company.

Control Environment

The LCMS Foundation's system of control environment demonstrates management's overall attitude, awareness, and actions, particularly those of the senior management team, regarding the importance and priority of controls within the Foundation's policies, procedures, methods, and organizational structure.

The Company management team meets routinely. The members of the management team are outlined in the organizational chart below.



The LCMS Foundation's system of control environment demonstrates management's overall attitude, awareness, and actions, particularly those of the senior management team, regarding the importance and priority of controls within the Foundation's policies, procedures, methods, and organizational structure.

Risk Assessment

The Foundation's risk assessment process includes identifying, analyzing and managing risks associated with investment management services. This process evaluates both the existing control structure and any changes that could affect it.

Information and Communication

Information Systems and Information Flows

The Foundation's Investment Management Services System processes client investment activity, account administration data, and reporting information through a series of integrated systems and workflows. The following overview describes the general flow of information supporting these services.

Key Information Systems

System Name	Purpose
Trust Accounting System (SS&C Innovest / InnoTrust)	System of record used to record client accounts, transactions, valuations, distributions, and fees.
HubSpot CRM	Workflow management platform used to track client requests, gift processing activities, and maintain operational audit trails and documentation.
Black Diamond / Innovest Portfolio Tools	Used to support portfolio monitoring, trading workflows, and portfolio rebalancing activities.
Revver (formerly eFile Cabinet)	Electronic document management and archival system used to store account documentation and processing records.
Custodian Systems – U.S. Bank	Custodian platform used for asset custody, trade settlement, and investment pricing data.

Client Onboarding and Instruction Processing

Client instructions, account documentation, and investment requests are received from congregations, ministries, or authorized representatives through written correspondence, electronic communications, or interactions with Foundation personnel.

Client Services personnel document activities and maintain supporting records within HubSpot, creating an operational audit trail and workflow status record. Relevant account information and authorized instructions are subsequently entered into the trust accounting system for processing.

Information and Communication (continued)

Account Administration and Transaction Processing

The trust accounting system serves as the primary system of record for client investment accounts and maintains:

- Account setup and maintenance information
- Investment transactions
- Asset valuations
- Distribution activity
- Fee calculations
- Transactions processed within the system may include:
- Funding through cash, check, ACH, wire, or securities transfers
- Investment purchases and redemptions
- Portfolio rebalancing transactions

Custody, Pricing, and Valuation Information

Client assets are maintained by U.S. Bank, the Foundation's custodian. The custodian provides transaction data, asset pricing information, investment income details, and custody reports.

Information received from the custodian is imported into or reconciled with the trust accounting system to support account valuation, transaction completeness, and financial reporting processes.

Portfolio Monitoring and Investment Management

Investment personnel utilize SS&C Innovest / Black Diamond to support portfolio oversight and trading workflows. The platform is used to:

- Monitor portfolio allocations
- Compare allocations to approved investment models
- Identify rebalancing opportunities
- Generate proposed trade activity

Approved transactions are subsequently processed through established trading and custody workflows and reflected within the trust accounting system and custodial records.

Document Retention

Account documentation, workflow records, transaction support, and other operational records are maintained electronically within the Foundation's document management system. Documentation is retained in accordance with established record retention practices and remains accessible for operational, compliance, and audit purposes.

Information and Communication (continued)

Internal and External Communication

Information generated through the trust accounting system is used to prepare client reporting and support communications with client organizations. Reports may include:

- Client account statements
- Investment activity reports
- Actuarial present value reports for applicable gift arrangements

Foundation personnel review reports for completeness and accuracy prior to distribution. Reports and other client communications are provided to authorized client representatives through established communication channels.

Monitoring Activities

Monitoring activities are performed by designated Foundation personnel to evaluate the effectiveness of internal controls supporting investment management services. Monitoring activities are performed by Foundation personnel and include reviews related to:

- Approval of new client relationships
- Validation of portfolio account valuations
- Reconciliation of client billing statements

Results of monitoring activities are communicated to management to support risk management and continuous improvement.

CONTROL ACTIVITIES

The Foundation's control system activities include policies and procedures, to ensure management's directives are implemented and risks to the Foundation's objectives are mitigated. These activities, which occur throughout the organization and across all levels and functions, encompass approvals, authorizations, verifications, reconciliations, operating performance reviews, asset security, and segregation of duties.

Control system activities relevant to this report’s purpose are detailed in the process description portions within Section III. The key system of control activities supporting the Foundation's system of control objectives are identified and tested in Section IV.

Business Process Controls

Investment Account Setup, Additions, and Changes

Account Setup

To open an account, the congregation's authorized representative must sign an investment agreement, which outlines the terms and conditions for the custody account, including contact person, investments, additions and distributions, statements, fees, and termination. An authorized representative of the Foundation approves these executed agreements.

Business Process Controls (continued)

Investment Account Setup, Additions, and Changes (continued)

Account Setup (continued)

The Client Services Department receives the executed investment agreement funded with either cash or securities, which is forwarded to the Client Services Gift Processing group. This group creates a digital investment folder in the HubSpot workflow containing the investment agreement and any other relevant documentation. Client Services Gift Processing personnel then input the new account information and the responsible Client Relations Manager into the Foundation trust account system (system of record). They also attach detailed account reports from this system to the digital investment folder in HubSpot, documenting the set up completion.

The Client Relations Manager reviews the digital investment folder in HubSpot, verifying the accuracy of the information entered into the trust account system, (e.g., name set-up, fee schedule, statement frequency, authorized signers) to ensure compliance with the agreement and other documentation. Finally, an Imaging Associate images the digital investment folder documents onto the Revver Imaging Archival System for electronic storage and access.

Trades

Client Relations Managers manually enter trades or creates them using the Portfolio Rebalancing tool in the trust accounting system. The Assistant Client Relations Manager reviews the manually entered trades for accuracy. Any necessary corrections are made by the relevant Client Relations Manager. The Assistant Client Relations Manager also reviews Pending Trade Order Review reports to identify any errors.

To segregate duties, Client Relations Managers only prepare investment and redemption requests; Trust Management and Analysts process these transactions in the trust accounting system, which is configured to enforce this segregation by allowing Client Relations Managers to only initiate investment requests and Investment Operations personnel to only approve/process them.

Authorization and Processing of Withdrawals

When a congregation or institution requests a principal withdrawal, the Client Relations Manager receives the request via a letter of direction (specifying the dollar/unit amount) or according to standing memo or contract terms. The Client Relations Manager verifies the requestor's authorization and determines if sufficient cash is available or if asset sales are necessary.

If sales are required, the Client Relations Manager creates the order entries in the trust accounting system. The Client Relations Manager then creates a distribution entry in the trust accounting system for the requested amount. These pending entries and supporting documents are reviewed and approved by the Vice President Client Relations, Senior Client Relations Manager, or a peer. The documentation is then forwarded to the Client Services team member responsible for authorizing the daily checks.

On the settlement day, the distribution transactions are generated, and a Client Services team member verifies that the distribution amounts match the supporting documentation before authorizing the transactions.

Business Process Controls (continued)

Authorization and Processing of Withdrawals (continued)

To segregate duties, Client Relations Managers initiate investment and redemption requests, while Trust Management and Analysts process these transactions in the trust accounting system, which is configured to enforce this segregation. Checks, along with supporting documents, are either given to the Client Relations Manager for mailing or mailed directly to the congregation or institution. Finally, the Client Relations Manager uses the CRM digital investment folder to forward the withdrawal documents to the Gift Processing group for imaging and closes the investment account in the trust accounting system, if applicable.

Investment Management

Investment Objectives and Governance

The Foundation's investment strategies and guidelines are outlined in a Statement of Investment Policies and Objectives. This Statement is reviewed and approved annually by the Board of Trustees.

The Board also approves the Investment Consultant and any changes in investment managers. An Investment Committee, established by the Board of Trustees, is responsible for developing the investment policy, recommending asset allocations, determining range of investment options, monitoring investment managers, and recommending the Investment Consultant to the Board.

The Investment Consultant approved by the Board advises the Foundation concerning its investment program in four main areas:

1. Development of Investment Strategy
    - The Investment Consultant recommends investment strategies based on the theoretical underpinnings and empirical evidence of market behavior.
    - Recommended investment strategies and structures reflect the Foundation's long-term goals of achieving its return objectives within an acceptable level of active risk relative to target portfolios.
2. Selection of Investment Managers
    - The Investment Consultant performs an in-depth analysis of managers in their database to provide recommendations to the Foundation for selecting new managers. The selection process aims to hire best-in-class managers for the Funds.
    - This analysis will cover qualitative factors (investment philosophy and style, investment process, key portfolio management team members, ownership structure, client base, products, and assets under management) and quantitative factors (return and risk analysis of the portfolio relative to an appropriate benchmark, net performance over numerous time periods, and portfolio characteristics comparisons of the portfolio and the benchmark).
3. Monitoring of Current Investment Managers
    - The Investment Consultant conducts a monthly analysis of the performance of each manager currently engaged by the Foundation, comparing it to an agreed-upon benchmark index.

Business Process Controls (continued)

Investment Management (continued)

Investment Objectives and Governance (continued)

- The Investment Consultant also performs a quarterly in-depth analysis of each current manager's performance and portfolio composition. Portfolio composition data is used to determine if the manager is adhering to their management style and to develop style peer benchmarks for a more complete comparison of manager performance.
- Quarterly, the Investment Consultant reviews each manager's compliance with the Board's guidelines and policies. The results of this review are included in the quarterly Investment Committee meeting materials.

4. Communication
    - The Investment Consultant communicates with the Foundation quarterly to discuss manager analysis.
    - A written summary of the manager's analysis will be provided quarterly to the Foundation.
    - A written analysis of manager performance versus benchmarks is provided monthly to Investment Operations.

U.S. Bank, the Custodian, processes transactions and maintains accounts. U.S. Bank values investments and provides data for determining unit value and income factors for the Preference Funds. The Foundation and U.S. Bank have a Custodian Contract outlining U.S. Bank's duties and responsibilities.

The Foundation has secure web access to the custodian's online client account system. The custodian's online client account system is used for reporting. Cash movement and trading activity are also entered online or carried out by sending completed cash movement instructions directly to the Foundation's dedicated client service team at the custodian or placing trades directly with the custodian's Trade Services group via phone. Transactions require second-party approval

Pricing of Investments

By the sixth business day of each month, U.S. Bank provides pricing information and earned income reports, which support the Unit Value and Income Factor calculations of each Preference Fund. Account reports for each manager, as well as composite reports for each Preference Fund are retrieved from the online client account system. Each report contains data on expenses, net income and market value for the Fund managers and Preference Funds. The reports provide data necessary to calculate the Preference Fund Unitized Price and Income Factor used by the Foundation to complete the Common Fund Processing for holders (both funds and accounts) of Preference Funds.

The monthly pricing process of the Common Funds provides the month-end valuation and income distribution for accounts holding investments during the month and the price at which transactions (purchases and redemptions) are processed at the month-end.

The Trust System Manager and Analyst prepares a Common Fund worksheet based on the Unit Value and Income Factor report. Operations employees verify that the Common Fund worksheet amounts agree to the Unit Value and Income Factor report. The trust accounting system contains a list of accounts purchasing or redeeming a particular Preference Fund during the respective month. This information is inputted into the system from the Client Service Group.

The VP of Investment Research & Operations and Analyst reviews the cash needs/expectations for the upcoming month and prepares the necessary trades at the Preference Fund level and the Fund Manager level. These pending trades are then given to the Trust System Manager and Analyst, who adds them to the trades received from the Client Relations Managers.

Business Process Controls (continued)

Investment Management (continued)

Investment activity at U.S. Bank for Preference Funds is communicated to the custodian before month-end. Normal investment activity at the Fund Manager account level is also entered at this time. Quarterly, investment activity is reviewed and compared to the Statement of Investment Policies and Objectives by the Investment Consultant to ensure compliance with the investment structure approved by the Foundation's Board of Trustees. The results of the Investment Consultant's review are included in the quarterly Investment Committee meeting materials, which are reviewed by the Board of Trustees.

Monthly income distribution is calculated by multiplying the number of units for each account by the Income Factor. The Trust System Manager and Analyst prepare the Statement of Condition for each of the funds, verifying that the information received from U.S. Bank agrees with the information in the trust accounting system. The Trust System Manager and Analyst reviews the statement for accuracy.

The approved Statement of Condition, which contains principal market values, accrued income available to participants, units of participation and per unit values for principal and earned income, is reconciled with U.S. Bank reporting for the Foundation's investment funds. Information is also reconciled to the trust accounting system.

The Trust System Manager and Analyst posts the income distribution in the trust accounting system. They also review and approve the distribution before final posting. Following the valuation of account holdings and posting of income, account-level fees are calculated in the trust accounting system. Once the fees are calculated, the Trust System Manager and Analyst posts the invoices in the system, which automatically debits each account. To ensure fees are reasonable from month to month, the Trust System Manager and Analyst compares the total change in asset value from the prior month to the total change in fees from the prior month. Fees should generally fluctuate in line with changes in asset value.

Information Technology General Controls

Logical Access

Logical access to U.S. Bank's system is restricted based on job responsibilities to ensure effective segregation of duties. The system requires independent entry and approval of transactions. Access reviews are conducted annually for U.S. Bank access, the trust accounting system, and Active Directory.

Each Foundation employee is set up with a Windows Active Directory account and a workstation, as needed. Trust accounting system access is granted based on job responsibilities. Employees can only access the trust accounting system by authenticating into their workstation with their Active Directory credentials. Password complexity standards are defined and enforced by the Security Protection Acceptance and Windows Active Directory policies. A unique password and user ID are required for Active Directory login.

Onboarding and offboarding checklists, signed and dated by the Senior VP of Finance and Administration are used for provisioning or deprovisioning of employee system access. The Onboarding and Offboarding PowerApps facilitate the initiation and documentation of account provisioning or deprovisioning.

Information Technology General Controls (continued)

Physical Security

During business hours (7:45 a.m. to 4:15 p.m.), guests are greeted by a guard and receptionist. Non-employees must sign a visitor log, wear a visitor badge, and be escorted throughout the building. The Foundation's office within the main building is locked 24/7 and requires badge access for entry. Confidential data is stored in the server room and the vault, which are secured by physical keys. Access to the vault is restricted to the VP of Investment Operations, the Investment Administrator, and Cash Manager. Only the IT Director and the Executive Assistant have keys to the server room.

Vendor Management

The Foundation has established a Vendor Management policy and procedures to guide the identification, measurement, monitoring, and mitigation of risks associated with third-party providers. This policy is included in the Standard Operating Policies and Procedures, which are reviewed annually by Foundation management.

When selecting a third-party vendor, the Foundation performs due diligence, considering several factors. The type and depth of due diligence varies based on the scope of the outsourced services and the associated risks. Vendors are risk-rated as High/Critical, Moderate, or Low, depending on factors such as:

- Whether the vendor has access to critical company data.
- Whether the vendor performs a critical business function.
- The vendor's impact on revenue or expenses.
- Whether the vendor is the sole provider of the service/product.
- Whether the vendor directly impacts the Foundation's ability to perform critical business functions.

Critical vendors are assessed and reviewed annually by management. The Foundation has current, executed agreements with each critical vendor, and these agreements are approved by authorized personnel.

Annually, management obtains and reviews attestation reports (or similar) for critical vendors to evaluate the effectiveness of vendor's controls. If applicable, complementary user entity controls detailed in attestation reports are evaluated to verify these are addressed by management.

Complementary Subservice Organization Controls

Subservice Organization Controls

The Foundation utilizes subservice organizations to perform the functions described below to improve operating and administrative effectiveness. Third party personnel are not granted access to the Foundation or User Entity data or the Foundation systems themselves. The examination by the Independent Service Auditor did not extend to the policies and procedures at these subservice organizations.

The subservice organizations are used as follows: U.S. Bank to perform certain investment activity processing, investment valuation and investment custody functions and Innovest (InnoTrust) to serve as the trust processing system.

U.S. Bank maintains a SOC 1 Type 2 report and Innovest maintains a SOC 2 Type 2 report These examinations are performed by the independent third-party auditors and are reviewed by the Foundation no less than annually which is preserved in a Vendor Review Summary and Attestation Report. This documentation is preserved for compliance purposes.

The chart below illustrates controls the Foundation "expects" to be implemented, suitably designed, and operating effectively at subservice organizations to meet the related control objectives listed below:

The facilities used during the reporting period and the data center hosting services relied upon by the Foundation are listed in Table 1 and Table 2, respectively.

Table 1- Subservice organization used by the Foundation

Entity	Facility Location	Services Hosted
SS&C/Innovest (Innotrust)	151 W 42nd St. Suite 600 New York, NY	Trust Processing System
U.S. Bank	505 N 7th St, Saint Louis, MO 63101	Asset Custodian

Complementary Subservice Organization Controls (continued)

Subservice Organization Controls (continued)

Table 2- Control Objective

Control Objective (CO)	Complementary Subservice Organization Controls
Control Objective 3: Controls provide reasonable assurance that investment activity is reviewed, and securities income and fees are recorded to client accounts in a complete and accurate manner.	**Innovest:** New accounts are set up on the Trust Accounting System by designated units according to request forms from administrators or relationship managers based on the terms of the governing agreement. An account review is conducted to verify the completeness and accuracy of account setup in the Trust Accounting System. Securities are completely and accurately priced based on fair market value with the Trust Accounting System. Prices manually entered by a Pricing Specialist into the Trust Accounting System are reviewed and verified for accuracy by another member of the Pricing team. The reviewer signs off on the request to evidence performance. Marketable securities that do not receive a vendor price as of the last business day are reviewed and researched by the Pricing team. If no price is available, a report of those securities is prepared by the Pricing team and is provided to management for review. Management reviews the analysis monthly as evidenced by sign-off. The daily NAV calculation is prepared and reviewed for accuracy and reasonableness by a separate member of the NAV team. Fees at the account level, as defined in the account agreement, are calculated completely and accurately by the trust accounting system. Investment activity is entered and tracked completely and accurately in accordance with the account agreement. Account values/balances are maintained completely and accurately. Contributions and Withdrawals from investment accounts are recorded completely, accurately and timely. Statements are generated completely and accurately based on account agreement and user preference that evidence all investment account balances and activity. **U.S. Bank:** • Investment interest Income is calculated completely and accurately on monthly accounting statements and paid timely.

Control Objective (CO)	Complementary Subservice Organization Controls
Control Objective 5: Controls provide reasonable assurance that logical access to systems and applications is restricted to authorized users.	**Innovest:** Access to client accounts requires submittal of such request by the client and a secondary review and approval is performed internally. Data is protected by industry standard encryption during the entire synchronization, storage, and replication process. Vulnerability assessments are performed at least annually. Users are assigned roles based on their job function and the principle of least privilege. Innovest performs vulnerability scans monthly and uses a third party to perform penetration tests on the Innotrust application environment annually. Results are reviewed and mitigating strategies and/or controls are subsequently put into place for critical items noted. Firewalls are configured to capture activity logs/reports to detect anomalies, including any security incidents. Employee and contractor user account reviews are performed on an annual basis. ss the sites and limiting access to only the appropriate application server. **U.S. Bank:** Users are assigned roles based on their job function and the principle of least privilege (only granting the minimum access required to perform their duties. Vulnerability scans and penetration tests are regularly conducted. Results are reviewed and mitigating strategies and/or controls are subsequently put into place for critical items noted.
Control Objective 6: Controls provide reasonable assurance that physical access to facilities is restricted to authorized personnel and safeguards are established to provide protection of physical assets.	**Innovest and U.S. Bank:** Physical access to facilities that house IT resources, servers, and related hardware such as firewalls and routers is restricted to authorized individuals by key systems and monitored by video surveillance. Physical access cards are managed by building employees. Access card usage is logged and reviewed by employees. Operational monitoring systems are in place and include periodic reports of aggregate data from calls, alarms and problems from facilities and includes data for capacity and usage. **Innovest:** Access to Innovest offices, DRR datacenters and Cyxtera-owned data centers is restricted to authorized individuals based on badge access. **U.S. Bank:** Access to datacenter facilities, production servers and/or hardware with cloud systems is restricted to approved personnel.

Complementary User Entity Controls

The Foundation's controls related to the Foundation investment management services system cover only a portion of overall internal control for each user entity of the Foundation. It is not feasible for the control objectives related to the Foundation investment management services system to be achieved solely by the Foundation. Therefore, each user entity's internal controls should be evaluated in conjunction with the Foundation's controls and the related tests and results described in Section IV of this report, taking into account the related complementary user entity controls, where applicable. In order for user entities to rely on the controls reported on herein, each user entity must evaluate its own internal controls to determine whether the identified complementary user entity controls have been implemented and are operating effectively.

This section highlights those internal control responsibilities that the Company believes should be present at each user entity and has considered in developing the Company's controls described in this report. Furthermore, the following list of controls is intended to address only those controls surrounding the interface and communication between the user entity and the Company. Accordingly, this list does not purport to be, and is not, a complete listing of the controls that a user entity should maintain. User entities are responsible for:

- Instructions and information provided to the Foundation are authorized and comply with the governing agreements between the Foundation and the user. (Control Objective 1 - New and Changes to Existing Customer Setup)
- Timely written notification of changes to client objectives is provided to the Foundation. (Control Objective 1 - New and Changes to Existing Customer Setup)
- Timely written notification of changes in the individuals authorized to instruct the Foundation on behalf of the client is provided. (Control Objective 1 - New and Changes to Existing Customer Setup)
- Clients perform timely review of reports from the Foundation on account balances and related activities, and any discrepancies are promptly reported to the Foundation in writing. (Control Objective 3 - Review and Processing of Investment Activity and Income)

Section IV – Description of Control Objectives, Controls, and Tests of Operating Effectiveness

Objectives of the Review

This report, when combined with an understanding of the controls at user entities, is intended to assist auditors in planning the audit of user entities' financial statements or user entities' internal control over financial reporting and in assessing control risk for assertions in user entities' financial statements that may be affected by controls at LCMSF.

Our examination was limited to the control objectives and related controls specified by LCMSF in Sections III and IV of the report and did not extend to controls in effect at user entities.

It is the responsibility of each user entity and its independent auditor to evaluate this information in conjunction with the evaluation of internal control over financial reporting at the user entity in order to assess total internal control. If internal control is not effective at user entities, LCMSF's controls may not compensate for such weaknesses.

LCMSF's internal control represents the collective effect of various factors on establishing or enhancing the effectiveness of the controls specified by LCMSF. In planning the nature, timing, and extent of our testing of the controls to achieve the control objectives specified by LCMSF, we considered aspects of LCMSF's control environment, risk assessment process, monitoring activities, and information and communications.

Tests of Operating Effectiveness

Armanino's tests of the operating effectiveness of controls included tests that were considered necessary to evaluate whether the controls were sufficient to provide reasonable, but not absolute, assurance that the control objectives were satisfied throughout the report period. In selecting our test procedures, we considered various factors including, but not limited to, the following:

- The nature of the control being tested and its frequency
- The types and completeness of available evidence
- The control objectives to be satisfied
- The degree to which the control relies on the effectiveness of other controls
- Whether the control is manual or automated
- The expected efficiency and effectiveness of the test.

Our tests of controls included observations, inspections, reperformance, and inquiries of appropriate management, supervisory, and staff personnel seeking relevant information regarding the controls. Additionally, the following table clarifies certain terms used in this section to describe the nature of the tests performed.

Test	Description
Inquiry	Inquiry of appropriate personnel and corroboration with management
Observation	Observation of the application, performance, or existence of the control
Inspection	Inspection of documents and reports indicating performance of the control
Reperformance	Reperformance of the control

In addition, as required by paragraph .36 of AT-C section 205, Examination Engagements (AICPA, Professional Standards), and paragraph .30 of AT-C section 320, when using information produced (or provided) by the service organization, we evaluated whether the information was sufficiently reliable for our purposes by obtaining evidence about the accuracy and completeness of such information and evaluating whether the information was sufficiently precise and detailed for our purposes.

Tests of Design and Implementation

Since inquiry of each control and inspection of the related policies was performed throughout our testing, these test procedures are not specified for each individual control and it is understood they apply as needed to controls in the subsequent pages.

Section IV – Description of Control Objectives, Controls, and Tests of Operating Effectiveness

Control Objective 1 – New Accounts, Additions, and Changes

Controls provide assurance that new accounts, additions, and changes to existing accounts are created or processed completely, accurately, and in accordance with client agreements and elections.

Control Ref #	The Foundation's Control Description	Test Procedure	Test Result
1.01	Executed investment agreements are required on new accounts and are approved by an authorized representative of the LCMS Foundation.	Inspected the investment agreements for a selection of new accounts to determine whether investment agreements were executed by the client and approved by an authorized representative of the LCMS Foundation.	No exceptions noted
1.02	New customer setups and modifications require submission through a standardized workflow that includes mandatory selection of an approved account model and investment strategy template based on the ministry or donor's elections within the investment management agreement. The system enforces completion of required fields prior to submission.	Observed the account setup process to determine whether new customer setups and modifications required submission through a standardized workflow that included mandatory selection of an approved account model and investment strategy template based on the ministry or donor's elections within the investment management agreement. Observed the account setup process to determine whether the system enforced completion of required fields prior to submission.	No exceptions noted.

Control Objective 1 – New Accounts, Additions, and Changes

Controls provide assurance that new accounts, additions, and changes to existing accounts are created or processed completely, accurately, and in accordance with client agreements and elections.

Control Ref #	The Foundation's Control Description	Test Procedure	Test Result
1.03	The Gift Processing team establishes new customer accounts and processes additions to existing accounts using approved procedures and standardized templates within the trust accounting system. Before an account is activated, invested, or updated, a Client Relations Manager or other reviewer independent of the preparer reviews the request and supporting documentation to verify that: • The setup or addition is supported by authorized client instructions; • The account is established or updated in accordance with the approved request; • The appropriate investment election or account template has been applied; and • Review and approval are documented within the workflow system. Accounts are not activated, invested, or processed until all required reviews and documentation have been completed.	Inspected the account setup records and associated tickets for a selection of new accounts and additions to determine whether (1) the setup or addition was supported by authorized client instruction, (2) the account was established or updated in accordance with the approved request, (3) the appropriate investment election or account template was applied, (4) the appropriate account and investment template was applied, (5) and the review and approval were documented within the workflow system	No exceptions noted.

Control Objective 1 – New Accounts, Additions, and Changes

Controls provide assurance that new accounts, additions, and changes to existing accounts are created or processed completely, accurately, and in accordance with client agreements and elections.

Control Ref #	The Foundation's Control Description	Test Procedure	Test Result
1.04	An independent review of the valuation of assets/additions received is performed by the Client Relations Manager or Investment Administrator as evidenced by the sign-off on the principal contribution/journal entries worksheet.	Inspected the independent review for a selection of new accounts and additions to determine whether an independent review of the valuation was performed by the Client Relations Manager or Investment Administrator.	No exceptions noted
1.05	The trust accounting system is configured to invest clients' funds in accordance with their executed investment agreements or new or revised Letters of Direction.	Inspected the account setup for a selection of new accounts and additions to determine whether funds were invested in accordance with the most recent investment agreements or Letters of Direction.	No exceptions noted
1.06	Duties are segregated between initiation of investments and redemption requests by allowing the Client Relations Manager to only prepare investment and redemption requests, and the Trust System Manager and Analysts to only process transactions.	Inspected system access listings and role definitions within the trust accounting system to determine whether the ability to prepare investment and redemption requests was segregated from the ability to process transactions.	No exceptions noted
1.07	Changes to existing account information (address and remittance) are entered into the trust accounting system by Trust Services Gift Processing and independently reviewed by the Client Relations Manager.	Inspected the change request records for a selection of existing account changes to determine whether account information was entered into the trust accounting system by Trust Services Gift Processing and independently reviewed by the Client Relations Manager.	No exceptions noted

Control Objective 1 – New Accounts, Additions, and Changes

Controls provide assurance that new accounts, additions, and changes to existing accounts are created or processed completely, accurately, and in accordance with client agreements and elections.

Control Ref #	The Foundation's Control Description	Test Procedure	Test Result
1.08	The ability to make changes to the account modeling and investment strategy templates within the trust accounting system is restricted to authorized personnel and reviewed by management annually.	Inspected the most recent user access review to determine whether the ability to make changes to the account modeling and investment strategy templates within the trust accounting system was restricted to authorized personnel and reviewed by management annually.	No exceptions noted

Control Objective 2 – Authorization and Processing of Client Withdrawals

Controls provide assurance that client withdrawals are authorized and processed in a complete and accurate manner.

Control Ref #	The Foundation's Control Description	Test Procedure	Test Result
2.01	Account withdrawals are required to be authorized by the client or an authorized representative.	Inspected the withdrawal requests for a selection of account withdrawals to determine whether withdrawals were authorized by the client or an authorized representative.	No exceptions noted
2.02	Account withdrawals are approved by the Client Relations Managers.	Inspected the withdrawal requests for a selection of account withdrawals to determine whether withdrawals were approved by the Client Relations Managers.	No exceptions noted.
2.03	Distribution requests are verified for accuracy by the Client Relations Managers against the Check Request Edit List (check register).	Inspected the distribution requests and corresponding Check Request Edit Lists for a selection of distributions to determine whether distribution requests were reviewed against the Check Request Edit List by the Client Relations Managers.	No exceptions noted.
1.06	Duties are segregated between initiation of investments and redemption requests by allowing Client Relations Managers to only prepare investment and redemption requests, and the Trust System Manager and Analysts to only process transactions.	Inspected system access listings and role definitions within the trust accounting system to determine whether the ability to prepare investment and redemption requests was segregated from the ability to process transactions.	No exceptions noted.

Control Objective 3 – Review and Processing of Investment Activity and Income

Controls provide assurance that investment activity is reviewed, and securities income and fees are recorded to client accounts in a complete and accurate manner.

Control Ref #	The Foundation's Control Description	Test Procedure	Test Result
3.01	The Statement of Investment Policies and Objectives, which outlines the Foundation's investment strategies and guidelines, is reviewed and approved annually by the Board of Trustees.	Inspected the Statement of Investment Policies and Objectives to determine whether the Foundation's investment strategies and guidelines were outlined. Inspected the Board of Trustees meeting minutes to determine whether the Statement of Investment Policies and Objectives was reviewed and approved by the Board annually.	No exceptions noted
3.02	Quarterly, the Investment Consultant reviews the Investment Managers' compliance with the Board's guidelines and policies. Results of this review are included in the quarterly Investment Summary report reviewed by the Board of Trustees.	Inspected the Investment Summary reports for a selection of quarters to determine whether the Investment Consultant reviewed the Investment Managers' compliance with the Board's guidelines and policies quarterly and results were reviewed by the Board of Trustees.	No exceptions noted.
3.03	Monthly, the Statement of Condition is reconciled against the trust accounting system and U.S. Bank statements for all accounts comprising the Foundation's investment funds. These are reviewed and approved by the Trust System Management or Analyst.	Inspected the reconciliation documentation for a selection of months to determine whether the Statement of Condition was reconciled against the trust accounting system and U.S. Bank statements and whether the reconciliation was reviewed and approved by the Trust System Management or Analyst.	No exceptions noted.

Control Objective 3 – Review and Processing of Investment Activity and Income

Controls provide assurance that investment activity is reviewed, and securities income and fees are recorded to client accounts in a complete and accurate manner.

Control Ref #	The Foundation's Control Description	Test Procedure	Test Result
3.04	Monthly, the income distribution is posted in the trust accounting system by an Investment Operations Analyst and reviewed by the Trust System Manager.	Inspected the income distribution postings for a selection of months to determine whether distributions were recorded by an Investment Operations Analyst and reviewed by the Trust System Manager.	No exceptions noted.

Control Objective 4 – Review of Trade Activities

Controls provide assurance that trade activities are reviewed accurately and timely.

Control Ref #	The Foundation's Control Description	Test Procedure	Test Result
4.01	Trades are created via Portfolio Rebalancing tool in the trust accounting system by Client Relations Managers and reviewed for accuracy by a separate member of the Client Services Group.	Inspected the trade records for a selection of trades to determine whether trades were created into the trust accounting system by Client Relations Managers and reviewed by a separate member of the Client Services Group.	No exceptions noted
4.02	Pending Trade Order Review reports are reviewed each month by the Client Services Group for errors. Corrections, if required, are made by the appropriate Client Relations Manager.	Inspected the Pending Trade Order Review reports for a selection of months to determine whether the reports were reviewed by the Client Services Group for errors and, if necessary, identified corrections were made by the appropriate Client Relations Manager.	No exceptions noted.

Control Objective 5 – Logical Security

Controls provide assurance that logical access to systems and applications is restricted to authorized users.

Control Ref #	The Foundation's Control Description	Test Procedure	Test Result
5.01	Logical access to the U.S. Bank system is restricted based upon job responsibilities and supports an effective segregation of duties.	Inspected the system access listings and role-based access configurations for the U.S. Bank system to determine whether access to the system was restricted based upon job responsibilities and supported segregation of duties.	No exceptions noted
5.02	Access to the Foundation's systems and network is restricted through Active Directory credentials.	Inspected the authentication configurations for the Foundation's systems and network to determine whether access was restricted through Active Directory credentials.	No exceptions noted.
5.03	Password complexity standards enforce control over access to computer systems.	Inspected the password configurations to determine whether password complexity standards were enforced.	No exceptions noted.

Control Objective 5 – Logical Security

Controls provide assurance that logical access to systems and applications is restricted to authorized users.

Control Ref #	The Foundation's Control Description	Test Procedure	Test Result
5.04	A network service request form is completed when provisioning or deprovisioning employee system access. The completion of this form is evidenced in the new employee/termination checklist signed off by the Sr. VP of Finance and Administration.	Inspected the new employee checklist for a sample of new hires to determine whether a network service request form was completed when provisioning employee system access and whether the checklist was signed off by the Sr. of VP Finance and Administration. Inspected the termination checklist for a sample of terminated employees to determine whether a network service request form was completed when deprovisioning employee system access and whether the checklist was signed off by the Sr. of VP Finance and Administration.	No exceptions noted.
5.05	An annual review of user access is performed by management.	Inspected the most recent user access review to determine whether an annual user access review was performed by management.	No exceptions noted.
5.06	Unique user ID and password are required for network access.	Inspected the network authentication configurations to determine whether unique user ID and password were required for network access.	No exceptions noted.

Control Objective 6 – Physical Security

Controls provide assurance that physical access to facilities is restricted to authorized personnel and safeguards are established to provide protection of physical assets.

Control Ref #	The Foundation's Control Description	Test Procedure	Test Result
6.01	Access to the Foundation building requires authentication with a valid badge. Visitor access to the building is logged and visitors are escorted to prevent unauthorized access.	Observed the foundation building to determine whether proximity badges were required to access the building and visitors were escorted while onsite. Inspected the visitor log to determine whether visitor access to the building was logged.	No exceptions noted
6.02	Access to the Foundation outside of regular business area is restricted to authorized personnel.	Observed the doors to the main Foundation entrance after hours to determine whether access is restricted outside regular business hours. Inspected the badge system and inquired of management to determine whether access to the Foundation outside of the regular business area was restricted to authorized personnel.	No exceptions noted.
6.03	Physical assets (check stock, deeds, etc.) are stored in a secured vault. Additionally, the server room and the vault are locked, and access restricted to authorized personnel.	Observed the server room and the vault to determine whether they were locked and whether physical assets were stored in the secured vault. Inspected the listing of employees with access to the server room and the vault and inquired of management to determine whether access was restricted to authorized personnel.	No exceptions noted.

Control Objective 7 – Vendor Management

Controls provide assurance that management has proper oversight and contracting procedures over third-party services providers.

Control Ref #	The Foundation's Control Description	Test Procedure	Test Result
7.01	A vendor management policy, which provides guidance for identifying, measuring, monitoring, and mitigating risks associated with third party providers, is included in the standard operating policies and procedures that are communicated internally to those responsible for vendor management.	Inspected the vendor management policy and related standard operating procedures to determine whether guidance for identifying, measuring, monitoring, and mitigating risks associated with third-party providers was documented and communicated to personnel responsible for vendor management.	No exceptions noted
7.02	Annually, attestation reports (or equivalent) for subservice providers are obtained and reviewed by management to evaluate the effectiveness of the vendor's controls. Complementary user controls detailed in attestation reports, if applicable, are evaluated to verify these are addressed by management.	Inspected the vendor reviews for subservice providers to determine whether attestation reports (or equivalent), including complementary user entity controls, were reviewed by management annually.	No exceptions noted.
7.03	Annually, critical vendors are assessed and reviewed by management.	Inspected the most recent vendor assessment to determine whether critical vendors were assessed and reviewed by management annually.	No exceptions noted.
7.04	Executed agreements are in place with critical vendors and are approved by the appropriate level of management.	Inspected the agreements with critical vendors to determine whether agreements were executed and approved by the appropriate level of management.	No exceptions noted.