

Return of Organization Exempt From Income Tax

2004

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2004 calendar year, or tax year beginning April 1, 2004, and ending March 31, 2005

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return
 Amended return
 Application pending

C Name of organization
Lutheran Social Services of the South, Inc.
 Number and street (or P O box if mail is not delivered to street address) Room/suite
PO Box 140767
 City or town, state or country, and ZIP + 4
Austin, TX 78714-0767

D Employer identification number
74 : 1109745

E Telephone number
(512) 459-1000

F Accounting method Cash Accrual
 Other (specify) ▶

G Website: ▶ **www.lsss.org**

J Organization type (check only one) ▶ 501(c) (3) ◀ (insert no) 4947(a)(1) or 527

K Check here ▶ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. **Some states require a complete return.**

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **52,825,633**

H and I are not applicable to section 527 organizations
H(a) Is this a group return for affiliates? Yes No
H(b) If "Yes," enter number of affiliates ▶
H(c) Are all affiliates included? Yes No (if "No," attach a list. See instructions.)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No
I Group Exemption Number ▶ **9386**

M Check ▶ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF)

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions.)

Revenue		Expenses		Net Assets	
1	Contributions, gifts, grants, and similar amounts received				
a	Direct public support	1a	3,280,908		
b	Indirect public support	1b	96,060		
c	Government contributions (grants)	1c	0		
d	Total (add lines 1a through 1c) (cash \$ <u>3,376,968</u> noncash \$ _____)	1d			3,376,968
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2			45,270,143
3	Membership dues and assessments	3			
4	Interest on savings and temporary cash investments	4			
5	Dividends and interest from securities	5			357,028
6a	Gross rents	6a	303,215		
b	Less: rental expenses	6b			
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c			303,215
7	Other investment income (describe ▶ Oil and Gas Royalties and Leases)	7			348,193
8a	Gross amount from sales of assets other than inventory	(A) Securities		(B) Other	
b	Less: cost or other basis and sales expenses	8a	2,431,660		
c	Gain or (loss) (attach schedule)	8b	238,533		
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8c	2,193,127		
8d					2,193,127
9	Special events and activities (attach schedule) If any amount is from gaming, check here ▶ <input type="checkbox"/>				
a	Gross revenue (not including \$ _____ of contributions reported on line 1a)	9a			
b	Less: direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c			
10a	Gross sales of inventory, less returns and allowances	10a			
b	Less: cost of goods sold	10b			
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c			
11	Other revenue (from Part VII, line 103)	11			738,426
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12			52,587,100
13	Program services (from line 44, column (B))	13			45,224,694
14	Management and general (from line 44, column (C))	14			5,075,990
15	Fundraising (from line 44, column (D))	15			1,305,453
16	Payments to affiliates (attach schedule)	16			0
17	Total expenses (add lines 16 and 44, column (A))	17			51,606,137
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18			980,963
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19			26,157,018
20	Other changes in net assets or fund balances (attach explanation)	20			
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21			27,137,981

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Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See page 22 of the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____)	0	0		
23	Specific assistance to individuals (attach schedule)	11,922,010	11,922,010		
24	Benefits paid to or for members (attach schedule)	0	0		
25	Compensation of officers, directors, etc.	0	0	0	0
26	Other salaries and wages	20,357,543	17,619,393	2,011,668	726,482
27	Pension plan contributions	320,903	134,646	146,451	39,806
28	Other employee benefits	2,365,840	2,126,031	184,552	55,257
29	Payroll taxes	1,501,925	1,325,208	123,907	52,810
30	Professional fundraising fees	133,215	300	0	132,915
31	Accounting fees	88,507	8,507	80,000	0
32	Legal fees	344,347	58,133	286,214	0
33	Supplies	1,206,098	1,133,141	66,055	6,902
34	Telephone	453,555	260,247	179,162	14,146
35	Postage and shipping	207,179	120,087	50,123	36,969
36	Occupancy	3,011,036	2,813,673	182,389	14,974
37	Equipment rental and maintenance	606,962	491,719	112,262	2,981
38	Printing and publications	520,016	397,417	25,430	97,169
39	Travel	1,081,638	887,111	112,460	82,067
40	Conferences, conventions, and meetings	110,929	98,148	4,050	8,731
41	Interest	1,381,197	967,391	413,408	398
42	Depreciation, depletion, etc (attach schedule)	1,985,888	1,188,178	785,309	12,401
43	Other expenses not covered above (itemize) a Insur.	1,611,001	1,422,216	170,710	18,075
b	Professional Services	810,356	695,197	112,406	2,753
c	Recruitment and Retention	174,378	144,357	29,434	587
d	Bad Debt Expense	96,127	96,127	0	0
e	Food and Volunteer Expense	1,315,487	1,315,457	0	30
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	51,606,137	45,224,694	5,075,990	1,305,453

Joint Costs. Check if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No

If "Yes," enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to Program services \$ _____, (iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See page 25 of the instructions.)

What is the organization's primary exempt purpose? <input checked="" type="checkbox"/> See Attached Mission Statement	Program Service Expenses (Required for 501(c)(3) and (4) orgs and 4947(a)(1) trusts but optional for others)
a See Attached Schedule (Grants and allocations \$ _____)	10,458,150
b See Attached Schedule (Grants and allocations \$ _____)	15,711,255
c See Attached Schedule (Grants and allocations \$ _____)	18,347,201
d See Attached Schedule (Grants and allocations \$ _____)	708,088
e Other program services (attach schedule) (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	45,224,694

Part IV Balance Sheets (See page 25 of the instructions)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only		(A) Beginning of year		(B) End of year	
Assets	45 Cash—non-interest-bearing	31,320	45	2,892,706	
	46 Savings and temporary cash investments	3,695,177	46	4,240,383	
	47a Accounts receivable	5,616,440			
	b Less: allowance for doubtful accounts	251,387	5,454,206	47c	5,365,053
	48a Pledges receivable			48a	
	b Less: allowance for doubtful accounts			48b	48c
	49 Grants receivable	3,969,982	49	4,038,145	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50		
	51a Other notes and loans receivable (attach schedule)			51a	
	b Less: allowance for doubtful accounts			51b	51c
	52 Inventories for sale or use		52		
	53 Prepaid expenses and deferred charges	930,742	53	535,683	
	54 Investments—securities (attach schedule)	5,299,133	54	6,944,241	
	55a Investments—land, buildings, and equipment: basis	435,131			
	b Less: accumulated depreciation (attach schedule)	0	435,131	55c	435,131
56 Investments—other (attach schedule)		56			
57a Land, buildings, and equipment: basis	9,711,280				
b Less accumulated depreciation (attach schedule)	5,149,421	29,925,590	57c	4,561,859	
58 Other assets (describe ► Construction In Progress)	720,179	58	0		
59 Total assets (add lines 45 through 58) (must equal line 74)	50,461,460	59	29,013,201		
Liabilities	60 Accounts payable and accrued expenses	3,565,409	60	(5,634,924)	
	61 Grants payable		61		
	62 Deferred revenue	761,404	62	1,163,120	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63		
	64a Tax-exempt bond liabilities (attach schedule)	11,165,000	64a	2,905,000	
	b Mortgages and other notes payable (attach schedule)	5,947,512	64b	719,500	
	65 Other liabilities (describe ► Intercom Liab./Life Leases/Deposits)	2,865,117	65	2,722,524	
66 Total liabilities (add lines 60 through 65)	24,304,442	66	1,875,220		
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74				
	67 Unrestricted	17,722,096	67	18,708,419	
	68 Temporarily restricted	2,070,766	68	2,012,415	
	69 Permanently restricted	6,364,156	69	6,417,147	
	Organizations that do not follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 70 through 74				
	70 Capital stock, trust principal, or current funds		70		
	71 Paid-in or capital surplus, or land, building, and equipment fund		71		
	72 Retained earnings, endowment, accumulated income, or other funds		72		
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19, column (B) must equal line 21)	26,157,018	73	27,137,981	
	74 Total liabilities and net assets / fund balances (add lines 66 and 73)	50,461,460	74	29,013,201	

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part VI Other Information (See page 28 of the instructions)		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76	<input checked="" type="checkbox"/>
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77	<input checked="" type="checkbox"/>
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	<input checked="" type="checkbox"/>
b	If "Yes," has it filed a tax return on Form 990-T for this year?	78b	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	<input checked="" type="checkbox"/>
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	<input checked="" type="checkbox"/>
b	If "Yes," enter the name of the organization ▶ Evangelical Lutheran Church & Lutheran Missouri Synod and check whether it is <input checked="" type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81a	Enter direct and indirect political expenditures. See line 81 instructions	81a	None
b	Did the organization file Form 1120-POL for this year?	81b	<input checked="" type="checkbox"/>
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	<input checked="" type="checkbox"/>
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)	82b	
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	<input checked="" type="checkbox"/>
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	<input checked="" type="checkbox"/>
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	<input checked="" type="checkbox"/>
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	
85	<i>501(c)(4), (5), or (6) organizations</i> a Were substantially all dues nondeductible by members?	85a	
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year	85b	
c	Dues, assessments, and similar amounts from members	85c	
d	Section 162(e) lobbying and political expenditures	85d	
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	
86	<i>501(c)(7) orgs</i> Enter a Initiation fees and capital contributions included on line 12	86a	
b	Gross receipts, included on line 12, for public use of club facilities	86b	
87	<i>501(c)(12) orgs.</i> Enter a Gross income from members or shareholders	87a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	<input checked="" type="checkbox"/>
89a	<i>501(c)(3) organizations</i> Enter: Amount of tax imposed on the organization during the year under section 4911 ▶ _____, section 4912 ▶ _____, section 4955 ▶ _____		
b	<i>501(c)(3) and 501(c)(4) orgs.</i> Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	<input checked="" type="checkbox"/>
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ _____		None
d	Enter Amount of tax on line 89c, above, reimbursed by the organization ▶ _____		None
90a	List the states with which a copy of this return is filed ▶ Utah		
b	Number of employees employed in the pay period that includes March 12, 2004 (See instructions)	90b	953
91	The books are in care of ▶ Richard Baland Telephone no ▶ (512) 459-1000 Located at ▶ 8305 Cross Park Drive Austin, TX ZIP + 4 ▶ 78754-5154		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 —Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92		

Part VII Analysis of Income-Producing Activities (See page 33 of the instructions)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a Net Resident Service Revenue					9,879,873
b Children's Services					33,157,777
c Lutheran Judicatory					70,351
d Services for the Elderly					2,162,142
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities			14	357,028	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					303,215
98 Net rental income or (loss) from personal property					
99 Other investment income			15	348,193	
100 Gain or (loss) from sales of assets other than inventory					2,193,127
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a Misc. Income					759,165
b Change in Donor Established Trusts			18	(20,739)	
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))		0		684,482	48,525,650
105 Total (add line 104, columns (B), (D), and (E))					49,210,132

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 34 of the instructions)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
93	These services are our exempt purpose-See Attached Mission Statement
97	These services are our exempt purpose-See Attached Mission Statement
103a	Misc. Revenue associated with small contracts the provide services that are our exempt purpose.
100	Gain on Sale of real estate which housed services that were our exempt purposes.

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 of the instructions)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 of the instructions.)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
 - (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
- Note:** If "Yes" to (b), file Form 8870 and Form 4720 (see instructions)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Date 11/15/05

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

OMB No 1545-0047

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

2004

Department of the Treasury
Internal Revenue Service

Supplementary Information—(See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

Lutheran Social Services of the South, Inc.

Employer identification number

74 : 1109745

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
James Dixon 6213 Ledge Mountain Drive Austin, TX 78731	Database Administrator-40 hr	\$116,382	0	0
Irene Clements 1102 Prairie Ridge Trail Pflugerville, TX 78660	Associate VP for Child and Family Svcs-40 hr	\$101,050	\$12,089	0
Scott Lundy 800 Blue Spring Circle Round Rock TX, 78681	VP for Residential Treatment Prgms-40 hr	\$99,416	\$11,839	0
John Berkely 19905 Kenemer Dr Pflugerville, TX 78660	Associate VP for Senior Services-40 hr	\$91,830	\$11,535	0
Philippa Ashford 12306 May Laurel Houston, TX 77014	Executive Director RTC 40 hr	\$90,091	\$10,646	0
Total number of other employees paid over \$50,000 ▶	31			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms) If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
DM Consulting Group, LLC 5541 Nickolson Lane Suite #304 Rockville, MD 20852	Foreign Adoption Consulting Services	\$482,461
Jackson Walker, LLP Attorneys and Counselors PO Box 130989 Dallas, TX 75313-0989	Legal Services	\$208,589
Sutton Enterprises PO Box 1256 Canyon Lake, TX 78133	Construction and Remodeling Services	\$206,033
Cogdell Construction 2624 Lake Vista Denton, TX 76208	Construction and General Contractors	\$129,575
Curtis Holmes 302 Rippetoe Street Brenham, TX 77833	Construction and Renovation Services	\$120,603
Total number of others receiving over \$50,000 for professional services ▶	8	

Part III Statements About Activities (See page 2 of the instructions.)

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B)		✓
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities		
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property?	✓	
b Lending of money or other extension of credit?		✓
c Furnishing of goods, services, or facilities?		✓
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?		✓
e Transfer of any part of its income or assets?		✓
3a Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.)		✓
b Do you have a section 403(b) annuity plan for your employees?	✓	
4a Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?		✓
b Do you provide credit counseling, debt management, credit repair, or debt negotiation services?		✓

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

The organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5** A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)
- 6** A school Section 170(b)(1)(A)(ii) (Also complete Part V.)
- 7** A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii)
- 8** A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)
- 9** A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ▶ _____
- 10** An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)
- 11a** An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)
- 11b** A community trust. Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)
- 12** An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A)
- 13** An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) (See section 509(a)(3).)

Provide the following information about the supported organizations (See page 5 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14** An organization organized and operated to test for public safety Section 509(a)(4) (See page 5 of the instructions)

Part V Private School Questionnaire (See page 7 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement)		
32 Does the organization maintain the following:		
a Records indicating the racial composition of the student body, faculty, and administrative staff?		
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d Copies of all material used by the organization or on its behalf to solicit contributions?		
If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement.)		
33 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?		
b Admissions policies?		
c Employment of faculty or administrative staff?		
d Scholarships or other financial assistance?		
e Educational policies?		
f Use of facilities?		
g Athletic programs?		
h Other extracurricular activities?		
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement)		
34a Does the organization receive any financial aid or assistance from a governmental agency?		
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement		
35 Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

Check **a** if the organization belongs to an affiliated group Check **b** if you checked "a" and "limited control" provisions apply

Limits on Lobbying Expenditures

(The term "expenditures" means amounts paid or incurred)

		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount Enter the amount from the following table—			
If the amount on line 40 is—			
The lobbying nontaxable amount is—			
Not over \$500,000	20% of the amount on line 40		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	41	
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000	\$1,000,000		
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44		

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below
 See the instructions for lines 45 through 50 on page 11 of the instructions)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of

- a Volunteers
 - b Paid staff or management (Include compensation in expenses reported on lines c through h.)
 - c Media advertisements
 - d Mailings to members, legislators, or the public
 - e Publications, or published or broadcast statements
 - f Grants to other organizations for lobbying purposes
 - g Direct contact with legislators, their staffs, government officials, or a legislative body
 - h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
 - i Total lobbying expenditures (Add lines c through h.)
- If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities

Yes	No	Amount

Gain or (loss) schedule
Line 8c

Lutheran Social Services of the South, Inc.

Notes to Consolidated Financial Statements (continued)

3. Discontinued Operations and Sale of Long-Lived Assets (continued)

Further, the net property, plant, and equipment of the Lubbock, Texas, and New Orleans, Louisiana, facilities have been separately presented under the caption "assets held for sale" in the accompanying consolidated statements of financial position. Because LSSS utilized the proceeds of the sale to refund the associated long-term debt, the long-term debt of the Lubbock, Texas, facility has been separately presented under the caption "debt of assets held for sale" in the accompanying consolidated statements of financial position.

Summarized financial data for the discontinued operations is as follows:

	Years Ended March 31	
	2005	2004
Total revenues	\$ 2,305,980	\$ 6,776,964
Total expenses	(112,853)	(7,302,314)
Gain (loss) on discontinued operations, net	<u>\$ 2,193,127</u>	<u>\$ (525,350)</u>

During fiscal 2005, LSSS sold its skilled nursing facility in New Orleans, Louisiana, for approximately \$3,400,000 (cash of \$2,720,000 and a note of \$680,000), which resulted in a gain of approximately \$2,355,000. LSSS also sold its skilled nursing home facility in Lubbock, Texas, for approximately \$2,000,000, which resulted in a gain of approximately \$96,000. The gain is included in total revenues for 2005 in the table above.

Specific Assistance to Individuals Schedule
Line 23 (B)

Lutheran Social Services of the South, Inc
Assistance to Others Breakdown
FYE 3/31/05

Ministry	Assistance to Others	
Domestic Adoption	\$ 33,110	
Foreign Adoption	891,818	
PRS Adoption	15	
	<u>\$ 924,943</u>	Adoption Services
Post Adoption	\$ 710,639	Post Adoption Services
TFC-TX	9,956,207	
TFC-URM	22,623	
	<u>\$ 9,978,830</u>	Foster Care Services
Neighborhood House	168,844	
Ruth's House	30,187	
	<u>\$ 199,031</u>	Services for the Poor
PAL Program	45,109	
Transitional Living	5,706	
Chaplaincy	30,125	
Health for Friends	1,797	
New Life	8,546	
Bokenkamp	3,913	
Krause	3,516	
Nelson	6,535	
Bethlehem	474	
Lutheran Child and Family Srvcs	2,846	
	<u>\$ 108,567</u>	Disaster Relief Services
Total Assistance to Others		
Line 23 (B) Program Services	<u><u>\$ 11,922,010</u></u>	

Form 990, Page 3, Part IV, Line 54

Investments-Securities Statement

Line 54 - Investments - Securities:	Beginning of Year	End of Year
Mutual Funds	2,912,320	2,768,726
US Government Obligations	844,165	1,449,022
Corporate Bonds	245,936	1,357,734
Corporate Stocks	1,296,712	1,368,759
Total	5,299,133	6,944,241

Form 990, Page 6, Part VIII

Relationship of Activities to the Accomplishment of Exempt Purposes Statement

Line Number ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
	. that are our exempt purpose- See Attached Mission Statement
100	Gain on Sales of Real Estate which were associated with providing services that are our exempt purpose.

Supporting Statement of:

Form 990 p 2/Line 23 column (B)

Description	Amount
Disaster Relief	108,567
Post Adoption	710,639
Adoption	924,943
Foster Care	9,978,830
Assistance to the Poor	199,031

Total 11,922,010

Supporting Statement of:

Form 990 p 2/Program Service Expenses - a

Description	Amount
Skilled Nursing: 20,867 days of service	3,873,496
Assisted/Independent Living: 104,443 days of service	5,724,754
Home Health: 2,253 days of service	65,440
Adult Day Care: 43,992 days of service	794,460

Total 10,458,150

Supporting Statement of:

Form 990 p 2/Program Service Expenses - b

Description	Amount
Adoption: 410 Placements & 17 Unplanned Pregnancies	1,775,334
Post Adoption: 532 Clients served	1,081,247
Children's Residential Treatment: 97,149 days of service	12,854,674

Total 15,711,255

Supporting Statement of:

Form 990 p 2/Program Service Expenses - c

Description	Amount
Foster Care: 348,088 days of service	17,943,994
Emergency Assistance: 6,544 families / Literacy 58 clients	381,075
Texas Money Management: 3 clients served	22,132

Total 18,347,201

Supporting Statement of:

Form 990 p 2/Program Service Expenses - d

Description	Amount
Kluge Road Project:	6,834
Elderly Health Clinics: 1,619 clients served	83,874
Children's Emergency Programs: 200 clients	338,863
Chaplaincy/Disaster Relief 1 chaplain/1 retreat/275 families	278,517
Total	<u>708,088</u>

Supporting Statement of:

Form 990 p 3/Line 49, column (B)

Description	Amount
Interest in Donor Established Trusts:	4,038,145
Total	<u>4,038,145</u>

Supporting Statement of:

Form 990 p 3/Line 64a, column (B)

Description	Amount
Denton County Health Facilities Series 1995	2,905,000
Total	<u>2,905,000</u>

Supporting Statement of:

Form 990 p 3/Line 64b, column (B)

Description	Amount
Notes Payable to Bank of America and other financial institutions with varying maturities from 2005 to 2014 bearing interest from 7% to 9%	719,500
Total	<u>719,500</u>

Lutheran Social Services of the South, Inc.
Supplemental Schedule for Form 990, Part II, Line 42 and Part IV, Line 57b

Description	Depreciation Expense	Accumulated Depreciation
Land		
Construction in Progress		
Building	858,293.00	59,052.72
Building Improvement	465,762.69	122,810.00
Building - Fixed Equipment	80,603.90	5,673.87
Durable Medical Equipment	540.63	711.00
Equipment	516,150.86	4,113,055.57
Building Plant Equipment	3,925.68	49,722.28
Vehicles	101,584.39	798,395.62
Subtotal	2,026,861.15	5,149,421.06
Less: Discontinued Operations	(40,973.15)	0
Total	<u>1,985,888.00</u>	<u>5,149,421.06</u>

Lutheran Social Services of the South, Inc.

Notes to Consolidated Financial Statements (continued)

8. Investments

Assets Whose Use is Limited

The composition of assets whose use is limited under bond indentures is set forth in the following table. Investments are stated at fair value.

	March 31	
	2005	2004
Cash and short-term investments	\$ 3,396,474	\$ 933,869
U.S. government obligations	4,933,353	2,827,404
Corporate bonds	4,160,877	-
Accrued interest	-	26,591
	<u>12,490,704</u>	<u>3,787,864</u>
Less current portion of assets whose use is limited	<u>3,235,000</u>	<u>2,611,529</u>
Assets whose use is limited	<u>\$ 9,255,704</u>	<u>\$ 1,176,335</u>

As discussed in Note 6, the 1995 Revenue Bonds are scheduled to be repaid in fiscal year 2006. A trust in the amount of \$2,986,703 is set up to defease the outstanding bonds payable.

As discussed in Note 6, the 1994 Louisiana Revenue Bonds and the 1994 Washington County Bonds were repaid in fiscal year 2005.

Other Investments

Other investments, including restricted investments, stated at fair value, include:

	March 31	
	2005	2004
Mutual funds	\$ 2,768,726	\$ 2,912,320
U.S. government obligations	1,449,022	844,165
Corporate bonds	1,357,734	245,936
Corporate stocks	1,368,759	1,296,712
	<u>\$ 6,944,241</u>	<u>\$ 5,299,133</u>

Schedule - Tax exempt bond Liabilities
 Line 64a (B)

Lutheran Social Services of the South, Inc.

Notes to Consolidated Financial Statements (continued)

6. Long-Term Debt (continued)

	March 31	
	2005	2004
<p>Louisiana Public Facilities Authority, Revenue Bonds, Series 1994 (Lutheran Social Services of the South, Inc.), (the 1994 Louisiana Revenue Bonds) original issue \$2,730,000. Of this total, \$820,000 are serial bonds due in varying amounts annually beginning August 15, 1995 through August 15, 2004, with interest from 5.2% to 6.7%, payable semiannually. The remaining \$1,910,000 is term bonds due August 15, 2015, with interest of 7.6%, payable semiannually. Beginning in the year 2005, varying amounts are subject to mandatory sinking fund redemption. Outstanding bonds maturing on or after August 15, 2004, are subject to optional redemption on August 15, 2004, or on any interest payment date thereafter at an initial premium of 2%, decreasing 1% annually. Bonds outstanding on or after August 15, 2006, may be redeemed at par.</p>	\$	\$ 2,020,000
<p>Denton County Health Facilities Development Corporation, Revenue Bonds, Series 1995 (Lutheran Social Services of the South, Inc.), (the 1995 Revenue Bonds) original issue \$3,900,000. Of this total, \$1,175,000 are serial bonds due in varying amounts annually beginning August 15, 1997 through August 15, 2005, with interest from 5.80% to 6.60%, payable semiannually. The remaining \$2,725,000 consists of term bonds. The term bonds are in the amount of \$620,000, \$770,000, and \$1,335,000, due August 15, 2008, 2011, and 2015, respectively, with interest of 7.00%, 7.25%, and 7.50%, respectively, payable semiannually. Beginning in the year 2006, varying amounts are subject to mandatory sinking fund redemption. Outstanding bonds maturing on or after August 15, 2008, in whole or in part, are subject to optional redemption on or after August 15, 2005, at an initial premium of 1%. Bonds outstanding on or after August 15, 2006, may be redeemed at par.</p>	2,905,000	3,075,000

LUTHERAN SOCIAL SERVICES OF THE SOUTH, INC.
8305 Cross Park Drive, P. O. Box 140767, Austin, TX 78714 - 512/459-1000

2004 BOARD OF DIRECTORS

Mr. William Benfer
5708 Paint Trail
College Station, TX 77845
Occupation: Retired-Texas Instruments

Mr. Kent Caperton
98 San Jacinto Blvd. Suite 900
Austin, TX 78701
Occupation: Attorney

Mrs. Heather Crowe
15410 Coral Canyon
Tomball, TX 77377
Occupation: Computer Programmer

Mr. Larry Franklin **VICE-CHAIR**
3702 69th St.
Lubbock, TX 79413
Occupation: Thrivent Financial for Lutherans Representative

Mr. James W. Hammond
1943 Running Springs
Kingwood, TX 77339
Occupation: Investments

Rev. Karl Heimer
716 Horncastle
El Paso, TX 79907
Occupation: Pastor/Director

Rev. Dr. Robert R. Hildebrandt
4016 Clifford Dr.
Metairie, LA 70002
Occupation: Pastor

Mr. Greg Hilton
9 Ehrlich Road
Austin, TX 78746
Occupation: Software Designer

Mrs. Taresa Lucas
3900 Diamond Loch E.
Fort Worth, TX 76180
Occupation: School Crisis Counselor

Mrs. Allison Mull **TREASURER**
7917 Citadel Ct.
North Richland Hills, TX 76180
Occupation: TXU Project Manager

Rev Dr. Robert Preece
10334 Cimmaron Trail
Dallas, TX 75243-2529
Occupation: Senior Pastor

Mr. W. J. Rankin **CHAIR**
2501 Heather Glen
Brenham, TX 77833
Occupation: CPA, CFO-Blue Bell Creameries

Mrs. Iri Skinner
4402 St. Anthony Avenue
New Orleans, LA 70122
Occupation: Homemaker

Rev. Leo Symmank **SECRETARY**
6844 Louis XIV
New Orleans, LA 70124
Occupation: Consultant

Dr. Richard L. Weddige
4707 22nd St.
Lubbock, TX 79407-2317
Occupation: Physician/Psychiatrist

Mr. Erroll Williams
4741 General Early Drive
New Orleans, LA 70126
Occupation: Tax Assessor

LUTHERAN SOCIAL SERVICES OF THE SOUTH, INC.
8305 Cross Park Drive, P. O. Box 140767, Austin, TX 78714 - 512/459-1000

2005 BOARD OF DIRECTORS

Mr. William Benfer
5708 Paint Trail
College Station, TX 77845
Occupation: Retired-Texas Instruments

Mr. Kevin Benz
7625 Yaupon
Austin, TX 78759
Occupation: News Director – NEWS 8 Austin

Mr. Larry Franklin **VICE-CHAIR**
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Lubbock, TX 79413
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New Orleans, LA 70126
Occupation: Tax Assessor

Lutheran Social Services of the South, Inc.
Tax Return Information-Key Employees
FYE 3/31/05

Key Employees - Officers and VPs

Name and Address of Employee	Title and average hours worked per week	Compensation	Employee Benefits
Kurt Senske 1601 Shannon Oaks Trail Austin, TX 78746	Chief Executive Officer 40 hours	\$264,619	\$47,701
Samuel Sipes 112 W. Laurel Lane San Marcos, TX 78666	President/Chief Operating Officer 40 hours	\$185,516	\$31,287
David Kahle 13333 Amasia Drive Austin, TX 78729	Sr. VP for Agency Advancement 40 hours	\$149,872	\$27,014
John Loftus (Employed 4/1/05-1/28/05) 4500 Reynosa Drive Austin, TX 78739	VP for Human Resources 40 hours	\$127,675	\$18,957
Betsy Guthrie (Employed 2/7/05-3/31/05) 8054 Exchange Drive Apt 313 Austin, TX 78754	VP of Management and Program Support 40 hours	\$13,846	\$2,077
Keith Eckelkamp 2605 Orsobello Place Cedar Park, TX 78613	Chief Financial Officer 40 hours	\$136,381	\$21,697
JoAnn Brashear 223 Cedar Drive Spicewood, TX 78669	VP for Senior Services 40 hours	\$113,921	\$19,745
David Yarborough 403 Deerfoot Circle Round Rock, TX 78664	Sr. VP for Family Services 40 hours	\$100,077	\$22,526



The Mission:

**Lutheran Social Services of the South
provides help, healing and hope to
children, elderly and the poor
in the name of Jesus Christ.**

Dr. Kurt M. Senske, President and Chief Executive Officer
Lutheran Social Services of the South, Inc.

A Ministry of:

the Evangelical Lutheran Church in America

Northern Texas - Northern Louisiana Synod

Rocky Mountain Synod

Southwestern Texas Synod

Texas - Louisiana Gulf Coast Synod

The Lutheran Church - Missouri Synod

Rocky Mountain District

Southern District

Texas District

Lutheran Social Services of the South, Inc.
 Form 990, Schedule A
 Line 26b Supplemental Schedule

Contributor	Contribution		
	Amount	Limit	Excess
	2,182,708	454,367	1,728,341
	571,500	454,367	117,133
	1,067,500	454,367	613,133
	472,304	454,367	17,937
Totals	4,294,012	1,817,468	2,476,544

Line 26b, Schedule A

Additional Information For Tax Return

Lutheran Social Services of the South, Inc.

74-1109745

Sch. A, 990 p 2: Line 2a, Yes checkbox

In February 2002, LSSS formed Lubbock Lutheran Retirement Corporation (LLRC), a tax exempt corporation of which LSSS is the sole member. LLRC issued tax-exempt debt, the proceeds of which were used to acquire real estate in Lubbock, Texas for an assisted living facility. LSSS leases said real estate from LLRC.