

April 18, 2019

Members of the Board of Directors
The Southeastern Synod of the Evangelical Lutheran Church in America, Inc.
Atlanta, Georgia

Members of the Board of Directors:

We have audited the consolidated financial statements of The Southeastern Synod of the Evangelical Lutheran Church in America, Inc. and Affiliate (the "Organization") for the year ended January 31, 2019 and have issued our report thereon dated as of the date of this letter.

Our professional standards require that we communicate with you concerning certain matters that may be of interest to you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Organization is responsible. We have prepared the following comments to assist you in fulfilling that obligation.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As communicated in our engagement letter dated January 21, 2019 our responsibility, as described by professional standards, is to form and express an opinion about whether the consolidated financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Our audit of the consolidated financial statements does not relieve you or management of your respective responsibilities.

Our responsibility under auditing standards generally accepted in the United States of America ("GAAS") require, among other things, that we obtain an understanding of the Organization's internal controls to enable us to properly plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. We noted no matters involving the Organization's internal control and its operations that we consider to be a material weakness.

Planned Scope and Timing of the Audit

Discussions were held with the Organization's management regarding the planned scope and timing of the audit, the intention of which was to assist those charged with governance in understanding better the consequences of our audit work on your oversight responsibilities along with assisting us in understanding better the Organization and its environment. The focus of this discussion included how the risks of material misstatement, whether due to error or fraud, would be addressed and on factors, rather than specific thresholds or amounts, that would impact materiality used in our planning and execution of the audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the financial statements. During 2019, the Organization adopted Accounting Standards Update (“ASU”) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. This guidance is intended to improve the net asset classification requirements and the information presented in the consolidated financial statements and notes about a nonprofit’s liquidity and availability of resources, expenses and investment returns, and cash flows. Main provisions of this guidance include: (a) presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose a summary of the allocation methods used to allocate costs, (d) presenting investment return net of external and direct internal investment expenses, and (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources.

We did not note any transactions entered into by the Organization that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based upon management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments. Significant accounting estimates reflected in the Organization’s consolidated financial statements include:

- Allowance for doubtful accounts
- Functional allocation of expenses
- Fair value of investments
- Depreciation and amortization

The basis for our conclusions as to the reasonableness of these estimates when considered in the context of the consolidated financial statements taken as a whole, as expressed in our independent auditors’ report, is either our development of an independent expectation of the estimates to corroborate management’s estimates or our review and tests of the process used by management to develop the estimates.

Audit Adjustments

Our audit was designed to obtain reasonable, rather than absolute, assurance about whether the consolidated financial statements are free from material misstatements, whether by error or fraud. In addition, we are obligated by GAAS to inform you of any adjustments arising from the audit that could, in our judgment, either individually or the aggregate, have a significant effect on the Organization's financial reporting process. There were adjustments recorded during our audit that resulted in a net decrease in net assets of approximately \$16,100 due to timing differences between 2019 and 2018.

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted that there were no uncorrected misstatements discussed with management of the Organization that would have resulted in a change in the total net assets of the Organization.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of this letter.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the independent auditors' report. We have had no such disagreements during the course of our audit.

Consultation with Other Accountants

We are not aware of any consultation that management may have had with other accountants about auditing and accounting matters during fiscal year 2019, other than matters already previously discussed with the audit committee during the planning for the audit.

Issues Discussed Prior to Selection of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to selection of the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our selection.

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Difficulties Encountered in Performing the Audit

In our judgment, we received the full cooperation of the Organization's management and their staff and had unrestricted access to the Organization's management in the performance of our audit.

Management Advisory Services

The Organization did not engage us to perform any management advisory services during fiscal year 2019.

This report is intended solely for the information and use of the Board of Directors of the Organization, management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

We will be pleased to discuss this report with you further at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Smith & Howard".

Smith & Howard