

**SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT
JANUARY 31, 2017**

tcf **thurman,
comes,
foley
& co., llp**
certified public accountants
and consultants

**SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

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INDEPENDENT AUDITORS' REPORT

Synod Council and Executive Committee
South Dakota Synod Evangelical Lutheran Church in America
Sioux Falls, South Dakota

We have audited the accompanying financial statements of the **SOUTH DAKOTA SYNOD, EVANGELICAL LUTHERAN CHURCH IN AMERICA** (a South Dakota nonprofit organization) which comprise the statement of financial position – modified cash basis as of January 31, 2017 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended – modified cash basis, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis as described in Note 1; this includes determining that the modified cash basis accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of American. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Dakota Synod, Evangelical Lutheran Church in America as of January 31, 2017, and the related statements of activities and changes in its net assets, function expenses and cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Norte 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Thurman Comes Foley & Co LLP

Sioux Falls, South Dakota

May 10, 2017

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS
JANUARY 31, 2017

	<u>General</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents				
Interest bearing	\$ 952,376	\$ -	\$ 721,555	\$ 1,673,931
ELCA investment certificates	292,169	-	-	292,169
Equity securities	-	-	4,228,913	4,228,913
Debt securities	-	-	1,043,867	1,043,867
Cash surrender value annuity	-	-	69,754	69,754
Accrued income	736	-	-	736
Property and equipment				
Building and improvements	-	1,394,522	-	1,394,522
Furniture and equipment	-	258,378	-	258,378
Less-accumulated depreciation	-	(802,478)	-	(802,478)
Real estate	-	-	1,754,608	1,754,608
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,245,281</u>	<u>\$ 850,422</u>	<u>\$ 7,818,697</u>	<u>\$ 9,914,400</u>
LIABILITIES AND NET ASSETS				
Notes payable	\$ -	\$ 28,962	\$ -	\$ 28,962
Accrued liabilities	105	-	-	105
Deferred Income	45,391	-	-	45,391
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	45,496	28,962	-	74,458
Net assets				
Unrestricted				
Undesignated	160,933	-	-	160,933
Board designated	140,356	-	-	140,356
Temporarily restricted	898,496	-	-	898,496
Property and equipment	-	821,460	-	821,460
Permanently restricted				
Quasi-endowment	-	-	31,346	31,346
Restricted-endowment	-	-	7,787,351	7,787,351
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	<u>1,199,785</u>	<u>821,460</u>	<u>7,818,697</u>	<u>9,839,942</u>
Total liabilities and net assets	<u>\$ 1,245,281</u>	<u>\$ 850,422</u>	<u>\$ 7,818,697</u>	<u>\$ 9,914,400</u>

See accompanying notes.

SOUTH DAKOTA SYNOD

EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS

FOR THE YEAR ENDED JANUARY 31, 2017

	<u>Annual Budget</u>	<u>Unrestricted</u>
Revenues, Gifts and Other Support		
Contributions		
Congregational Benevolence	\$ 1,745,878	\$ 1,732,076
Designated Gifts	-	-
Restricted Gifts	-	-
Investment Income	7,500	7,867
Net Realized Loss in Assets	-	-
Net Unrealized Gain in Assets	-	-
SD Synod Mission Support	49,205	46,899
SDS Travel LLC Income	10,554	9,211
SDS Transportation	25,000	16,662
Pine Ridge Ministry	88,441	25,580
DEM Support Staff	11,000	11,000
Other	503	160
Total Revenues, Gifts and Other Support	<u>1,938,081</u>	<u>1,849,455</u>
Functional Expenses		
Synod Administration	548,953	554,038
Synod Programs	17,700	13,931
Synod Supported Ministries	267,554	264,880
Synod Sustained Ministries	135,137	133,960
Outreach Ministries	19,500	19,163
Region III	15,850	15,850
ELCA Ministries	785,645	779,434
Native American Ministries	116,411	64,456
Synod Youth Ministry	14,811	14,311
Campanion Synod Coordinator	11,276	13,360
Contingency	5,244	-
Depreciation:		
Furniture and Equipment	-	-
Building	-	-
Investment Expense	-	-
Other Distributions	-	-
Loss on Disposal	-	5,897
Total Functional Expenses	<u>1,938,081</u>	<u>1,879,280</u>
Net Increase (Decrease) in Net Assets	-	(29,825)
Transfers		(48)
Net Assets, Beginning of Year		190,806
Net Assets, End of Year		<u>\$ 160,933</u>

See accompanying notes.

<u>Board Designated and Restricted</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 1,732,076
119,057	-	-	119,057
2,116,172	-	1,140,351	3,256,523
-	-	177,288	185,155
-	-	(3,649)	(3,649)
-	-	631,269	631,269
-	-	-	46,899
-	-	-	9,211
-	-	-	16,662
-	-	-	25,580
-	-	-	11,000
-	-	-	160
<u>2,235,229</u>	<u>-</u>	<u>1,945,259</u>	<u>6,029,943</u>
-	-	-	554,038
-	-	-	13,931
-	-	-	264,880
-	-	-	133,960
-	-	-	19,163
-	-	-	15,850
-	-	-	779,434
-	-	-	64,456
-	-	-	14,311
-	-	-	13,360
-	-	-	-
-	21,891	-	21,891
-	34,353	-	34,353
-	-	8,974	8,974
1,909,867	-	227,584	2,137,451
-	-	-	5,897
<u>1,909,867</u>	<u>56,244</u>	<u>236,558</u>	<u>4,081,949</u>
325,362	(56,244)	1,708,701	1,947,994
(21,034)	21,082	-	-
734,524	856,622	6,109,996	7,891,948
<u>\$ 1,038,852</u>	<u>\$ 821,460</u>	<u>\$ 7,818,697</u>	<u>\$ 9,839,942</u>

See accompanying notes.

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2017

	<u>Annual Budget</u>	<u>Unrestricted</u>
Synod Administration		
Bishop Salary	\$ 46,684	\$ 46,684
Bishop Housing	61,404	61,404
Bishop Pension	38,759	38,661
Associate/Director Evangelical Mission Salary	12,373	12,373
Associate Mobility/Candidacy Salary	80,665	80,665
Associate Mobility/Candidacy Social Security	6,171	5,978
Associate Mobility/Candidacy Pension	23,240	23,106
Exec Staff Continuing Education	3,800	3,800
Exec Staff Travel	15,000	17,392
SDS Transportation Travel	46,000	58,209
Contra-Auto Loans	(10,447)	(10,443)
Exec Staff Professional Expenses	5,000	4,974
Staff Salaries	113,125	110,164
Staff Pensions	35,373	34,102
Staff Continuing Education	720	159
Employer Social Security	8,654	7,888
Utilities, Cleaning, Etc. Reimbursed to Augustana	26,040	26,040
Supplies	12,000	14,066
Printing	1,000	1,174
Postage	4,000	3,399
Telephone	7,000	5,430
Equipment Maintenance/Rent	5,665	2,540
Insurance	16,995	17,822
Auditing	7,900	7,925
Synod Council Travel	2,500	2,433
Synod Council Hospitality	3,000	1,761
Lutherans Outdoors Offset	(23,668)	(23,668)
Total Synod Administration	\$ 548,953	\$ 554,038
Synod Programs		
Resource Center	\$ 250	\$ 106
Support to Ministries Travel	1,500	702
Support to Ministries Hospitality	1,000	371
Support to Ministries Program	1,000	10
Candidacy Travel	1,500	1,554
Candidacy Hospitality	1,500	2,399
Candidacy Programs	2,500	442
Electronic Communications	1,500	1,813

See accompanying notes.

<u>Board Designated and Restricted</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 46,684
-	-	-	61,404
-	-	-	38,661
-	-	-	12,373
-	-	-	80,665
-	-	-	5,978
-	-	-	23,106
-	-	-	3,800
-	-	-	17,392
-	-	-	58,209
-	-	-	(10,443)
-	-	-	4,974
-	-	-	110,164
-	-	-	34,102
-	-	-	159
-	-	-	7,888
-	-	-	26,040
-	-	-	14,066
-	-	-	1,174
-	-	-	3,399
-	-	-	5,430
-	-	-	2,540
-	-	-	17,822
-	-	-	7,925
-	-	-	2,433
-	-	-	1,761
-	-	-	(23,668)
\$ -	\$ -	\$ -	\$ 554,038
\$ -	\$ -	\$ -	\$ 106
-	-	-	702
-	-	-	371
-	-	-	10
-	-	-	1,554
-	-	-	2,399
-	-	-	442
-	-	-	1,813

See accompanying notes.

SOUTH DAKOTA SYNOD

EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JANUARY 31, 2017

	<u>Annual Budget</u>	<u>Unrestricted</u>
Synod Programs (Continued)		
Evangelical Outreach	1,500	1,500
Companion Synods Ministry	500	84
Stewardship Projects	1,000	1,000
Continuing Education Projects	250	250
Multi-Cultural Ministry Committee	1,700	1,700
Mission Table Strategy	2,000	2,000
Total Synod Programs	<u>\$ 17,700</u>	<u>\$ 13,931</u>
Synod Supported Ministries		
SD Ministries Support	\$ 22,142	\$ 21,105
Luther Seminary	70,547	69,914
Church Colleges	6,103	6,048
Lutheran Social Services	70,547	69,914
Lutherans Outdoors	35,184	34,868
Assn Christian Churches	1	1
Good Samaritan Society	1	1
Chapel in the Hills	1	1
Lutheran Planned Giving	63,028	63,028
Total Synod Supported Ministries	<u>\$ 267,554</u>	<u>\$ 264,880</u>
Synod Sustained Ministries		
Campus Ministry	\$ 124,399	\$ 123,283
Heartland Ephphatha	6,103	6,042
Lutheran Youth Organization	3,605	3,605
Campus Capital	1,030	1,030
Total Synod Sustained Ministries	<u>\$ 135,137</u>	<u>\$ 133,960</u>
Outreach Ministries		
Mission Congregation Startup	\$ 4,000	\$ 4,000
Companion Synod	500	537
Multicultural Center	15,000	14,626
Total Outreach Ministries	<u>\$ 19,500</u>	<u>\$ 19,163</u>
Region III	\$ 15,850	\$ 15,850
ELCA Ministries	\$ 785,645	\$ 779,434

See accompanying notes.

<u>Board Designated and Restricted</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Total</u>
-	-	-	1,500
-	-	-	84
-	-	-	1,000
-	-	-	250
-	-	-	1,700
-	-	-	2,000
<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ 13,931
\$ -	\$ -	\$ -	\$ 21,105
-	-	-	69,914
-	-	-	6,048
-	-	-	69,914
-	-	-	34,868
-	-	-	1
-	-	-	1
-	-	-	1
-	-	-	63,028
<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ 264,880
\$ -	\$ -	\$ -	\$ 123,283
-	-	-	6,042
-	-	-	3,605
-	-	-	1,030
<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ 133,960
\$ -	\$ -	\$ -	\$ 4,000
-	-	-	537
-	-	-	14,626
<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ 19,163
\$ -	\$ -	\$ -	\$ 15,850
\$ -	\$ -	\$ -	\$ 779,434

See accompanying notes.

SOUTH DAKOTA SYNOD

EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JANUARY 31, 2017

	Annual Budget	Unrestricted
Native American Ministries		
Salary	\$ 36,050	\$ 36,050
Housing	6,180	6,180
Pension	18,259	18,195
Employer Social Security	3,231	3,231
Travel	6,060	-
Continuing Education	800	800
Assistant Salary	30,000	-
Assistant Pension	10,086	-
Assistant Employer Social Security	2,295	-
Assistant Travel	3,000	-
Assistant Continuing Education	450	-
Total Native American Ministries	<u>\$ 116,411</u>	<u>\$ 64,456</u>
Synod Youth Ministry Coordinator		
Salary	\$ 13,015	\$ 13,015
Employer Social Security	996	996
Travel	500	-
Continuing Education	300	300
Total Synod Youth Ministry Coordinator	<u>\$ 14,811</u>	<u>\$ 14,311</u>
Companion Synod Coordinator		
Salary	\$ 9,313	\$ 9,313
Employer Social Security	713	713
Travel	1,250	3,334
Total Companion Synod Coordinator	<u>\$ 11,276</u>	<u>\$ 13,360</u>
Contingency	\$ 5,244	\$ -
Depreciation:		
Furniture and Equipment	\$ -	\$ -
Building	-	-
Total Depreciation	<u>\$ -</u>	<u>\$ -</u>
Investments Expense	\$ -	\$ -
Other Distributions	\$ -	\$ -
Loss on Disposal	\$ -	\$ 5,897
 Total Functional Expenses	 <u><u>\$ 1,938,081</u></u>	 <u><u>\$ 1,879,280</u></u>

See accompanying notes.

<u>Board Designated and Restricted</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 36,050
-	-	-	6,180
-	-	-	18,195
-	-	-	3,231
-	-	-	-
-	-	-	800
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,456</u>
\$ -	\$ -	\$ -	\$ 13,015
-	-	-	996
-	-	-	-
-	-	-	300
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,311</u>
\$ -	\$ -	\$ -	\$ 9,313
-	-	-	713
-	-	-	3,334
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,360</u>
\$ -	\$ -	\$ -	\$ -
\$ -	\$ 21,891	\$ -	\$ 21,891
-	34,353	-	34,353
<u>\$ -</u>	<u>\$ 56,244</u>	<u>\$ -</u>	<u>\$ 56,244</u>
\$ -	\$ -	\$ 8,974	\$ 8,974
\$ 1,909,867	\$ -	\$ 227,584	\$ 2,137,451
\$ -	\$ -	\$ -	\$ 5,897
<u><u>\$ 1,909,867</u></u>	<u><u>\$ 56,244</u></u>	<u><u>\$ 236,558</u></u>	<u><u>\$ 4,081,949</u></u>

See accompanying notes.

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF CASH FLOWS

JANUARY 31, 2017

	<u>General</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Totals</u>
Cash Flows from Operating Activities				
Change in net assets	\$ 295,537	\$ (56,244)	\$ 1,708,701	\$ 1,947,994
Adjustments to reconcile to net cash used by operating activities:				
Depreciation	-	56,244	-	56,244
Net realized gain	-	-	3,649	3,649
Unrealized loss	-	-	(631,269)	(631,269)
Earnings reinvested	(1,340)	-	(177,288)	(178,628)
Noncash Contributions	299	-	(69,753)	(69,454)
Loss on Disposition	5,897	-	-	5,897
Changes in operating assets and liabilities:				
Accrued income	36	-	-	36
Accounts receivable	246	-	-	246
Accrued liabilities	4	-	-	4
Other	(33,778)	33,778	-	-
Deferred Income	(4,786)	-	-	(4,786)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash provided by operating activities	262,115	33,778	834,040	1,129,933
Cash Flows from Investment Activities				
Property and equipment purchases	-	(23,333)	-	(23,333)
Investment purchases	-	-	(672,156)	(672,156)
Investment sales and maturities	-	-	260,565	260,565
Sales proceeds	6,500	-	-	6,500
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash provided (used) by investment activities	6,500	(23,333)	(411,591)	(428,424)
Cash Flows from Financing Activities				
Payments on long term borrowings	-	(10,445)	-	(10,445)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash used by financing activities	-	(10,445)	-	(10,445)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in cash	268,615	-	422,449	691,064
Cash, Beginning of year	<hr/> 683,761	<hr/> -	<hr/> 299,106	<hr/> 982,867
Cash, End of year	<hr/> \$ 952,376	<hr/> \$ -	<hr/> \$ 721,555	<hr/> \$ 1,673,931

See accompanying notes.

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Date of Management's review

Management has evaluated subsequent events through April 27, 2017, the date which the financial statements were available to be issued.

b. Nature of Activities

The South Dakota Synod – ELCA was organized for the purpose of providing oversight and support to the Evangelical Lutheran Church congregations and organizations in South Dakota. The Synod is a member of the Evangelical Lutheran Church in America and is supported primarily through donations from member congregations and individual donors.

c. Basis of Accounting

The accounts of the Synod are maintained on the modified cash basis of accounting. Under that basis, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recorded as they are paid rather than as the benefits are recognized. That basis differs from generally accepted accounting principles primarily because the Synod has not recognized unconditional promises to give from members as pledges receivable in the accompanying financial statements.

d. Method of Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the organization, the accounts of the organization are grouped into asset groups. Resources are classified according to their nature and purposes. Separate accounts are maintained for each asset, however, in the accompanying financial statements, those having similar characteristics have been combined.

The assets, liabilities, and net assets of the organization are reported in four self-balancing asset groups as follows:

General, which includes unrestricted and restricted resources, represents the portion of expendable assets that are available for support of operations. Restricted resources are further classified as follows:

Board designated – resources which have been set aside from the general fund for a specific purpose designated by the board. Designations can be changed by the board as need arises.

Donor restricted – contributions to the Synod for which the donor has specified the purpose for which the assets are to be used.

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Method of Accounting (Continued)

Property and equipment, which represents resources restricted for plant acquisitions.

Endowment, which represents assets that are subject to restrictions of gift instruments or that have been designated by the Synod Council. The individual endowment accounts are as follows:

Restricted-endowment account - contributions to the Synod for which the donor has limited distributions to the income from the principal and has specified the purpose for which the income is to be used.

Term-endowment account - contributions to the Synod for which the donor has allowed distributions to be made from both the income and the principal and has specified the purpose for which the assets are to be used.

Quasi-endowment account - contributions to the Synod for which the donor has not specified a particular purpose and which have been designated by the Synod Council, either on a specific action or by standing resolution, to be placed in the Endowment.

Account balances will be independently maintained for accounting purposes. However, assets of the accounts may be pooled for investment purposes.

e. Property and Equipment

All fixed assets are recorded at cost with the exception of contributed fixed assets, which are recorded at fair value.

It is the policy of the Synod to provide depreciation based on the estimated useful life of the individual items. Depreciation methods and estimated useful lives are as follows:

	<u>Method</u>	<u>Estimated Useful Lives</u>
Building and improvements	Straight-line	40 years
Furniture and equipment	Straight-line	5-10 years

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles-modified cash basis requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

g. Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Synod considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

h. Concentration of Credit Risk

The Synod maintains its cash balances at several financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time, the Synod maintains cash balances in excess of this limit.

i. Income Taxes

The Synod is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Synod has evaluated the compliance rules of this Code Section and has determined that they continue to maintain this favorable tax position.

2. INVESTMENT SECURITIES - ENDOWMENT

Investments in marketable securities with readily determinable fair values and all investments in debt and equity securities are valued at their fair market values in the statement of financial position. These Unrealized gains and losses are included in the change in net assets.

	<u>Cost*</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Market Value**</u>
Equity securities	\$ 4,140,243	\$ 88,670	\$ 4,228,913
Debt securities	\$ 1,054,245	\$ (10,378)	\$ 1,043,867

*The above cost amounts include reinvested earnings.

**Fair Market Value was based on Level 1 inputs, quoted prices in active markets for identical assets.

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS

3. BUILDING

Effective March 1, 2012, the Synod and Augustana University entered into a building ownership and an occupancy agreement. As a condition of ownership, the agreement stipulates that Augustana agrees to make a payment of \$200,000 to the Synod to be used by the Synod to pay off remaining debt associated with the facility. An additional payment will be made from Augustana if the Synod vacates the building prior to 2034. The occupancy agreement requires the Synod to pay a monthly occupancy fee of \$2,170. The Synod may vacate the premises in their sole discretion.

4. PENSION PLAN

The Synod participates in the pension plan sponsored by the Evangelical Lutheran Church in America which covers religious and lay personnel. Total pension plan expense was \$52,735.

5. PERMANENTLY RESTRICTED NET ASSETS

The permanently restricted net assets are comprised of the following:

Quasi-Endowment	\$ 31,346
Restricted-Endowment	<u>7,787,351</u>
	<u>\$ 7,818,697</u>

6. FINANCING ARRANGEMENTSLine of Credit

The Synod has entered into a revolving line of credit agreement with First Premier Bank that allows the Synod to borrow up to \$500,000. No funds were borrowed on the line.

Notes Payable

Note payable to Home Federal Bank, due in 60 monthly installments of \$499, including interest at 3.59%, secured by a vehicle	\$ 6,819
Note payable to BMO-Harris Bank, due in 72 monthly installments of \$619, including interest at 2.99%, secured by a vehicle	<u>22,143</u>
Total Notes Payable	<u>\$ 28,962</u>

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS

6. FINANCING ARRANGEMENTS (CONTINUED)

Principal payment requirements to be made in subsequent years are summarized as follows:

year ending January 31, 2018	\$ 12,688
2019	8,061
2020	7,282
2021	<u>931</u>
	<u>\$ 28,962</u>



thurman,
comes,
foley
& co., llp

certified public accountants
and consultants

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Synod Council and
Executive Committee
South Dakota Synod
Evangelical Lutheran Church in America
Sioux Falls, South Dakota

Our report on our audit of the basic financial statements of the **SOUTH DAKOTA SYNOD, EVANGELICAL LUTHERAN CHURCH IN AMERICA** as of January 31, 2017, appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included on pages 14, 15 and 16 are presented for purposes of additional information analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Thurman Comes Foley & Co LLP

Sioux Falls, South Dakota

May 10, 2017

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF CHANGES IN BOARD DESIGNATED ASSETS
JANUARY 31, 2017

	<u>Balance</u> <u>1/31/2016</u>	<u>Gifts</u> <u>Received</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Balance</u> <u>1/31/2017</u>
Board Designated					
Occupancy Upkeep & Repairs	\$ 16,385	\$ -	\$ -	\$ -	\$ 16,385
Office Equipment	5,812	420	420	-	5,812
Bishop Election/Transition	55,004	25,000	-	-	80,004
Stewardship Projects	20,315	368	7,549	-	13,134
Continuing Education	10,110	11,662	11,870	-	9,902
Fall Theological Conference	-	14,109	12,140	-	1,969
Youth Certification School	2,870	-	1,000	-	1,870
First Call Retreat Program	400	-	-	-	400
Stewardship The Call	750	-	-	-	750
LYO Synod Gathering	360	-	-	-	360
Synod Assembly Fund	9,206	67,153	65,885	(1,034)	9,440
Companion Synod Promotions	302	-	302	-	-
Multi-Cultural Ministry	2,477	345	2,492	-	330
Total Board Designated	<u>\$ 123,991</u>	<u>\$ 119,057</u>	<u>\$ 101,658</u>	<u>\$ (1,034)</u>	<u>\$ 140,356</u>

SOUTH DAKOTA SYNOD

EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF CHANGES IN DONOR RESTRICTED ASSETS

JANUARY 31, 2017

	<u>Balance</u> <u>1/31/2016</u>	<u>Gifts</u> <u>Received</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Balance</u> <u>1/31/2017</u>
Donor Restricted					
Pine Ridge/Lutheran Lakota Ministry	\$ 27,264	\$ 70,289	\$ 41,633	\$ -	55,920
Heartland Ephphatha	4,091	36,610	35,535	-	5,166
Lutheran Youth Organization	8,183	5,505	3,013	-	10,675
Campus Min Capital Reserves	2,020	1,030	-	-	3,050
Woyatan Multicultural	15,584	8,552	1,446	-	22,690
SDS Transportation	-	6,840	2,306	-	4,534
Answer The Call	64,462	371	45,383	-	19,450
African Ministry	14,191	10,218	13,573	-	10,836
Answer The Call - WELCA	-	2,402	2,402	-	-
KA Yela Dyate	825	-	825	-	-
Westside Lutheran SF	-	9,792	9,792	-	-
Table of Grace	18,309	106,223	99,941	-	24,591
Ethiopian Community	468	-	468	-	-
Intentional Christ	19,992	1,000	8,000	-	12,992
Marty's Mug	15,172	500	15,523	-	149
SD Pastor Conference	10,057	9,971	7,314	-	12,714
SD Ministries Support	9,637	21,105	23,000	-	7,742
New Mission Start (SF)	763	-	763	-	-
SD Hunger Relief	4,051	1,220	2,200	-	3,071
Pastors' Sem Indebtedness	10,115	219,880	214,496	-	15,499
Seminary Student Fund	28,470	44,709	56,411	-	16,768
SD Mission Partners/Mission Booster	24,695	46,313	51,662	-	19,346
SD Disaster Relief	-	-	-	-	-
C Engen Seminary Scholarship	56	72,369	61,069	-	11,356
Synod Assembly Offering	-	10,200	10,200	-	-
Endowment Distributions	34,965	41,327	52,464	(20,000)	3,828
Monthly Pass-Through	458	99,011	99,094	-	375
New Hope Salary	3,409	-	3,409	-	-
BOP 1% Wellness Reward	20,146	-	11,606	-	8,540
Latino Emerging Ministry	23,953	70,861	94,813	-	1
Faith Family Style	10,498	-	223	-	10,275
SF Area Ministry Strategy	-	52,385	41,507	-	10,878

SOUTH DAKOTA SYNOD

EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF CHANGES IN DONOR RESTRICTED ASSETS

JANUARY 31, 2017

	Balance <u>1/31/16</u>	Gifts <u>Received</u>	<u>Expenditures</u>	<u>Transfers</u>	Balance <u>1/31/2017</u>
Donor Restricted (Continued)					
Faith Builders	12,340	49,822	49,725	-	12,437
Book Of Faith Initiative	741	-	-	-	741
Peace Fund	12,663	4,082	1,200	-	15,545
Bishops Discretionary Fund	10,280	6,523	3,173	-	13,630
Exec Staff Cont Education	7,589	3,182	34	-	10,737
Cameroon Projects	14,439	21,282	31,839	-	3,882
Nicaragua Projects	23,831	83,330	101,523	-	5,638
Comp Synods-Traveling To	307	4,624	4,884	-	47
Comp Synods-Traveling From	2,144	-	2,022	-	122
Train Up A Child	3,130	7,497	10,500	-	127
Cameroon Roofs 6 by 7	7,171	7,067	14,000	-	238
Nicaragua Missionary IFLE	2,874	7,571	6,529	-	3,916
Listen, God is Calling					
Donations	376,470	972,874	-	-	1,349,344
Expenses	(235,280)	(365)	133,610	-	(369,255)
Allocation of Cash Gifts	-	-	-	(681,000)	(681,000)
Lifelong Academy	-	-	13,099	31,000	17,901
Rostered Leader Recruitment	-	-	-	63,000	63,000
Seminary Debt Reduction	-	-	63,000	63,000	-
Endowment - Support Initiative	-	-	315,000	315,000	-
Woyatan Capital Improvement	-	-	40,000	110,000	70,000
New & Renewing Congregations	-	-	8,000	32,000	24,000
Support ELCA Appeal	-	-	-	45,000	45,000
Support Luther Seminary	-	-	-	22,000	22,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Donor Restricted	<u>\$ 610,533</u>	<u>\$2,116,172</u>	<u>\$ 1,808,209</u>	<u>\$ (20,000)</u>	<u>\$ 898,496</u>
Total Board Designated and Donor Restricted	<u>\$ 734,524</u>	<u>\$2,235,229</u>	<u>\$ 1,909,867</u>	<u>\$ (21,034)</u>	<u>\$ 1,038,852</u>