

**SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT
JANUARY 31, 2013**

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 statement of financial position – modified cash basis of the **SOUTH DAKOTA SYNOD, EVANGELICAL LUTHERAN CHURCH IN AMERICA** (a South Dakota nonprofit organization) as of January 31, 2013 and the related statements of activities and changes in net assets – modified cash basis, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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, 2013, and the changes in its net assets and its cash flows for the year then ended, on the basis of accounting described in Note 1.

Thurman Comes Foley & Co LLP

Sioux Falls, South Dakota

May 1, 2013

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS
JANUARY 31, 2013

	<u>General</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents				
Non Interest bearing	\$ -	\$ -	\$ 98,626	\$ 98,626
Interest bearing	386,611	-	114,949	501,560
ELCA investment certificates	286,804	-	100,000	386,804
Equity securities	-	-	1,725,517	1,725,517
Debt securities	-	-	796,364	796,364
Cash surrender value insurance	-	-	211,238	211,238
Accrued income	757	-	-	757
Property and equipment				
Building and improvements	-	1,394,522	-	1,394,522
Furniture and equipment	-	203,596	-	203,596
Less-accumulated depreciation	-	(615,676)	-	(615,676)
Interfund balances	<u>(61,256)</u>	<u>-</u>	<u>61,256</u>	<u>-</u>
 Total assets	 <u>\$ 612,916</u>	 <u>\$ 982,442</u>	 <u>\$ 3,107,950</u>	 <u>\$ 4,703,308</u>
LIABILITIES AND NET ASSETS				
Note payable	\$ -	\$ 34,534	\$ -	\$ 34,534
Accrued liabilities	1,212	-	-	1,212
Deferred Income	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
 Total liabilities	 6,212	 34,534	 -	 40,746
Net assets				
Unrestricted				
Undesignated	109,746	-	-	109,746
Board designated	147,460	-	-	147,460
Temporarily restricted	349,498	-	-	349,498
Property and equipment	-	947,908	-	947,908
Permanently restricted				
Quasi-endowment	-	-	156,196	156,196
Restricted-endowment	<u>-</u>	<u>-</u>	<u>2,951,754</u>	<u>2,951,754</u>
 Total net assets	 <u>606,704</u>	 <u>947,908</u>	 <u>3,107,950</u>	 <u>4,662,562</u>
 Total liabilities and net assets	 <u>\$ 612,916</u>	 <u>\$ 982,442</u>	 <u>\$ 3,107,950</u>	 <u>\$ 4,703,308</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, 2013

	Annual Budget	Unrestricted
Revenues, Gifts and Other Support		
Contributions		
Congregational Benevolence	\$ 1,642,953	\$ 1,563,643
Designated Gifts	-	-
Restricted Gifts	-	-
Investment Income	13,500	8,102
Net Realized Gain on Investment Dispositions	-	-
Net Unrealized Loss in Securities	-	-
SD Synod Mission Support	40,550	84,878
SDS Travel LLC Income	5,000	46,880
SDS Transportation	25,000	23,444
Pine Ridge Ministry	45,001	45,001
Woyatan	12,000	12,000
DEM Support Staff	15,000	15,000
Other	-	11,302
Total Revenues, Gifts and Other Support	1,799,004	1,810,250
Functional Expenses		
Synod Administration	515,944	514,612
Synod Programs	40,686	33,522
Synod Supported Ministries	239,502	255,486
Synod Sustained Ministries	127,026	124,601
Outreach Ministries	20,000	17,632
Region III	15,790	15,790
ELCA Ministries	731,114	695,821
Native American Ministries	72,644	70,907
Synod Youth Ministry	13,249	12,672
Companion Synod Coordinator	10,158	9,338
Contingency	12,891	-
Depreciation:		
Furniture and Equipment	-	-
Building	-	-
Investment Expense	-	-
Other Distributions	-	-
Loss on Disposal	-	8,281
Total Functional Expenses	1,799,004	1,758,662
Net Increase (Decrease) in Net Assets	-	51,588
Transfers		(42,013)
Net Assets, Beginning of Year		100,171
Net Assets, End of Year		\$ 109,746

See accompanying notes.

<u>Board Designated and Restricted</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 1,563,643
304,998	-	-	304,998
968,488	-	347,810	1,316,298
-	-	69,598	77,700
-	-	337,317	337,317
-	-	(119,947)	(119,947)
-	-	-	84,878
-	-	-	46,880
-	-	-	23,444
-	-	-	45,001
-	-	-	12,000
-	-	-	15,000
-	180,850	30,455	222,607
<u>1,273,486</u>	<u>180,850</u>	<u>665,233</u>	<u>3,929,819</u>
-	-	-	514,612
-	-	-	33,522
-	-	-	255,486
-	-	-	124,601
-	-	-	17,632
-	-	-	15,790
-	-	-	695,821
-	-	-	70,907
-	-	-	12,672
-	-	-	9,338
-	-	-	-
-	17,478	-	17,478
-	34,353	-	34,353
-	-	5,894	5,894
1,357,403	-	104,180	1,461,583
-	-	-	8,281
<u>1,357,403</u>	<u>51,831</u>	<u>110,074</u>	<u>3,277,970</u>
(83,917)	129,019	555,159	651,849
-	42,013	-	-
580,875	776,876	2,552,791	4,010,713
<u>\$ 496,958</u>	<u>\$ 947,908</u>	<u>\$ 3,107,950</u>	<u>\$ 4,662,562</u>

See accompanying notes.

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JANUARY 31, 2013

	<u>Annual Budget</u>	<u>Unrestricted</u>
Synod Administration		
Bishop Salary	\$ 50,746	\$ 50,746
Bishop Housing	44,000	45,404
Bishop Pension	35,689	31,567
Associate/Director Evangelical Mission Salary	9,994	9,994
Associate/Director Evangelical Mission Pension	999	999
Associate Mobility/Candidacy Salary	72,558	72,558
Associate Mobility/Candidacy Social Security	5,551	5,398
Associate Mobility/Candidacy Pension	17,894	16,781
Exec Staff Continuing Education	3,800	3,103
Exec Staff Travel	17,000	14,131
SDS Transportation Travel	49,500	61,379
Contra-Auto Loans	(10,830)	(6,941)
Exec Staff Professional Expenses	4,000	3,998
Staff Salaries	105,665	100,288
Staff Pensions	31,410	28,484
Staff Continuing Education	720	720
Employer Social Security	7,701	7,007
Utilities, Cleaning, Etc. Reimbursed to Augustana	21,000	27,206
Supplies	12,000	17,318
Printing	1,000	1,053
Postage	6,000	4,780
Telephone	7,700	7,241
Equipment Maintenance/Rent	5,665	712
Insurance	11,697	12,452
Auditing	7,739	7,464
Hospitality	5,000	4,309
Synod Council Travel	3,000	2,941
Synod Council Hospitality	3,000	3,065
Mortgage Payment MIF	-	2,120
Lutherans Outdoors Staff Offset	(14,754)	(14,754)
Lutheran Outdoors Occupancy Offset	-	(6,911)
DEM Materials	500	-
Total Synod Administration	\$ 515,944	\$ 514,612
Synod Programs		
Resource Center	\$ 250	\$ 51
Support to Ministries Travel	2,000	991
Support to Ministries Hospitality	1,000	591
Support to Ministries Program	3,000	2,853
Candidacy Travel	3,000	2,550
Candidacy Hospitality	3,000	2,284
Candidacy Programs	-	376
Print Communications	-	-
Electronic Communications	2,500	1,559

See accompanying notes.

<u>Board Designated and Restricted</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 50,746
-	-	-	45,404
-	-	-	31,567
-	-	-	9,994
-	-	-	999
-	-	-	72,558
-	-	-	5,398
-	-	-	16,781
-	-	-	3,103
-	-	-	14,131
-	-	-	61,379
-	-	-	(6,941)
-	-	-	3,998
-	-	-	100,288
-	-	-	28,484
-	-	-	720
-	-	-	7,007
-	-	-	27,206
-	-	-	17,318
-	-	-	1,053
-	-	-	4,780
-	-	-	7,241
-	-	-	712
-	-	-	12,452
-	-	-	7,464
-	-	-	4,309
-	-	-	2,941
-	-	-	3,065
-	-	-	2,120
-	-	-	(14,754)
-	-	-	(6,911)
-	-	-	-
<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ 514,612
\$ -	\$ -	\$ -	\$ 51
-	-	-	991
-	-	-	591
-	-	-	2,853
-	-	-	2,550
-	-	-	2,284
-	-	-	376
-	-	-	-
-	-	-	1,559

See accompanying notes.

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JANUARY 31, 2013

	<u>Annual Budget</u>	<u>Unrestricted</u>
Synod Programs (Continued)		
Evangelical Outreach	1,500	1,500
Companion Synods Ministry	2,000	67
Stewardship Projects	4,000	4,000
Continuing Education Projects	1,000	1,000
Congregational Initiative	1,236	-
Multi-Cultural Ministry Committee	1,700	1,700
Rural Ministry	500	-
Woyatan Grant	12,000	12,000
Mission Table Strategy	2,000	2,000
Total Synod Programs	\$ 40,686	\$ 33,522
Synod Supported Ministries		
SD Ministries Support	\$ 4,523	\$ 24,249
Luther Seminary	66,162	64,786
Church Colleges	5,724	5,605
Lutheran Social Services	66,162	64,787
Lutherans Outdoors	32,997	32,311
Flandreau Indian School	13,522	13,522
Assn Christian Churches	2,000	1,814
Good Samaritan Society	1	1
Chapel in the Hills	1	1
Lutheran Planned Giving	48,410	48,410
Total Synod Supported Ministries	\$ 239,502	\$ 255,486
Synod Sustained Ministries		
Campus Ministry	\$ 116,667	\$ 114,242
Heartland Ephphatha	5,724	5,724
Lutheran Youth Organization	3,605	3,605
Campus Capital	1,030	1,030
Total Synod Sustained Ministries	\$ 127,026	\$ 124,601
Outreach Ministries		
Mission Congregation Startup	\$ 4,000	\$ 4,000
Companion Synod	1,000	204
Multicultural Center	15,000	13,428
Total Outreach Ministries	\$ 20,000	\$ 17,632
Region III	\$ 15,790	\$ 15,790
ELCA Ministries	\$ 731,114	\$ 695,821

See accompanying notes.

<u>Board Designated and Restricted</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Total</u>
-	-	-	1,500
-	-	-	67
-	-	-	4,000
-	-	-	1,000
-	-	-	-
-	-	-	1,700
-	-	-	-
-	-	-	12,000
-	-	-	2,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,522</u>
\$ -	\$ -	\$ -	\$ 24,249
-	-	-	64,786
-	-	-	5,605
-	-	-	64,787
-	-	-	32,311
-	-	-	13,522
-	-	-	1,814
-	-	-	1
-	-	-	1
-	-	-	48,410
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,486</u>
\$ -	\$ -	\$ -	\$ 114,242
-	-	-	5,724
-	-	-	3,605
-	-	-	1,030
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,601</u>
\$ -	\$ -	\$ -	\$ 4,000
-	-	-	204
-	-	-	13,428
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,632</u>
\$ -	\$ -	\$ -	\$ 15,790
\$ -	\$ -	\$ -	\$ 695,821

See accompanying notes.

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JANUARY 31, 2013

	<u>Annual Budget</u>	<u>Unrestricted</u>
Native American Ministries		
Salary	\$ 33,952	\$ 33,952
Housing	15,812	15,812
Pension	13,423	12,679
Social Security Employer	2,597	2,597
Travel	6,060	5,067
Continuing Education	800	800
Total Native American Ministries	<u>\$ 72,644</u>	<u>\$ 70,907</u>
Synod Youth Ministry Coordinator		
Salary	\$ 11,564	\$ 11,564
Employer Social Security	885	885
Travel	500	78
Continuing Education	-	-
Education Resources	300	145
Total Synod Youth Ministry Coordinator	<u>\$ 13,249</u>	<u>\$ 12,672</u>
Companion Synod Coordinator		
Salary	\$ 8,275	\$ 8,275
Employer Social Security	633	633
Travel	1,250	430
Total Companion Synod Coordinator	<u>\$ 10,158</u>	<u>\$ 9,338</u>
Contingency	\$ 12,891	\$ -
Depreciation:		
Furniture and Equipment	\$ -	\$ -
Building	-	-
Total Depreciation	<u>\$ -</u>	<u>\$ -</u>
Investments Expense	\$ -	\$ -
Other Distributions	\$ -	\$ -
Loss on Disposal	\$ -	\$ 8,281
Total Functional Expenses	<u><u>\$ 1,799,004</u></u>	<u><u>\$ 1,758,662</u></u>

See accompanying notes.

<u>Board Designated and Restricted</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 33,952
-	-	-	15,812
-	-	-	12,679
-	-	-	2,597
-	-	-	5,067
-	-	-	800
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,907</u>
\$ -	\$ -	\$ -	\$ 11,564
-	-	-	885
-	-	-	78
-	-	-	-
-	-	-	145
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,672</u>
\$ -	\$ -	\$ -	\$ 8,275
-	-	-	633
-	-	-	430
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,338</u>
\$ -	\$ -	\$ -	\$ -
\$ -	\$ 17,478	\$ -	\$ 17,478
-	34,353	-	34,353
<u>\$ -</u>	<u>\$ 51,831</u>	<u>\$ -</u>	<u>\$ 51,831</u>
\$ -	\$ -	\$ 5,894	\$ 5,894
\$ 1,357,403	\$ -	\$ 104,180	\$ 1,461,583
\$ -	\$ -	\$ -	\$ 8,281
<u><u>\$ 1,357,403</u></u>	<u><u>\$ 51,831</u></u>	<u><u>\$ 110,074</u></u>	<u><u>\$ 3,277,970</u></u>

See accompanying notes.

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF CASH FLOWS

JANUARY 31, 2013

	<u>General</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Totals</u>
Cash Flows from Operating Activities				
Change in net assets	\$ 148,521	\$ (51,831)	\$ 555,159	\$ 651,849
Adjustments to reconcile to net cash used by operating activities:				
Depreciation	-	51,831	-	51,831
Realized (gain) loss	-	8,808	(337,317)	(328,509)
Unrealized loss	-	-	119,947	119,947
Earnings reinvested	(2,892)	-	(28,678)	(31,570)
Cash surrender value life insurance	-	-	(30,455)	(30,455)
Changes in operating assets and liabilities:				
Accrued income	178	-	-	178
Accounts receivable	(3,842)	-	3,842	-
Accrued liabilities	1,132	-	-	1,132
Other	(222,863)	222,863	-	-
Deferred Income	(33,516)	-	-	(33,516)
Net cash (used) provided by operating activities	(113,282)	231,671	282,498	400,887
Cash Flows from Investment Activities				
Property and equipment purchases	-	(43,911)	-	(43,911)
Property and equipment sale	-	30,500	-	30,500
Investment purchases	-	-	(2,895,931)	(2,895,931)
Investment sales and maturities	-	-	2,678,982	2,678,982
Net cash used by investment activities	-	(13,411)	(216,949)	(230,360)
Cash Flows from Financing Activities				
Proceeds from long term borrowings	-	34,534	-	34,534
Payments on long term borrowings	-	(252,794)	-	(252,794)
Net cash used by financing activities	-	(218,260)	-	(218,260)
Net change in cash	(113,282)	-	65,549	(47,733)
Cash, Beginning of year	499,893	-	148,026	647,919
Cash, End of year	\$ 386,611	\$ -	\$ 213,575	\$ 600,186

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 May 1, 2013, 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	\$ 1,570,601	\$ 154,916	\$ 1,725,517
Debt securities	<u>818,651</u>	<u>(22,287)</u>	<u>796,364</u>
Totals	\$ <u>2,389,252</u>	\$ <u>132,629</u>	\$ <u>2,521,881</u>

*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 College 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 \$2,132. 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 \$49,299.

5. PERMANENTLY RESTRICTED NET ASSETS

The permanently restricted net assets are comprised of the following:

Quasi-Endowment	\$ 156,196
Restricted-Endowment	<u>2,951,754</u>
	<u>\$ 3,107,950</u>

6. NOTE PAYABLE

Note payable to Home Federal Bank, due in 54 monthly installments of \$697, including interest at 3.75%, secured by a vehicle \$ 34,534

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

year ending January 31, 2014	\$ 7,126
2015	7,467
2016	7,754
2017	8,051
2018	<u>4,136</u>
	<u>\$ 34,534</u>



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, 2013, 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 13, 14 and 15 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 1, 2013

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF CHANGES IN BOARD DESIGNATED ASSETS
JANUARY 31, 2013

	<u>Balance</u> <u>1/31/2012</u>	<u>Gifts</u> <u>Received</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Balance</u> <u>1/31/2013</u>
Board Designated					
Occupancy Upkeep & Repairs	\$ -	\$ 200,000	\$ 183,615	\$ -	\$ 16,385
Resource Center	3,904	-	-	-	\$ 3,904
Office Equipment	1,908	-	-	-	1,908
Bishop Election/Transition	34,534	-	2,129	35,000	67,405
Building Transfer	527	-	527	-	-
Evangelism Projects	2,493	260	260	-	2,493
Stewardship Projects	16,807	9,334	12,579	-	13,562
Rural Ministry	1,119	395	53	-	1,461
Continuing Education	4,515	15,657	12,522	-	7,650
Fall Theological Conference	4,188	6,425	8,435	-	2,178
Bridgebuilders	596	-	-	-	596
Youth Certification School	2,870	-	-	-	2,870
Synod Program Development	1,903	-	-	-	1,903
Healthy Congregations	5,529	-	-	-	5,529
First Call Retreat Program	400	-	-	-	400
Stewardship The Call	750	-	-	-	750
LYO Synod Gathering	1,701	-	-	-	1,701
Synod Assembly Fund	18,513	72,256	42,026	(35,000)	13,743
Companion Synod Promotions	1,117	-	224	-	893
Multi-Cultural Ministry	2,237	671	779	-	2,129
Total Board Designated	<u>\$ 105,611</u>	<u>\$ 304,998</u>	<u>\$ 263,149</u>	<u>\$ -</u>	<u>\$ 147,460</u>

SOUTH DAKOTA SYNOD

EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF CHANGES IN DONOR RESTRICTED ASSETS

JANUARY 31, 2013

	Balance 1/31/2012	Gifts Received	Expenditures	Transfers	Balance 1/31/2013
Donor Restricted					
Pine Ridge/Lutheran Lakota Ministry	\$ -	\$ 48,243	\$ 45,001	\$ -	\$ 3,242
Heartland Ephphatha	7,005	43,957	51,744	-	(782)
Lutheran Youth Organization	15,515	8,522	11,973	-	12,064
Campus Min Capital Reserves	3,090	1,030	3,000	-	1,120
Pine Ridge/Horizon Intern	-	6,863	6,863	-	-
Woyatan Multicultural	11,963	7,327	18,434	-	856
Answer The Call	22,698	39,568	33,058	-	29,208
African Ministry	348	-	348	-	-
Answer The Call - WELCA	9,449	5,129	9,644	-	4,934
KA Yela Dyate	7,000	-	5,250	-	1,750
Westside Lutheran SF	(2,543)	78,493	75,978	-	(28)
Ethopian Community	424	9,000	8,558	-	866
Intentional Christ	-	16,417	11,908	-	4,509
Marty's Mug	2,398	25,677	10,846	-	17,229
SD Pastor Conference	4,503	9,280	6,555	-	7,228
SD Ministries Support	36,601	24,270	43,575	-	17,296
New Mission Start (SF)	6,571	2,543	5,569	-	3,545
Atonement Building Purchase	(3,842)	3,842	-	-	-
SD Hunger Relief	765	3,823	1,776	-	2,812
Youth Habitat House	3,237	-	-	-	3,237
Pastors' Sem Indebtedness	6	34,159	34,100	-	65
Seminary Student Fund	10,099	28,214	38,231	-	82
SD Mission Partners/Mission Booster	14,738	78,601	69,871	-	23,468
C Engen Seminary Scholarship	123,174	81,182	122,750	-	81,606
Synod Assembly Offering	-	24,332	24,332	-	-
Endowment Distributions	9,941	29,896	34,922	-	4,915
Monthly Pass-Through	6,193	82,195	86,130	-	2,258
New Hope Salary	-	17,709	17,709	-	-
New Hope Lutheran	18,929	20,320	26,767	-	12,482
BOP 1% Wellness Reward	19,264	24,349	33,228	-	10,385
Global Mission Gathering	-	10,000	10,000	-	-
Latino Emerging Ministry	1,790	47,246	38,320	-	10,716
Faith Family Style	10,868	-	300	-	10,568

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF CHANGES IN DONOR RESTRICTED ASSETS
JANUARY 31, 2013

	Balance 1/31/2012	Gifts Received	Expenditures	Transfers	Balance 1/31/2013
Donor Restricted (Continued)					
Faith Builders	9,826	45,595	43,404	-	12,017
Book Of Faith Initiative	741	-		-	741
Peace Fund	6,322	1,611	500	-	7,433
Bishops Discretionary Fund	29,789	1,777	3,158	-	28,408
Exec Staff Cont Education	6,504	836	623	-	6,717
Cameroon Projects	29,585	18,669	46,088	-	2,166
Nicaragua Projects	33,172	43,642	71,139	-	5,675
Comp Synods-Traveling To	103	436	282	-	257
Comp Synods-Traveling From	7,518	-	1,992	-	5,526
Train Up A Child	6,819	9,797	10,000	-	6,616
Cameroon Roofs 6 by 7	51	18,003	16,500	-	1,554
Nicaragua Missionary IFLE	4,650	15,935	13,828	-	6,757
Total Donor Restricted	<u>\$ 475,264</u>	<u>\$ 968,488</u>	<u>\$ 1,094,254</u>	<u>\$ -</u>	<u>\$ 349,498</u>
Total Board Designated and Donor Restricted	<u>\$ 580,875</u>	<u>\$ 1,273,486</u>	<u>\$ 1,357,403</u>	<u>\$ -</u>	<u>\$ 496,958</u>