

**SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT
JANUARY 31, 2012**



**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, 2012 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, 2012, 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 10, 2012

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS
JANUARY 31, 2012

	<u>General</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents				
Interest bearing	\$ 499,893	\$ -	\$ 148,026	\$ 647,919
ELCA investment certificates	283,912	-	100,000	383,912
Equity securities	-	-	1,517,358	1,517,358
Debt securities	-	-	541,007	541,007
Cash surrender value insurance	-	-	180,782	180,782
Accrued income	935	-	-	935
Accounts receivable	-	-	520	520
Property and equipment				
Building and improvements	-	1,394,522	-	1,394,522
Furniture and equipment	-	228,714	-	228,714
Less-accumulated depreciation	-	(593,566)	-	(593,566)
Interfund balances	<u>(65,098)</u>	<u>-</u>	<u>65,098</u>	<u>-</u>
 Total assets	 <u>\$ 719,642</u>	 <u>\$ 1,029,670</u>	 <u>\$ 2,552,791</u>	 <u>\$ 4,302,103</u>
 LIABILITIES AND NET ASSETS				
Notes payable	\$ -	\$ 252,794	\$ -	\$ 252,794
Accrued liabilities	80	-	-	80
Deferred Income	<u>38,516</u>	<u>-</u>	<u>-</u>	<u>38,516</u>
 Total liabilities	 38,596	 252,794	 -	 291,390
Net assets				
Unrestricted				
Undesignated	100,171	-	-	100,171
Board designated	105,611	-	-	105,611
Temporarily restricted	475,264	-	-	475,264
Property and equipment	-	776,876	-	776,876
Permanently restricted				
Quasi-endowment	-	-	153,601	153,601
Restricted-endowment	<u>-</u>	<u>-</u>	<u>2,399,190</u>	<u>2,399,190</u>
 Total net assets	 <u>681,046</u>	 <u>776,876</u>	 <u>2,552,791</u>	 <u>4,010,713</u>
 Total liabilities and net assets	 <u>\$ 719,642</u>	 <u>\$ 1,029,670</u>	 <u>\$ 2,552,791</u>	 <u>\$ 4,302,103</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, 2012

	Annual Budget	Unrestricted	Board Designated and Restricted	Property and Equipment	Endowment	Total
Revenues, Gifts and Other Support						
Contributions						
Congregational Benevolence	\$ 1,645,049	\$ 1,532,261	\$ -	\$ -	\$ -	\$ 1,532,261
Designated Gifts	-	-	109,563	-	-	109,563
Restricted Gifts	-	-	749,292	-	200,132	949,424
Investment Income	13,500	10,868	-	-	55,665	66,533
Net Realized Gain on Investment Dispositions	-	-	-	-	62,919	62,919
Net Unrealized Loss in Securities	-	-	-	-	(63,681)	(63,681)
SD Synod Mission Support	75,614	110,774	-	-	-	110,774
SDS Travel LLC Income	5,000	13,596	-	-	-	13,596
SDS Transportation	25,000	23,020	-	-	-	23,020
Pine Ridge Ministry	45,001	28,707	-	-	-	28,707
Woyatan	27,896	20,000	-	-	-	20,000
DEM Support Staff	15,000	15,000	-	-	-	15,000
Other	100	8,752	-	13,556	14,805	37,113
Total Revenues, Gifts and Other Support	1,852,160	1,762,978	858,855	13,556	269,840	2,905,229
Functional Expenses						
Synod Administration	537,194	501,609	-	-	-	501,609
Synod Programs	67,232	43,045	-	-	-	43,045
Synod Supported Ministries	258,501	267,153	-	-	-	267,153
Synod Sustained Ministries	129,727	124,285	-	-	-	124,285
Outreach Ministries	20,000	17,999	-	-	-	17,999
Region III	18,900	16,850	-	-	-	16,850
ELCA Ministries	723,822	673,803	-	-	-	673,803
Native American Ministries	70,533	70,778	-	-	-	70,778
Synod Youth Ministry	12,886	12,553	-	-	-	12,553
Companion Synod Coordinator	9,899	8,884	-	-	-	8,884
Contingency	3,466	-	-	-	-	-
Depreciation:						
Furniture and Equipment	-	-	-	18,680	-	18,680
Building	-	-	-	34,353	-	34,353
Investment Expense	-	-	-	-	4,321	4,321
Other Distributions	-	-	733,199	-	78,870	812,069
Loss on Disposal	-	11,570	-	-	-	11,570
Total Functional Expenses	1,852,160	1,748,529	733,199	53,033	83,191	2,617,952
Net Increase (Decrease) in Net Assets	-	14,449	125,656	(39,477)	186,649	287,277
Transfers		(25,350)	-	25,350	-	-
Net Assets, Beginning of Year		111,072	455,219	791,003	2,366,142	3,723,436
Net Assets, End of Year		\$ 100,171	\$ 580,875	\$ 776,876	\$ 2,552,791	\$ 4,010,713

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2012

	Annual Budget	Unrestricted	Board Designated and Restricted	Property and Equipment	Endowment	Total
Synod Administration						
Bishop Salary	\$ 39,793	\$ 41,393	\$ -	\$ -	\$ -	\$ 41,393
Bishop Housing	52,193	53,598	-	-	-	53,598
Bishop Pension	35,611	33,855	-	-	-	33,855
Associate/Director Evangelical Mission Salary	6,873	7,142	-	-	-	7,142
Associate/Director Evangelical Mission Pension	687	687	-	-	-	687
Associate Mobility/Candidacy Salary	70,444	70,444	-	-	-	70,444
Associate Mobility/Candidacy Social Security	5,389	5,205	-	-	-	5,205
Associate Mobility/Candidacy Pension	18,078	17,844	-	-	-	17,844
Exec Staff Continuing Education	2,800	2,800	-	-	-	2,800
Exec Staff Travel	10,000	13,864	-	-	-	13,864
SDS Transportation Travel	39,500	35,473	-	-	-	35,473
Contra-Auto Loans	-	(9,408)	-	-	-	(9,408)
DEM Travel	6,300	10,657	-	-	-	10,657
Mission Travel	5,700	1,125	-	-	-	1,125
Exec Staff Professional Expenses	4,000	3,989	-	-	-	3,989
Staff Salaries	116,085	103,943	-	-	-	103,943
Staff Pensions	32,706	35,716	-	-	-	35,716
Staff Continuing Education	720	720	-	-	-	720
Employer Social Security	8,372	7,293	-	-	-	7,293
Utilities, Cleaning, Etc. Reimbursed to Augustana	21,000	20,345	-	-	-	20,345
Supplies	12,000	11,665	-	-	-	11,665
Printing	5,000	735	-	-	-	735
Postage	6,000	4,064	-	-	-	4,064
Telephone	7,700	6,742	-	-	-	6,742
Equipment Maintenance/Rent	5,665	1,512	-	-	-	1,512
Insurance	11,356	9,902	-	-	-	9,902
Auditing	7,514	7,464	-	-	-	7,464
Hospitality	5,000	3,659	-	-	-	3,659
Synod Council Travel	6,000	845	-	-	-	845
Synod Council Hospitality	4,310	2,388	-	-	-	2,388
Mortgage Payment MIF	3,462	9,748	-	-	-	9,748
Lutherans Outdoors Offset	(14,064)	(14,064)	-	-	-	(14,064)
DEM Materials	1,000	264	-	-	-	264
Total Synod Administration	\$ 537,194	\$ 501,609	\$ -	\$ -	\$ -	\$ 501,609
Synod Programs						
Resource Center	\$ 1,000	\$ 121	\$ -	\$ -	\$ -	\$ 121
Support to Ministries Travel	5,500	1,278	-	-	-	1,278
Support to Ministries Hospitality	750	962	-	-	-	962
Support to Ministries Program	6,650	2,599	-	-	-	2,599
Candidacy Travel	4,500	2,170	-	-	-	2,170
Candidacy Hospitality	3,500	2,510	-	-	-	2,510
Candidacy Programs	-	(1,218)	-	-	-	(1,218)
Print Communications	1,000	-	-	-	-	-
Electronic Communications	2,500	1,895	-	-	-	1,895

See accompanying notes.

See accompanying notes.

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2012

	Annual Budget	Unrestricted	Board Designated and Restricted	Property and Equipment	Endowment	Total
Synod Programs (Continued)						
Evangelical Outread	1,500	1,500	-	-	-	1,500
Companion Synods Ministry	2,000	16	-	-	-	16
Stewardship Projects	4,000	4,000	-	-	-	4,000
Continuing Education Projects	1,000	1,000	-	-	-	1,000
Congregational Initiative	1,236	-	-	-	-	-
Multi-Cultural Ministry Committee	1,700	1,700	-	-	-	1,700
Rural Ministry	500	500	-	-	-	500
Woyatan Grant	27,896	22,012	-	-	-	22,012
Mission Table Strategy	2,000	2,000	-	-	-	2,000
Total Synod Programs	\$ 67,232	\$ 43,045	\$ -	\$ -	\$ -	\$ 43,045
Synod Supported Ministries						
SD Ministries Support	\$ 19,748	\$ 36,571	\$ -	\$ -	\$ -	\$ 36,571
Luther Seminary	67,622	64,537	-	-	-	64,537
Church Colleges	5,850	5,583	-	-	-	5,583
Lutheran Social Services	67,622	64,536	-	-	-	64,536
Lutherans Outdoors	33,725	32,186	-	-	-	32,186
Flandreau Indian School	13,522	13,522	-	-	-	13,522
Assn Christian Churches	2,000	1,806	-	-	-	1,806
Good Samaritan Society	1	1	-	-	-	1
Chapel in the Hills	1	1	-	-	-	1
Lutheran Planned Giving	48,410	48,410	-	-	-	48,410
Total Synod Supported Ministries	\$ 258,501	\$ 267,153	\$ -	\$ -	\$ -	\$ 267,153
Synod Sustained Ministries						
Campus Ministry	\$ 119,242	\$ 113,800	\$ -	\$ -	\$ -	\$ 113,800
Heartland Ephphatha	5,850	5,850	-	-	-	5,850
Lutheran Youth Organization	3,605	3,605	-	-	-	3,605
Campus Capital	1,030	1,030	-	-	-	1,030
Total Synod Sustained Ministries	\$ 129,727	\$ 124,285	\$ -	\$ -	\$ -	\$ 124,285
Outreach Ministries						
Mission Congregation Startup	\$ 4,000	\$ 4,000	\$ -	\$ -	\$ -	\$ 4,000
Companion Synod	1,000	-	-	-	-	-
Multicultural Center	15,000	13,999	-	-	-	13,999
Total Outreach Ministries	\$ 20,000	\$ 17,999	\$ -	\$ -	\$ -	\$ 17,999
Region III	\$ 18,900	\$ 16,850	\$ -	\$ -	\$ -	\$ 16,850
ELCA Ministries	\$ 723,822	\$ 673,803	\$ -	\$ -	\$ -	\$ 673,803

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JANUARY 31, 2012

	Annual Budget	Unrestricted	Board Designated and Restricted	Property and Equipment	Endowment	Total
Native American Ministries						
Salary	\$ 32,963	\$ 32,963	\$ -	\$ -	\$ -	\$ 32,963
Housing	15,351	15,351	-	-	-	15,351
Pension	12,837	13,397	-	-	-	13,397
Social Security Employer	2,522	2,522	-	-	-	2,522
Travel	6,060	5,745	-	-	-	5,745
Continuing Education	800	800	-	-	-	800
Total Native American Ministries	<u>\$ 70,533</u>	<u>\$ 70,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,778</u>
Synod Youth Ministry Coordinator						
Salary	\$ 11,227	\$ 11,227	\$ -	\$ -	\$ -	\$ 11,227
Employer Social Security	859	859	-	-	-	859
Travel	500	-	-	-	-	-
Continuing Education	300	467	-	-	-	467
Education Resources	-	-	-	-	-	-
Total Synod Youth Ministry Coordinator	<u>\$ 12,886</u>	<u>\$ 12,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,553</u>
Companion Synod Coordinator						
Salary	\$ 8,034	\$ 8,034	\$ -	\$ -	\$ -	\$ 8,034
Employer Social Security	615	615	-	-	-	615
Travel	1,250	235	-	-	-	235
Total Companion Synod Coordinator	<u>\$ 9,899</u>	<u>\$ 8,884</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,884</u>
Contingency	\$ 3,466	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation:						
Furniture and Equipment	\$ -	\$ -	\$ -	\$ 18,680	\$ -	\$ 18,680
Building	-	-	-	34,353	-	34,353
Total Depreciation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,033</u>	<u>\$ -</u>	<u>\$ 53,033</u>
Investments Expense	\$ -	\$ -	\$ -	\$ -	\$ 78,870	\$ 78,870
Other Distributions	\$ -	\$ -	\$ 896,117	\$ -	\$ 4,321	\$ 900,438
Loss on Disposal	\$ -	\$ 11,570	\$ -	\$ -	\$ -	\$ 11,570
Total Functional Expenses	<u><u>\$ 1,852,160</u></u>	<u><u>\$ 1,748,529</u></u>	<u><u>\$ 896,117</u></u>	<u><u>\$ 53,033</u></u>	<u><u>\$ 83,191</u></u>	<u><u>\$ 2,780,870</u></u>

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF CASH FLOWS

JANUARY 31, 2012

	<u>General</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Totals</u>
Cash Flows from Operating Activities				
Change in net assets	\$ 140,105	\$ (39,477)	\$ 186,649	\$ 287,277
Adjustments to reconcile to net cash used by operating activities:				
Depreciation	-	53,033	-	53,033
Realized gain	-	-	(62,919)	(62,919)
Unrealized loss	-	-	63,681	63,681
Earnings reinvested	(7,469)	-	(55,173)	(62,642)
Cash surrender value life insurance	-	-	(14,805)	(14,805)
Changes in operating assets and liabilities:				
Accrued income	1,258	-	-	1,258
Accounts receivable	(1,057)	-	1,057	-
Accrued liabilities	(538)	-	-	(538)
Other	(25,350)	25,350	-	-
Deferred Income	23,516	-	-	23,516
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash provided by operating activities	130,465	38,906	118,490	287,861
Cash Flows from Investment Activities				
Property and equipment purchases	-	(55,095)	-	(55,095)
Investment purchases	-	-	(562,021)	(562,021)
Investment sales and maturities	-	-	376,220	376,220
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash used by investment activities	-	(55,095)	(185,801)	(240,896)
Cash Flows from Financing Activities				
Proceeds from long term borrowings	-	80,493	-	80,493
Payments on long term borrowings	-	(64,304)	-	(64,304)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash (used) provided by financing activities	-	16,189	-	16,189
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in cash	130,465	-	(67,311)	63,154
Cash, Beginning of year	<hr/> 369,428	<hr/> -	<hr/> 215,337	<hr/> 584,765
Cash, End of year	<hr/> <u>\$ 499,893</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 148,026</u>	<hr/> <u>\$ 647,919</u>

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 10, 2012, 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</u>	<u>Fair Market Value**</u>
Equity securities	\$ 1,295,339	\$ 222,019	\$ 1,517,358
Debt securities	<u>510,432</u>	<u>30,575</u>	<u>541,007</u>
Totals	<u>\$ 1,805,771</u>	<u>\$ 252,594</u>	<u>\$ 2,058,365</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

The land upon which the Synod office building has been built and the Synod office building are owned by Augustana College. It is understood that the South Dakota Synod, Evangelical Lutheran Church in America will have the right to occupy said office building so long as it desires under certain conditions which have been agreed to or as they may be amended by mutual consent in the future. It is further mutually agreed that, if the Synod would no longer occupy the building, the College would reimburse the Synod for the cost of constructing it, taking into consideration its value to the college by providing additional useful space.

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 \$44,042.

5. PERMANENTLY RESTRICTED NET ASSETS

The permanently restricted net assets are comprised of the following:

Quasi-Endowment	\$ 153,601
Restricted-Endowment	<u>2,242,525</u>
	<u>\$ 2,552,791</u>

6. NOTES PAYABLE

Note payable to Mission Investment Fund of the ELCA, due in monthly installments of \$1,427, including interest at 4.625%, subject to adjustment every five years, and maturing July, 2026. Note is secured by real estate in Rapid City, SD	\$ 180,157
Note payable to Chrysler Financial, secured by a vehicle, due in monthly installments of \$608, including interest at 3.29%, maturing in July, 2017.	35,174
Note payable to Ford Motor Credit, secured by a vehicle, due in monthly installments of \$196, including interest at 5.94%, maturing in May, 2015.	8,961
Note payable to Meta Bank, secured by a vehicle, due in monthly installments of \$496, including interest at 5.0%, and a balloon payment in July, 2016.	<u>28,502</u>
Total Notes Payable	<u>\$ 252,794</u>

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

6. NOTES PAYABLE (CONTINUED)

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

Year ending January 31, 2013	\$ 21,921
2014	22,703
2015	23,736
2016	24,814
2017	24,348
Thereafter	<u>135,272</u>
	<u>\$ 252,794</u>

7. SUBSEQUENT EVENT

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.



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, 2012, 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, 2012

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF CHANGES IN BOARD DESIGNATED ASSETS
JANUARY 31, 2012

	<u>Balance</u> <u>1/31/2011</u>	<u>Gifts</u> <u>Received</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Balance</u> <u>1/31/2012</u>
Board Designated					
Resource Center	\$ 3,904	\$ -	\$ -	\$ -	\$ 3,904
Office Equipment	1,908	-	-	-	1,908
Bishop Election/Transition	-	-	466	35,000	34,534
Executive Staff Severance	427	-	427	-	-
Building Transfer	527	-	-	-	527
Evangelism Projects	2,493	3,094	3,094	-	2,493
Stewardship Projects	39,532	10,804	33,529	-	16,807
Rural Ministry	1,132	-	13	-	1,119
Continuing Education	3,507	14,021	13,013	-	4,515
Fall Theological Conference	5,194	6,269	7,275	-	4,188
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	1,861	-	160	-	1,701
Synod Assembly Fund	16,501	73,894	36,882	(35,000)	18,513
Companion Synod Promotions	1,514	-	397	-	1,117
Multi-Cultural Ministry	780	1,481	24	-	2,237
Total Board Designated	<u>\$ 91,328</u>	<u>\$ 109,563</u>	<u>\$ 95,280</u>	<u>\$ -</u>	<u>\$ 105,611</u>

SOUTH DAKOTA SYNOD

EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF CHANGES IN DONOR RESTRICTED ASSETS

JANUARY 31, 2012

	Balance <u>1/31/2011</u>	Gifts <u>Received</u>	<u>Expenditures</u>	<u>Transfers</u>	Balance <u>1/31/2012</u>
Donor Restricted					
Pine Ridge/Lutheran Lakota Ministry	\$ -	\$ 28,707	\$ 28,707	\$ -	\$ -
Heartland Ephphatha	10,124	33,243	36,362	-	7,005
Lutheran Youth Organization	13,193	5,494	3,172	-	15,515
Campus Min Capital Reserves	2,060	1,030	-	-	3,090
Pine Ridge/Horizon Intern	(383)	7,676	7,293	-	-
Woyatan Multicultural	6,942	11,793	6,772	-	11,963
Answer The Call	3,994	19,253	549	-	22,698
Answer the Call/Capital Campaign	-	-	-	-	-
Answer The Call Donations	-	35	35	-	-
Answer The Call Missionary	-	-	-	-	-
African Ministry	679	-	331	-	348
Answer The Call - WELCA	-	9,449	-	-	9,449
KA Yela Dyate	-	7,000	-	-	7,000
Westside Lutheran SF	(2,545)	76,389	76,387	-	(2,543)
Ethiopian Community	-	7,600	7,176	-	424
Marty's Mug	-	3,259	861	-	2,398
SD Pastor Conference	2,969	1,635	101	-	4,503
SD Ministries Support	42,453	38,153	44,005	-	36,601
New Mission Start (SF)	9,061	550	3,040	-	6,571
Atonement Building Purchase	(4,899)	1,057	-	-	(3,842)
SD Hunger Relief	565	200	-	-	765
Youth Habitat House	3,237	-	-	-	3,237
Pastors' Sem Indebtedness	19	5,287	5,300	-	6
Seminary Student Fund	100	18,540	8,541	-	10,099
SD Mission Partners/Mission Booster	18,465	51,081	54,808	-	14,738
SD Flood Relief	-	8,977	8,977	-	-
C Engen Seminary Scholarship	37,650	104,274	18,750	-	123,174
Synod Assembly Offering	975	8,371	9,346	-	-
Endowment Distributions	8,487	28,536	27,082	-	9,941
Monthly Pass-Through	1,068	64,793	59,668	-	6,193
New Building Gifts	-	891	891	-	-
New Hope Lutheran	-	39,886	20,957	-	18,929
BOP 1% Wellness Reward	-	22,389	3,125	-	19,264
Latino Emerging Ministry	5,315	4,673	8,198	-	1,790
Faith Family Style	10,932	-	64	-	10,868

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF CHANGES IN DONOR RESTRICTED ASSETS
JANUARY 31, 2012

	Balance <u>1/31/2011</u>	Gifts <u>Received</u>	<u>Expenditures</u>	<u>Transfers</u>	Balance <u>1/31/2012</u>
Donor Restricted (Continued)					
Faith Builders	9,140	56,671	55,985	-	9,826
Book Of Faith Initiative	806	-	65	-	741
Peace Fund	4,716	1,636	30	-	6,322
Bishops Discretionary Fund	50,435	3,423	24,069	-	29,789
Exec Staff Cont Education	4,979	1,525	-	-	6,504
Cameroon Projects	43,850	6,280	20,545	-	29,585
Nicaragua Projects	48,699	40,413	55,940	-	33,172
Comp Synods-Traveling To	103	1,172	1,172	-	103
Comp Synods-Traveling From	7,518	-	-	-	7,518
Train Up A Child	8,587	9,232	11,000	-	6,819
Cameroon Roofs 6 by 7	12,078	5,973	18,000	-	51
Nicaragua Missionary IFLE	2,519	12,746	10,615	-	4,650
	<u>\$ 363,891</u>	<u>\$ 749,292</u>	<u>\$ 637,919</u>	<u>\$ -</u>	<u>\$ 516,203</u>
Total Board Designated and Donor Restricted	<u>\$ 455,219</u>	<u>\$ 858,855</u>	<u>\$ 733,199</u>	<u>\$ -</u>	<u>\$ 621,814</u>