

**SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT
JANUARY 31, 2014**



**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, 2014 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, 2014, 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 8, 2014

SOUTH DAKOTA SYNOD

EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS

JANUARY 31, 2014

	<u>General</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents				
Non interest bearing	\$ -	\$ -	\$ 100,869	\$ 100,869
Interest bearing	419,543	-	1,603,104	2,022,647
ELCA investment certificates	288,138	-	100,000	388,138
Equity securities	-	-	1,361,926	1,361,926
Cash surrender value insurance	-	-	689,202	689,202
Accrued income	767	-	-	767
Accounts receivable	6,510	-	-	6,510
Property and equipment				
Building and improvements	-	1,394,522	-	1,394,522
Furniture and equipment	-	240,020	-	240,020
Less-accumulated depreciation	-	(672,832)	-	(672,832)
Real estate	-	-	1,501,052	1,501,052
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 714,958</u>	<u>\$ 961,710</u>	<u>\$ 5,356,153</u>	<u>\$ 7,032,821</u>
LIABILITIES AND NET ASSETS				
Note payable	\$ -	\$ 23,109	\$ -	\$ 23,109
Accrued liabilities	87	-	-	87
Deferred Income	45,187	-	-	45,187
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	45,274	23,109	-	68,383
Net assets				
Unrestricted				
Undesignated	177,605	-	-	177,605
Board designated	89,061	-	-	89,061
Temporarily restricted	403,018	-	-	403,018
Property and equipment	-	938,601	-	938,601
Permanently restricted				
Quasi-endowment	-	-	234,741	234,741
Restricted-endowment	-	-	5,121,412	5,121,412
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total net assets	<u>669,684</u>	<u>938,601</u>	<u>5,356,153</u>	<u>6,964,438</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 714,958</u>	<u>\$ 961,710</u>	<u>\$ 5,356,153</u>	<u>\$ 7,032,821</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, 2014

	<u>Annual Budget</u>	<u>Unrestricted</u>
Revenues, Gifts and Other Support		
Contributions		
Congregational Benevolence	\$ 1,649,923	\$ 1,627,130
Designated Gifts	-	-
Restricted Gifts	-	-
Investment Income	13,500	7,342
Net Realized Gain on Investment Dispositions	-	-
Net Unrealized Loss in Securities	-	-
SD Synod Mission Support	69,268	62,100
SDS Travel LLC Income	5,000	878
SDS Transportation	25,000	21,050
Pine Ridge Ministry	45,001	24,757
DEM Support Staff	15,000	15,000
Other	8,750	12,256
Total Revenues, Gifts and Other Support	<u>1,831,442</u>	<u>1,770,513</u>
Functional Expenses		
Synod Administration	525,833	509,395
Synod Programs	28,686	15,035
Synod Supported Ministries	256,252	249,841
Synod Sustained Ministries	129,620	122,988
Outreach Ministries	20,000	17,735
Region III	16,560	16,560
ELCA Ministries	742,465	732,208
Native American Ministries	75,798	74,286
Synod Youth Ministry	13,622	13,032
Companion Synod Coordinator	10,425	9,177
Contingency	12,181	-
Depreciation:		
Furniture and Equipment	-	-
Building	-	-
Investment Expense	-	-
Other Distributions	-	-
Loss on Disposal	-	62
Total Functional Expenses	<u>1,831,442</u>	<u>1,760,319</u>
Net Increase (Decrease) in Net Assets	-	10,194
Transfers		57,665
Net Assets, Beginning of Year		109,746
Net Assets, End of Year		<u>\$ 177,605</u>

See accompanying notes.

<u>Board Designated and Restricted</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 1,627,130
127,354	-	-	127,354
1,015,415	-	1,662,520	2,677,935
-	-	84,171	91,513
-	-	235,362	235,362
-	-	(28,408)	(28,408)
-	-	-	62,100
-	-	-	878
-	-	-	21,050
-	-	-	24,757
-	-	-	15,000
-	-	477,965	490,221
<u>1,142,769</u>	-	<u>2,431,610</u>	<u>5,344,892</u>
-	-	-	509,395
-	-	-	15,035
-	-	-	249,841
-	-	-	122,988
-	-	-	17,735
-	-	-	16,560
-	-	-	732,208
-	-	-	74,286
-	-	-	13,032
-	-	-	9,177
-	-	-	-
-	22,802	-	22,802
-	34,354	-	34,354
-	-	12,904	12,904
1,109,390	-	103,247	1,212,637
-	-	-	62
<u>1,109,390</u>	<u>57,156</u>	<u>116,151</u>	<u>3,043,016</u>
33,379	(57,156)	2,315,459	2,301,876
(38,258)	47,849	(67,256)	-
496,958	947,908	3,107,950	4,662,562
<u>\$ 492,079</u>	<u>\$ 938,601</u>	<u>\$ 5,356,153</u>	<u>\$ 6,964,438</u>

See accompanying notes.

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

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JANUARY 31, 2014

	Annual <u>Budget</u>	<u>Unrestricted</u>
Synod Administration		
Bishop Salary	\$ 42,588	\$ 44,597
Bishop Housing	55,000	54,394
Bishop Pension	31,405	29,922
Associate/Director Evangelical Mission Salary	10,294	10,294
Associate/Director Evangelical Mission Pension	1,029	1,029
Associate Mobility/Candidacy Salary	74,735	74,735
Associate Mobility/Candidacy Social Security	5,717	5,561
Associate Mobility/Candidacy Pension	17,772	17,613
Exec Staff Continuing Education	3,800	3,058
Exec Staff Travel	17,000	22,276
SDS Transportation Travel	49,500	48,253
Contra-Auto Loans	(6,685)	(6,597)
Exec Staff Professional Expenses	4,000	4,000
Staff Salaries	108,625	102,106
Staff Pensions	31,839	30,472
Staff Continuing Education	720	240
Employer Social Security	7,927	7,475
Utilities, Cleaning, Etc. Reimbursed to Augustana	25,584	23,642
Supplies	12,000	11,131
Printing	1,000	1,448
Postage	6,000	3,086
Telephone	8,900	7,239
Equipment Maintenance/Rent	5,665	1,226
Insurance	13,913	14,240
Auditing	7,464	7,464
Hospitality	5,000	6,292
Synod Council Travel	3,000	1,419
Synod Council Hospitality	3,000	3,847
Lutherans Outdoors Offset	(21,459)	(21,459)
DEM Materials	500	392
Total Synod Administration	<u>\$ 525,833</u>	<u>\$ 509,395</u>
Synod Programs		
Resource Center	\$ 250	\$ 198
Support to Ministries Travel	2,000	686
Support to Ministries Hospitality	1,000	1,750
Support to Ministries Program	3,000	585
Candidacy Travel	3,000	1,489
Candidacy Hospitality	3,000	1,539
Candidacy Programs	-	(89)
Electronic Communications	2,500	2,411

See accompanying notes.

<u>Board Designated and Restricted</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 44,597
-	-	-	54,394
-	-	-	29,922
-	-	-	10,294
-	-	-	1,029
-	-	-	74,735
-	-	-	5,561
-	-	-	17,613
-	-	-	3,058
-	-	-	22,276
-	-	-	48,253
-	-	-	(6,597)
-	-	-	4,000
-	-	-	102,106
-	-	-	30,472
-	-	-	240
-	-	-	7,475
-	-	-	23,642
-	-	-	11,131
-	-	-	1,448
-	-	-	3,086
-	-	-	7,239
-	-	-	1,226
-	-	-	14,240
-	-	-	7,464
-	-	-	6,292
-	-	-	1,419
-	-	-	3,847
-	-	-	(21,459)
-	-	-	392
<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ 509,395
\$ -	\$ -	\$ -	\$ 198
-	-	-	686
-	-	-	1,750
-	-	-	585
-	-	-	1,489
-	-	-	1,539
-	-	-	(89)
-	-	-	2,411

See accompanying notes.

SOUTH DAKOTA SYNOD
 EVANGELICAL LUTHERAN CHURCH IN AMERICA
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JANUARY 31, 2014

	<u>Annual Budget</u>	<u>Unrestricted</u>
Synod Programs (Continued)		
Evangelical Outreach	1,500	1,500
Companion Synods Ministry	2,000	311
Stewardship Projects	4,000	423
Continuing Education Projects	1,000	-
Congregational Initiative	1,236	532
Multi-Cultural Ministry Committee	1,700	1,700
Rural Ministry	500	-
Mission Table Strategy	2,000	2,000
Total Synod Programs	<u>\$ 28,686</u>	<u>\$ 15,035</u>
Synod Supported Ministries		
SD Ministries Support	\$ 17,649	\$ 23,437
Luther Seminary	67,564	66,387
Church Colleges	5,845	5,743
Lutheran Social Services	67,564	66,387
Lutherans Outdoors	33,696	33,110
Flandreau Indian School	13,522	4,507
Assn Christian Churches	2,000	1,858
Good Samaritan Society	1	1
Chapel in the Hills	1	1
Lutheran Planned Giving	48,410	48,410
Total Synod Supported Ministries	<u>\$ 256,252</u>	<u>\$ 249,841</u>
Synod Sustained Ministries		
Campus Ministry	\$ 119,140	\$ 117,064
Heartland Ephphatha	5,845	5,924
Lutheran Youth Organization	3,605	-
Campus Capital	1,030	-
Total Synod Sustained Ministries	<u>\$ 129,620</u>	<u>\$ 122,988</u>
Outreach Ministries		
Mission Congregation Startup	\$ 4,000	\$ 4,000
Companion Synod	1,000	300
Multicultural Center	15,000	13,435
Total Outreach Ministries	<u>\$ 20,000</u>	<u>\$ 17,735</u>
Region III	\$ 16,560	\$ 16,560
ELCA Ministries	\$ 742,465	\$ 732,208

See accompanying notes.

<u>Board Designated and Restricted</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Total</u>
-	-	-	1,500
-	-	-	311
-	-	-	423
-	-	-	-
-	-	-	532
-	-	-	1,700
-	-	-	-
-	-	-	2,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,035</u>
\$ -	\$ -	\$ -	\$ 23,437
-	-	-	66,387
-	-	-	5,743
-	-	-	66,387
-	-	-	33,110
-	-	-	4,507
-	-	-	1,858
-	-	-	1
-	-	-	1
-	-	-	48,410
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,841</u>
\$ -	\$ -	\$ -	\$ 117,064
-	-	-	5,924
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,988</u>
\$ -	\$ -	\$ -	\$ 4,000
-	-	-	300
-	-	-	13,435
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,735</u>
\$ -	\$ -	\$ -	\$ 16,560
\$ -	\$ -	\$ -	\$ 732,208

See accompanying notes.

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2014

	Annual <u>Budget</u>	<u>Unrestricted</u>
Native American Ministries		
Salary	\$ 34,971	\$ 34,971
Housing	16,286	16,286
Pension	13,760	13,010
Social Security Employer	3,921	3,921
Travel	6,060	5,298
Continuing Education	800	800
Total Native American Ministries	<u>\$ 75,798</u>	<u>\$ 74,286</u>
Synod Youth Ministry Coordinator		
Salary	\$ 11,911	\$ 11,911
Employer Social Security	911	911
Travel	500	85
Continuing Education	300	125
Total Synod Youth Ministry Coordinator	<u>\$ 13,622</u>	<u>\$ 13,032</u>
Companion Synod Coordinator		
Salary	\$ 8,523	\$ 8,525
Employer Social Security	652	652
Travel	1,250	-
Total Companion Synod Coordinator	<u>\$ 10,425</u>	<u>\$ 9,177</u>
Contingency	\$ 12,181	\$ -
Depreciation:		
Furniture and Equipment	\$ -	\$ -
Building	-	-
Total Depreciation	<u>\$ -</u>	<u>\$ -</u>
Investments Expense	\$ -	\$ -
Other Distributions	\$ -	\$ -
Loss on Disposal	\$ -	\$ 62
Total Functional Expenses	<u><u>\$ 1,831,442</u></u>	<u><u>\$ 1,760,319</u></u>

See accompanying notes.

<u>Board Designated and Restricted</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 34,971
-	-	-	16,286
-	-	-	13,010
-	-	-	3,921
-	-	-	5,298
-	-	-	800
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,286</u>
\$ -	\$ -	\$ -	\$ 11,911
-	-	-	911
-	-	-	85
-	-	-	125
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,032</u>
\$ -	\$ -	\$ -	\$ 8,525
-	-	-	652
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,177</u>
\$ -	\$ -	\$ -	\$ -
\$ -	\$ 22,802	\$ -	\$ 22,802
-	34,354	-	34,354
<u>\$ -</u>	<u>\$ 57,156</u>	<u>\$ -</u>	<u>\$ 57,156</u>
\$ -	\$ -	\$ 12,904	\$ 12,904
\$ 1,147,648	\$ -	\$ 109,247	\$ 1,256,895
\$ -	\$ -	\$ -	\$ 62
<u><u>\$ 1,147,648</u></u>	<u><u>\$ 57,156</u></u>	<u><u>\$ 122,151</u></u>	<u><u>\$ 3,087,274</u></u>

See accompanying notes.

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF CASH FLOWS

JANUARY 31, 2014

	<u>General</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Totals</u>
Cash Flows from Operating Activities				
Change in net assets	\$ 49,573	\$ (57,156)	\$ 2,309,459	\$ 2,301,876
Adjustments to reconcile to net cash used by operating activities:				
Depreciation	-	57,156	-	57,156
Realized gain	-	-	(235,362)	(235,362)
Unrealized loss	-	-	28,408	28,408
Earnings reinvested	(1,334)	-	(79,358)	(80,692)
Cash surrender value life insurance	-	-	(490,221)	(490,221)
Non cash contributions	-	-	(1,501,052)	(1,501,052)
Changes in operating assets and liabilities:				
Accrued income	(10)	-	-	(10)
Accounts receivable	(6,510)	-	-	(6,510)
Accrued liabilities	(1,125)	-	-	(1,125)
Other	(47,849)	47,849	-	-
Deferred Income	40,187	-	-	40,187
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash provided by operating activities	32,932	47,849	31,874	112,655
Cash Flows from Investment Activities				
Property and equipment purchases	-	(36,424)	-	(36,424)
Investment purchases	-	-	(1,905,657)	(1,905,657)
Investment sales and maturities	-	-	3,364,181	3,364,181
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash (used) provided by investment activities	-	(36,424)	1,458,524	1,422,100
Cash Flows from Financing Activities				
Proceeds from long term borrowings	-	27,366	-	27,366
Payments on long term borrowings	-	(38,791)	-	(38,791)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash used by financing activities	-	(11,425)	-	(11,425)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in cash	32,932	-	1,490,398	1,523,330
Cash, Beginning of year	<hr/> 386,611	<hr/> -	<hr/> 213,575	<hr/> 600,186
Cash, End of year	<hr/> \$ 419,543	<hr/> \$ -	<hr/> \$ 1,703,973	<hr/> \$ 2,123,516

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 8, 2014, 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>	Unrealized (Loss)	Fair Market Value**
Equity securities	\$ 1,376,303	\$ (14,377)	\$ 1,361,926

*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 \$53,665.

5. PERMANENTLY RESTRICTED NET ASSETS

The permanently restricted net assets are comprised of the following:

Quasi-Endowment	\$ 104,073
Restricted-Endowment	<u>5,017,339</u>
	\$ <u>5,121,412</u>

6. NOTE PAYABLE

Note payable to Home Federal Bank, due in 60 monthly installments of \$499, including interest at 3.59%, secured by a vehicle \$ 23,109

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

year ending January 31, 2015	\$ 5,210
2016	5,435
2017	5,632
2018	5,838
2019	<u>994</u>
	\$ <u>23,109</u>

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

7. ENDOWMENT SIGNIFICANT ACTIVITY

During the current year there were two significant contributions to the endowment fund. One involved the transfer from a trust that contained \$57,890 of cash and \$1,501,052 of real estate (estimated fair market value). These amounts are included in restricted gifts contribution. The other significant activity was the \$500,000 life insurance death benefit on the insured. The \$463,569 difference between the death benefit amount and cash surrender value at January 31, 2013 is included as other income.



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, 2014, 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 8, 2014

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF CHANGES IN BOARD DESIGNATED ASSETS
JANUARY 31, 2014

	<u>Balance</u> <u>1/31/2013</u>	<u>Gifts</u> <u>Received</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Balance</u> <u>1/31/2014</u>
Board Designated					
Occupancy Upkeep & Repairs	\$ 16,385	\$ -	\$ -	\$ -	\$ 16,385
Resource Center	3,904	-	3,904	-	-
Office Equipment	1,908	3,904	-	-	5,812
Bishop Election/Transition	67,405	20,971	30,839	(38,258)	19,279
Evangelism Projects	2,493	-	2,493	-	-
Stewardship Projects	13,562	400	69	-	13,893
Rural Ministry	1,461	-	1,461	-	-
Continuing Education	7,650	18,632	20,942	-	5,340
Fall Theological Conference	2,178	7,962	8,654	-	1,486
Bridgebuilders	596	70	666	-	-
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	-	156	-	1,545
Synod Assembly Fund	13,743	73,465	72,401	-	14,807
Companion Synod Promotions	893	-	381	-	512
Multi-Cultural Ministry	2,129	1,950	-	-	4,079
Total Board Designated	<u>\$ 147,460</u>	<u>\$ 127,354</u>	<u>\$ 147,495</u>	<u>\$ (38,258)</u>	<u>\$ 89,061</u>

SOUTH DAKOTA SYNOD

EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF CHANGES IN DONOR RESTRICTED ASSETS

JANUARY 31, 2014

	Balance 1/31/2013	Gifts Received	Expenditures	Transfers	Balance 1/31/2014
Donor Restricted					
Pine Ridge/Lutheran Lakota Ministry	\$ 3,242	\$ 26,515	\$ 27,757	\$ -	2,000
Heartland Ephphatha	(782)	35,789	33,710	-	1,297
Lutheran Youth Organization	12,064	1,200	730	-	12,534
Campus Min Capital Reserves	1,120	-	-	-	1,120
Pine Ridge/Horizon Intern	-	9,043	9,043	-	-
Woyatan Multicultural	856	15,883	12,756	-	3,983
Answer The Call	29,208	55,947	42,055	-	43,100
African Ministry	-	2,470	-	-	2,470
Answer The Call - WELCA	4,934	5,268	9,977	-	225
KA Yela Dyate	1,750	-	875	-	875
Westside Lutheran SF	(28)	75,645	75,617	-	-
Ethopian Community	866	468	866	-	468
Intentional Christ	4,509	17,602	13,791	-	8,320
Marty's Mug	17,229	11,925	16,785	-	12,369
SD Pastor Conference	7,228	11,547	12,475	-	6,300
SD Ministries Support	17,296	22,648	30,280	-	9,664
New Mission Start (SF)	3,545	2,940	3,084	-	3,401
SD Hunger Relief	2,812	1,536	1,199	-	3,149
Youth Habitat House	3,237	-	3,237	-	-
Pastors' Sem Indebtedness	65	52,045	52,100	-	10
Seminary Student Fund	82	18,814	16,326	-	2,570
SD Mission Partners/Mission Booster	23,468	82,724	75,198	-	30,994
C Engen Seminary Scholarship	81,606	80,840	80,000	-	82,446
Synod Assembly Offering	-	9,795	9,795	-	-
Endowment Distributions	4,915	34,126	37,165	-	1,876
Monthly Pass-Through	2,258	55,099	53,424	-	3,933
New Hope Salary	-	44,394	43,420	-	974
New Hope Lutheran	12,482	1,191	13,673	-	-
BOP 1% Wellness Reward	10,385	30,484	22,922	-	17,947
Global Mission Gathering	-	-	-	-	-
Latino Emerging Ministry	10,716	82,709	66,611	-	26,814
Faith Family Style	10,568	-	70	-	10,498

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF CHANGES IN DONOR RESTRICTED ASSETS
JANUARY 31, 2014

	Balance <u>1/31/13</u>	Gifts <u>Received</u>	<u>Expenditures</u>	<u>Transfers</u>	Balance <u>1/31/2014</u>
Donor Restricted (Continued)					
Faith Builders	12,017	41,618	41,235	-	12,400
Book Of Faith Initiative	741	-	-	-	741
Peace Fund	7,433	4,101	100	-	11,434
Bishops Discretionary Fund	28,408	6,000	18,084	-	16,324
Exec Staff Cont Education	6,717	800	984	-	6,533
Cameroon Projects	2,166	6,313	800	-	7,679
Nicaragua Projects	5,675	43,698	38,396	-	10,977
Comp Synods-Traveling To	257	10,545	10,415	-	387
Comp Synods-Traveling From	5,526	-	-	-	5,526
Train Up A Child	6,616	8,716	10,000	-	5,332
Cameroon Roofs 6 by 7	1,554	91,060	59,000	-	33,614
Nicaragua Missionary IFLE	6,757	13,917	17,940	-	2,734
	<u>\$ 349,498</u>	<u>\$1,015,415</u>	<u>\$ 961,895</u>	<u>\$ -</u>	<u>\$ 403,018</u>
Total Donor Restricted					
Total Board Designated and Donor Restricted	<u>\$ 496,958</u>	<u>\$1,142,769</u>	<u>\$ 1,109,390</u>	<u>\$ (38,258)</u>	<u>\$ 492,079</u>