

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT
JANUARY 31, 2015

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, 2015 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, 2015, 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 7, 2015

SOUTH DAKOTA SYNOD

EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS

JANUARY 31, 2015

	<u>General</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents				
Interest bearing	483,101	-	404,467	887,568
ELCA investment certificates	289,490	-	100,000	389,490
Equity securities	-	-	3,043,947	3,043,947
Debt securities	-	-	481,596	481,596
Cash surrender value insurance	-	-	198,090	198,090
Accrued income	776	-	-	776
Accounts receivable	317	-	-	317
Property and equipment				
Building and improvements	-	1,394,522	-	1,394,522
Furniture and equipment	-	242,494	-	242,494
Less-accumulated depreciation	-	(727,828)	-	(727,828)
Real estate	-	-	1,501,052	1,501,052
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 773,684</u>	<u>\$ 909,188</u>	<u>\$ 5,729,152</u>	<u>\$ 7,412,024</u>
LIABILITIES AND NET ASSETS				
Note payable	\$ -	\$ 17,876	\$ -	\$ 17,876
Accrued liabilities	95	-	246	341
Deferred Income	21,616	-	-	21,616
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	21,711	17,876	246	39,833
Net assets				
Unrestricted				
Undesignated	175,664	-	-	175,664
Board designated	96,870	-	-	96,870
Temporarily restricted	479,439	-	-	479,439
Property and equipment	-	891,312	-	891,312
Permanently restricted				
Quasi-endowment	-	-	67,541	67,541
Restricted-endowment	-	-	5,661,365	5,661,365
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total net assets	<u>751,973</u>	<u>891,312</u>	<u>5,728,906</u>	<u>7,372,191</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 773,684</u>	<u>\$ 909,188</u>	<u>\$ 5,729,152</u>	<u>\$ 7,412,024</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, 2015

	<u>Annual Budget</u>	<u>Unrestricted</u>
Revenues, Gifts and Other Support		
Contributions		
Congregational Benevolence	\$ 1,712,619	\$ 1,687,330
Designated Gifts	-	-
Restricted Gifts	-	-
Investment Income	13,500	7,331
Net Unrealized Gain in Securities	-	-
SD Synod Mission Support	53,770	50,815
SDS Travel LLC Income	5,000	11,189
SDS Transportation	25,000	23,359
Pine Ridge Ministry	45,001	45,001
DEM Support Staff	15,000	15,000
Other	8,750	466
Total Revenues, Gifts and Other Support	<u>1,878,640</u>	<u>1,840,491</u>
Functional Expenses		
Synod Administration	530,313	522,905
Synod Programs	28,686	21,055
Synod Supported Ministries	265,342	260,915
Synod Sustained Ministries	133,052	129,859
Outreach Ministries	20,000	17,339
Region III	15,380	15,380
ELCA Ministries	779,242	767,735
Native American Ministries	75,010	77,042
Synod Youth Ministry	14,007	13,564
Companion Synod Coordinator	10,701	9,057
Contingency	6,907	-
Depreciation:		
Furniture and Equipment	-	-
Building	-	-
Investment Expense	-	-
Other Distributions	-	-
Loss on Disposal	-	230
Total Functional Expenses	<u>1,878,640</u>	<u>1,835,081</u>
Net Increase (Decrease) in Net Assets	-	5,410
Transfers		(7,351)
Net Assets, Beginning of Year		177,605
Net Assets, End of Year		<u>\$ 175,664</u>

See accompanying notes.

<u>Board Designated and Restricted</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 1,687,330
144,358	-	324,336	468,694
1,172,223	-	143,858	1,316,081
-	-	-	7,331
-	-	86,329	86,329
-	-	-	50,815
-	-	-	11,189
-	-	-	23,359
-	-	-	45,001
-	-	-	15,000
-	-	8,888	9,354
<hr/> 1,316,581	<hr/> -	<hr/> 563,411	<hr/> 3,720,483
-	-	-	522,905
-	-	-	21,055
-	-	-	260,915
-	-	-	129,859
-	-	-	17,339
-	-	-	15,380
-	-	-	767,735
-	-	-	77,042
-	-	-	13,564
-	-	-	9,057
-	-	-	-
-	21,397	-	21,397
-	34,353	-	34,353
-	-	30,319	30,319
1,231,241	-	160,339	1,391,580
-	-	-	230
<hr/> 1,231,241	<hr/> 55,750	<hr/> 190,658	<hr/> 3,312,730
85,340	(55,750)	372,753	407,753
(1,110)	8,461	-	-
492,079	938,601	5,356,153	6,964,438
<hr/> <u>\$ 576,309</u>	<hr/> <u>\$ 891,312</u>	<hr/> <u>\$ 5,728,906</u>	<hr/> <u>\$ 7,372,191</u>

See accompanying notes.

SOUTH DAKOTA SYNOD

EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JANUARY 31, 2015

	Annual Budget	Unrestricted
Synod Administration		
Bishop Salary	\$ 43,866	\$ 43,866
Bishop Housing	58,054	58,054
Bishop Pension	31,740	31,640
Associate/Director Evangelical Mission Salary	10,603	10,691
Associate/Director Evangelical Mission Pension	1,060	972
Associate Mobility/Candidacy Salary	76,977	76,977
Associate Mobility/Candidacy Social Security	5,889	5,708
Associate Mobility/Candidacy Pension	18,168	18,241
Exec Staff Continuing Education	3,800	3,800
Exec Staff Travel	17,000	20,803
SDS Transportation Travel	51,500	44,938
Contra-Auto Loans	(5,243)	(5,234)
Exec Staff Professional Expenses	4,000	3,852
Staff Salaries	106,675	104,745
Staff Pensions	26,200	26,656
Staff Continuing Education	720	1,550
Employer Social Security	8,161	7,787
Utilities, Cleaning, Etc. Reimbursed to Augustana	25,584	26,040
Supplies	12,000	10,856
Printing	1,000	2,307
Postage	6,000	4,084
Telephone	8,900	7,156
Equipment Maintenance/Rent	5,665	1,967
Insurance	14,667	16,478
Auditing	7,464	7,464
Hospitality	5,000	5,511
Synod Council Travel	3,000	2,148
Synod Council Hospitality	3,000	5,527
Lutherans Outdoors Offset	(21,637)	(21,689)
DEM Materials	500	10
Total Synod Administration	\$ 530,313	\$ 522,905
Synod Programs		
Resource Center	\$ 250	\$ 279
Support to Ministries Travel	2,000	1,257
Support to Ministries Hospitality	1,000	473
Support to Ministries Program	3,000	10
Candidacy Travel	3,000	1,376
Candidacy Hospitality	3,000	2,547
Candidacy Programs	-	4,172
Electronic Communications	2,500	3,402

See accompanying notes.

<u>Board Designated and Restricted</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 43,866
-	-	-	58,054
-	-	-	31,640
-	-	-	10,691
-	-	-	972
-	-	-	76,977
-	-	-	5,708
-	-	-	18,241
-	-	-	3,800
-	-	-	20,803
-	-	-	44,938
-	-	-	(5,234)
-	-	-	3,852
-	-	-	104,745
-	-	-	26,656
-	-	-	1,550
-	-	-	7,787
-	-	-	26,040
-	-	-	10,856
-	-	-	2,307
-	-	-	4,084
-	-	-	7,156
-	-	-	1,967
-	-	-	16,478
-	-	-	7,464
-	-	-	5,511
-	-	-	2,148
-	-	-	5,527
-	-	-	(21,689)
-	-	-	10
<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ 522,905
\$ -	\$ -	\$ -	\$ 279
-	-	-	1,257
-	-	-	473
-	-	-	10
-	-	-	1,376
-	-	-	2,547
-	-	-	4,172
-	-	-	3,402

See accompanying notes.

SOUTH DAKOTA SYNOD

EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JANUARY 31, 2015

	<u>Annual Budget</u>	<u>Unrestricted</u>
Synod Programs (Continued)		
Evangelical Outreach	1,500	1,287
Companion Synods Ministry	2,000	72
Stewardship Projects	4,000	4,000
Continuing Education Projects	1,000	110
Congregational Initiative	1,236	-
Multi-Cultural Ministry Committee	1,700	548
Rural Ministry	500	-
Mission Table Strategy	2,000	1,522
Total Synod Programs	<u>\$ 28,686</u>	<u>\$ 21,055</u>
Synod Supported Ministries		
SD Ministries Support	\$ 24,465	\$ 23,121
Luther Seminary	69,419	68,309
Church Colleges	6,006	5,910
Lutheran Social Services	69,419	68,309
Lutherans Outdoors	34,621	34,068
Assn Christian Churches	2,000	1,786
Good Samaritan Society	1	1
Chapel in the Hills	1	1
Lutheran Planned Giving	59,410	59,410
Total Synod Supported Ministries	<u>\$ 265,342</u>	<u>\$ 260,915</u>
Synod Sustained Ministries		
Campus Ministry	\$ 122,411	\$ 120,453
Heartland Ephphatha	6,006	6,006
Lutheran Youth Organization	3,605	2,500
Campus Capital	1,030	900
Total Synod Sustained Ministries	<u>\$ 133,052</u>	<u>\$ 129,859</u>
Outreach Ministries		
Mission Congregation Startup	\$ 4,000	\$ 3,600
Companion Synod	1,000	-
Multicultural Center	15,000	13,739
Total Outreach Ministries	<u>\$ 20,000</u>	<u>\$ 17,339</u>
Region III	\$ 15,380	\$ 15,380
ELCA Ministries	\$ 779,242	\$ 767,735

See accompanying notes.

<u>Board Designated and Restricted</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Total</u>
-	-	-	1,287
-	-	-	72
-	-	-	4,000
-	-	-	110
-	-	-	-
-	-	-	548
-	-	-	-
-	-	-	1,522
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,055</u>
\$ -	\$ -	\$ -	\$ 23,121
-	-	-	68,309
-	-	-	5,910
-	-	-	68,309
-	-	-	34,068
-	-	-	1,786
-	-	-	1
-	-	-	1
-	-	-	59,410
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,915</u>
\$ -	\$ -	\$ -	\$ 120,453
-	-	-	6,006
-	-	-	2,500
-	-	-	900
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,859</u>
\$ -	\$ -	\$ -	\$ 3,600
-	-	-	-
-	-	-	13,739
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,339</u>
\$ -	\$ -	\$ -	\$ 15,380
\$ -	\$ -	\$ -	\$ 767,735

See accompanying notes.

SOUTH DAKOTA SYNOD

EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JANUARY 31, 2015

	<u>Annual Budget</u>	<u>Unrestricted</u>
Native American Ministries		
Salary	\$ 36,020	\$ 36,020
Housing	16,775	16,775
Pension	11,316	11,378
Social Security Employer	4,039	4,039
Travel	6,060	8,030
Continuing Education	800	800
Total Native American Ministries	<u>\$ 75,010</u>	<u>\$ 77,042</u>
Synod Youth Ministry Coordinator		
Salary	\$ 12,268	\$ 12,268
Employer Social Security	939	939
Travel	500	57
Continuing Education	300	300
Total Synod Youth Ministry Coordinator	<u>\$ 14,007</u>	<u>\$ 13,564</u>
Companion Synod Coordinator		
Salary	\$ 8,779	\$ 8,413
Employer Social Security	672	644
Travel	1,250	-
Total Companion Synod Coordinator	<u>\$ 10,701</u>	<u>\$ 9,057</u>
Contingency	\$ 6,907	\$ -
Depreciation:		
Furniture and Equipment	\$ -	\$ -
Building	-	-
Total Depreciation	<u>\$ -</u>	<u>\$ -</u>
Investments Expense	\$ -	\$ -
Other Distributions	\$ -	\$ -
Loss on Disposal	\$ -	\$ 230
Total Functional Expenses	<u><u>\$ 1,878,640</u></u>	<u><u>\$ 1,835,081</u></u>

See accompanying notes.

<u>Board Designated and Restricted</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 36,020
-	-	-	16,775
-	-	-	11,378
-	-	-	4,039
-	-	-	8,030
-	-	-	800
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,042</u>
\$ -	\$ -	\$ -	\$ 12,268
-	-	-	939
-	-	-	57
-	-	-	300
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,564</u>
\$ -	\$ -	\$ -	\$ 8,413
-	-	-	644
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,057</u>
\$ -	\$ -	\$ -	\$ -
\$ -	\$ 21,397	\$ -	\$ 21,397
-	34,353	-	34,353
<u>\$ -</u>	<u>\$ 55,750</u>	<u>\$ -</u>	<u>\$ 55,750</u>
\$ -	\$ -	\$ 30,319	\$ 30,319
\$ -	\$ -	\$ 160,339	\$ 160,339
\$ -	\$ -	\$ -	\$ 230
<u>\$ -</u>	<u>\$ 55,750</u>	<u>\$ 190,658</u>	<u>\$ 2,081,489</u>

See accompanying notes.

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF CASH FLOWS

JANUARY 31, 2015

	<u>General</u>	<u>Property and Equipment</u>	<u>Endowment</u>	<u>Totals</u>
Cash Flows from Operating Activities				
Change in net assets	\$ 90,750	\$ (55,750)	\$ 372,753	\$ 407,753
Adjustments to reconcile to net cash used by operating activities:				
Depreciation	-	55,750	-	55,750
Unrealized gain	-	-	(86,329)	(86,329)
Earnings reinvested	(1,352)	-	(116,299)	(117,651)
Cash surrender value life insurance	-	-	(8,888)	(8,888)
Changes in operating assets and liabilities:				
Accrued income	(9)	-	-	(9)
Accounts receivable	6,193	-	-	6,193
Accrued liabilities	8	-	246	254
Other	(8,461)	8,461	-	-
Deferred Income Life Insurance	(23,571)	-	500,000	500,000
	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Net cash provided by operating activities	63,558	8,461	661,483	733,502
Cash Flows from Investment Activities				
Property and equipment purchases	-	(3,227)	-	(3,227)
Investment purchases	-	-	(2,160,989)	(2,160,989)
Investment sales and maturities	-	-	200,000	200,000
	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Net cash used by investment activities	-	(3,227)	(1,960,989)	(1,964,216)
Cash Flows from Financing Activities				
Payments on long term borrowings	-	(5,234)	-	(5,234)
	<u>-</u>	<u>(5,234)</u>	<u>-</u>	<u>(5,234)</u>
Net cash used by financing activities	-	(5,234)	-	(5,234)
Net change in cash	63,558	-	(1,299,506)	(1,235,948)
Cash, Beginning of year	<u>419,543</u>	<u>-</u>	<u>1,703,973</u>	<u>2,123,516</u>
Cash, End of year	<u>\$ 483,101</u>	<u>\$ -</u>	<u>\$ 404,467</u>	<u>\$ 887,568</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 7, 2015, 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 (Gain)	Fair Market Value**
Equity securities	\$ 2,984,091	\$ 59,856	\$ 3,043,947
Debt securities	\$ 474,188	\$ 7,408	\$ 481,596

*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 through July 2014. In August 2015 the monthly fee increased to \$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 \$48,055.

5. **PERMANENTLY RESTRICTED NET ASSETS**

The permanently restricted net assets are comprised of the following:

Quasi-Endowment	\$ 67,541
Restricted-Endowment	<u>5,661,365</u>
	<u>\$ 5,728,906</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

\$ 17,876

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

year ending January 31, 2016	\$ 5,412
2017	5,632
2018	5,838
2019	<u>994</u>
	<u>\$ 17,876</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, 2015, 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 7, 2015

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF CHANGES IN BOARD DESIGNATED ASSETS
JANUARY 31, 2015

	<u>Balance</u> <u>1/31/2014</u>	<u>Gifts</u> <u>Received</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Balance</u> <u>1/31/2015</u>
Board Designated					
Occupancy Upkeep & Repairs	\$ 16,385	\$ -	\$ -	\$ -	\$ 16,385
Office Equipment	5,812	-	-	-	5,812
Bishop Election/Transition	19,279	-	14,275	25,000	30,004
Stewardship Projects	13,893	9,227	3,444	-	19,676
Continuing Education	5,340	27,437	27,661	-	5,116
Fall Theological Conference	1,486	7,259	8,490	-	255
Youth Certification School	2,870	-	-	-	2,870
Synod Program Development	1,903	-	1,903	-	-
First Call Retreat Program	400	-	-	-	400
Stewardship The Call	750	-	-	-	750
LYO Synod Gathering	1,545	12,251	13,137	-	659
Synod Assembly Fund	14,807	62,934	39,639	(25,000)	13,102
Companion Synod Promotions	512	-	-	-	512
Multi-Cultural Ministry	4,079	250	3,000	-	1,329
Total Board Designated	<u>\$ 89,061</u>	<u>\$ 119,358</u>	<u>\$ 111,549</u>	<u>\$ -</u>	<u>\$ 96,870</u>

SOUTH DAKOTA SYNOD

EVANGELICAL LUTHERAN CHURCH IN AMERICA

STATEMENT OF CHANGES IN DONOR RESTRICTED ASSETS

JANUARY 31, 2015

	Balance <u>1/31/2014</u>	Gifts <u>Received</u>	<u>Expenditures</u>	<u>Transfers</u>	Balance <u>1/31/2015</u>
Donor Restricted					
Pine Ridge/Lutheran Lakota Ministry	\$ 2,000	\$ 61,755	\$ 47,001	\$ -	16,754
Heartland Ephphatha	1,297	39,165	40,462	-	-
Lutheran Youth Organization	12,534	4,486	3,707	-	13,313
Campus Min Capital Reserves	1,120	900	-	-	2,020
Woyatan Multicultural	3,983	8,018	2,987	-	9,014
Listen, God Is Calling	-	15,960	53,067	-	(37,107)
Answer The Call	43,100	40,697	38,915	-	44,882
African Ministry	2,470	14,837	4,076	-	13,231
Answer The Call - WELCA	225	5,597	5,522	-	300
KA Yela Dyate	875	-	-	-	875
Westside Lutheran SF	-	38,049	38,049	-	-
Ethiopian Community	468	-	-	-	468
Intentional Christ	8,320	13,750	12,068	-	10,002
Marty's Mug	12,369	12,922	3,751	-	21,540
SD Pastor Conference	6,300	10,544	8,746	-	8,098
SD Ministries Support	9,664	23,922	26,301	-	7,285
New Mission Start (SF)	3,401	2,945	4,237	-	2,109
SD Hunger Relief	3,149	634	336	-	3,447
Pastors' Sem Indebtedness	10	94,604	94,301	-	313
Seminary Student Fund	2,570	62,469	45,530	-	19,509
SD Mission Partners/Mission Booster	30,994	53,821	65,355	-	19,460
SD Disaster Relief	-	8,458	8,458	-	-
C Engen Seminary Scholarship	82,446	91,000	96,000	-	77,446
Synod Assembly Offering	-	9,982	9,982	-	-
Endowment Distributions	1,876	46,832	14,273	-	34,435
Monthly Pass-Through	3,933	72,475	73,950	-	2,458
New Hope Salary	974	24,909	22,474	-	3,409
BOP 1% Wellness Reward	17,947	26,702	19,596	-	25,053
Latino Emerging Ministry	26,814	61,277	67,761	-	20,330
Faith Family Style	10,498	-	-	-	10,498

SOUTH DAKOTA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF CHANGES IN DONOR RESTRICTED ASSETS
JANUARY 31, 2015

	Balance <u>1/31/14</u>	Gifts <u>Received</u>	<u>Expenditures</u>	<u>Transfers</u>	Balance <u>1/31/2015</u>
Donor Restricted (Continued)					
Faith Builders	12,400	45,858	46,293	-	11,965
Book Of Faith Initiative	741	-	-	-	741
Peace Fund	11,434	1,796	1,200	-	12,030
Bishops Discretionary Fund	16,324	2,915	8,340	(1,110)	9,789
Exec Staff Cont Education	6,533	1,686	8	-	8,211
Cameroon Projects	7,679	65,541	43,878	-	29,342
Nicaragua Projects	10,977	47,589	38,035	-	20,531
Comp Synods-Traveling To	387	1,286	1,366	-	307
Comp Synods-Traveling From	5,526	200	537	-	5,189
Train Up A Child	5,332	9,125	10,350	-	4,107
Cameroon Roofs 6 by 7	33,614	129,469	119,400	-	43,683
Nicaragua Missionary IFLE	2,734	20,048	18,380	-	4,402
Total Donor Restricted	<u>\$ 403,018</u>	<u>\$1,172,223</u>	<u>\$ 1,094,692</u>	<u>\$ (1,110)</u>	<u>\$ 479,439</u>
Total Board Designated and Donor Restricted	<u>\$ 492,079</u>	<u>\$1,291,581</u>	<u>\$ 1,206,241</u>	<u>\$ (1,110)</u>	<u>\$ 576,309</u>