

**Nebraska Synod of the  
Evangelical Lutheran Church in America  
Omaha, Nebraska**

**Financial Statements and  
Supplementary Information  
January 31, 2016 and 2015**

**Together with Independent Auditor's Report**

**Nebraska Synod of the  
Evangelical Lutheran Church in America**

**Table of Contents**

---

	<u>Page</u>
Independent Auditor's Report .....	1 – 2
Financial Statements:	
Statements of Financial Position January 31, 2016 and 2015 .....	3
Statements of Activities For the Years Ended January 31, 2016 and 2015 .....	4 – 5
Statements of Cash Flows For the Years Ended January 31, 2016 and 2015 .....	6
Notes to Financial Statements January 31, 2016 and 2015 .....	7 – 15
Supplementary Information:	
Exhibit 1 – Divisional Statements of Financial Position January 31, 2016 .....	16
Exhibit 2 – Divisional Statements of Changes in Unrestricted Net Assets For the Year Ended January 31, 2016 .....	17

## Independent Auditor's Report

To the Council  
Nebraska Synod of the  
Evangelical Lutheran Church in America  
Omaha, Nebraska:

### Report on the Financial Statements

We have audited the accompanying financial statements of the Nebraska Synod of the Evangelical Lutheran Church in America (the Synod), which comprise the statements of financial position as of January 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Synod as of January 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information in Exhibits 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information in Exhibits 1 and 2 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to

the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

*Spim Johnson, LLP*

Omaha, Nebraska,  
August 15, 2016.

**Nebraska Synod of the  
Evangelical Lutheran Church in America**

**Statements of Financial Position  
January 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 661,567	803,953
Other receivables	220,720	131,868
Current portion of notes receivable	9,998	9,511
Prepaid expenses	1,994	2,275
Total current assets	<u>894,279</u>	<u>947,607</u>
Investments, including assets limited as to use	3,805,428	3,786,141
Property and equipment, net	512,623	556,757
Notes receivable, net of current portion	414,131	428,867
Total assets	<u>\$ 5,626,461</u>	<u>5,719,372</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 43,106	--
Payable to affiliated organizations	283,954	309,147
Accrued expenses	46,546	36,103
Deferred revenue	16,637	35,311
Due to related parties	--	1,780
Total current liabilities	<u>390,243</u>	<u>382,341</u>
Commitments and contingencies		
Net assets:		
Unrestricted	3,064,996	3,166,977
Unrestricted - council designated	1,199,458	1,247,830
Temporarily restricted	958,087	908,547
Permanently restricted	13,677	13,677
Total net assets	<u>5,236,218</u>	<u>5,337,031</u>
Total liabilities and net assets	<u>\$ 5,626,461</u>	<u>5,719,372</u>

*See notes to financial statements*

**Nebraska Synod of the Evangelical Lutheran Church in America**

**Statements of Activities  
For the Year Ended January 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT:				
Church support - mission share	\$ 3,369,192	--	--	3,369,192
LPGS membership fees	273,274	--	--	273,274
Gifts, grants, events and expense reimbursements	936,535	922,722	--	1,859,257
Investment income, net	66,965	122	--	67,087
Other income	17,482	--	--	17,482
Net assets released from restrictions	873,304	(873,304)	--	--
Total revenue and other support	<u>5,536,752</u>	<u>49,540</u>	<u>--</u>	<u>5,586,292</u>
EXPENSES:				
ELCA churchwide ministries	1,836,210	--	--	1,836,210
Operating expenses	2,019,173	--	--	2,019,173
Grants and program expenses	1,689,704	--	--	1,689,704
Depreciation	51,204	--	--	51,204
Total expenses	<u>5,596,291</u>	<u>--</u>	<u>--</u>	<u>5,596,291</u>
REVENUE AND OTHER SUPPORT OVER (UNDER) EXPENSES	(59,539)	49,540	--	(9,999)
CHANGE IN NET UNREALIZED GAINS AND LOSSES ON OTHER THAN TRADING SECURITIES	<u>(90,814)</u>	<u>--</u>	<u>--</u>	<u>(90,814)</u>
CHANGE IN NET ASSETS	(150,353)	49,540	--	(100,813)
NET ASSETS, beginning of year	<u>4,414,807</u>	<u>908,547</u>	<u>13,677</u>	<u>5,337,031</u>
NET ASSETS, end of year	<u>\$ 4,264,454</u>	<u>958,087</u>	<u>13,677</u>	<u>5,236,218</u>

*See notes to financial statements*

**Nebraska Synod of the Evangelical Lutheran Church in America**

**Statements of Activities (Continued)  
For the Year Ended January 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT:				
Church support - mission share	\$ 3,440,359	--	--	3,440,359
LPGS membership fees	239,753	--	--	239,753
Gifts, grants, events and expense reimbursements	793,774	895,799	--	1,689,573
Investment income, net	60,265	121	--	60,386
Gain on sale of property and equipment	33,619	--	--	33,619
Other income	45,532	--	--	45,532
Net assets released from restrictions	859,147	(859,147)	--	--
	<u>5,472,449</u>	<u>36,773</u>	<u>--</u>	<u>5,509,222</u>
Total revenue and other support				
EXPENSES:				
ELCA churchwide ministries	1,874,995	--	--	1,874,995
Operating expenses	2,088,380	--	--	2,088,380
Grants and program expenses	1,536,759	--	--	1,536,759
Depreciation	63,167	--	--	63,167
	<u>5,563,301</u>	<u>--</u>	<u>--</u>	<u>5,563,301</u>
Total expenses				
REVENUE AND OTHER SUPPORT OVER (UNDER) EXPENSES	(90,852)	36,773	--	(54,079)
CHANGE IN NET UNREALIZED GAINS AND LOSSES ON OTHER THAN TRADING SECURITIES	14,998	--	--	14,998
CHANGE IN NET ASSETS	(75,854)	36,773	--	(39,081)
NET ASSETS, beginning of year	4,490,661	871,774	13,677	5,376,112
NET ASSETS, end of year	<u>\$ 4,414,807</u>	<u>908,547</u>	<u>13,677</u>	<u>5,337,031</u>

*See notes to financial statements*

**Nebraska Synod of the  
Evangelical Lutheran Church in America**

**Statements of Cash Flows  
For the Years Ended January 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (100,813)	(39,081)
Adjustments to reconcile the change in net assets to net cash used in operating activities -		
Depreciation	51,204	63,167
Gain on sale of property and equipment	--	(33,619)
Change in net unrealized gains and losses on other than trading securities	90,814	(14,998)
(Increase) decrease in current assets -		
Other receivables	(88,852)	(20,958)
Prepaid expenses	281	1,304
Increase (decrease) in current liabilities -		
Accounts payable	43,106	--
Payable to affiliated organizations	(25,193)	(245,138)
Accrued expenses	10,443	(12,812)
Deferred revenue	(18,674)	31,977
Due to related parties	(1,780)	(6,585)
Net cash used in operating activities	<u>(39,464)</u>	<u>(276,743)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of land	--	374,968
Purchases of property and equipment	(7,070)	(35,809)
Purchases of investments, net	<u>(110,101)</u>	<u>(37,911)</u>
Net cash provided by (used in) investing activities	<u>(117,171)</u>	<u>301,248</u>
CASH FLOWS FROM FINANCING ACTIVITIES,		
Payments received on notes receivable	<u>14,249</u>	<u>14,091</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(142,386)	38,596
CASH AND CASH EQUIVALENTS - beginning of year	<u>803,953</u>	<u>765,357</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 661,567</u>	<u>803,953</u>

*See notes to financial statements*



# Nebraska Synod of the Evangelical Lutheran Church in America

## Notes to Financial Statements January 31, 2016 and 2015

---

### (1) Description of Organization and Summary of Significant Accounting Policies

The following is a description of the organization and a summary of significant accounting policies of the Nebraska Synod of the Evangelical Lutheran Church in America. These policies are in accordance with accounting principles generally accepted in the United States of America.

#### A. *Organization*

The financial statements include the accounts of the following:

- Nebraska Synod of the Evangelical Lutheran Church in America (Synod)
- Lutheran Planned Giving Services Nebraska Synod Agencies and Institutions (LPGS), an unincorporated agency of the Synod

The Synod is a Nebraska non-profit corporation located in Omaha, Nebraska, and operates under the governance of the Evangelical Lutheran Church in America (the Church). The Synod provides pastoral care, leadership, discipline and support services to its member congregations and ministry leaders. In addition, it partners with its member congregations to assist them in the development of programs to further the Church's mission.

LPGS has been established as an unincorporated agency association of the Synod. LPGS' primary function is to build financial support for the ministries of the Church and promote the Synod's affiliated church-related agencies and institutions. This is accomplished by: (a) interpreting to congregations' estate planning and planned giving programs and identifying individuals who may be interested in those programs, (b) assisting institutions and agencies of the Synod in developing their respective planned giving programs, and (c) generally coordinating cooperative efforts in planned giving among the agencies and institutions of the Synod.

The financial statements do not include the accounts of individual member churches, which are operated by local congregations. When member congregations cease operations, title to their property is transferred to the Synod at its appraised value.

#### B. *Basis of Accounting*

The Synod prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. This basis of accounting involves the application of accrual accounting; consequently, revenue and gains are recognized when earned, and expenses and losses are recognized when incurred.

#### C. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### D. *Cash and Cash Equivalents*

Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of three months or less excluding cash equivalents included in investment accounts.

**Nebraska Synod of the  
Evangelical Lutheran Church in America**

**Notes to Financial Statements  
January 31, 2016 and 2015**

---

*E. Investments*

Investments in equity and debt securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investment income and realized gains and losses on investment transactions are included in excess of revenue and other support over (under) expenses unless the income or loss is restricted by donor or law. Unrealized gains on investments are excluded from the excess of revenue and other support over (under) expenses unless the investments are trading securities.

*F. Assets Limited as to Use*

Assets limited as to use include assets set aside by the Council for use by Council designated programs. Assets limited as to use also include assets restricted as to use by donors.

*G. Property and Equipment*

Property and equipment acquisitions are recorded at cost and capitalized if greater than \$500. Depreciation is computed using the straight-line method based upon useful lives of each class of depreciable asset as follows:

Transportation equipment	2 – 3 years
Furniture and equipment	3 – 7 years
Building and improvements	5 – 40 years

Gifts and transfers of long-lived assets such as land, buildings or equipment are reported as unrestricted support and are excluded from revenue and other support over (under) expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts and transfers of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is expensed as incurred; significant renewals and betterments are capitalized.

*H. Deferred Revenue*

Deferred revenue represents revenues received in 2016 and 2015 fiscal years to fund future program activities.

*I. Net Assets*

The Synod maintains the following classes of net assets:

- *Unrestricted* – Represents net assets that are not subject to donor-imposed restrictions.
- *Unrestricted – Council Designated* – Represents net assets subject to council designated stipulations that may or will be met by actions of the Synod.
- *Temporarily Restricted* – Represents net assets subject to donor-imposed stipulations that may or will be met either by the passage of time or actions of the Synod.
- *Permanently Restricted* – Represents net assets subject to donor-imposed stipulations that they must be maintained permanently by the Synod. Generally the donors of these assets permit the Synod to use all of the interest and dividends earned in related investments for general or specific purposes.

**Nebraska Synod of the  
Evangelical Lutheran Church in America**

**Notes to Financial Statements  
January 31, 2016 and 2015**

---

*J. Contributions*

Unconditional promises to give cash and other assets to the Synod are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received or the condition has been satisfied. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulation expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor-stipulated contributions whose restrictions are met within the same year received are reported as unrestricted contributions in the accompanying financial statements.

*K. Contributed Services*

A number of volunteers have donated various amounts of their time to the Synod and its programs; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

*L. Revenue and Other Support Over (Under) Expenses*

The statements of activities include revenue and other support over (under) expenses as a performance indicator. Changes in unrestricted net assets which are excluded from the performance indicator include change in unrealized gains and losses on other than trading securities.

*M. Income Taxes*

The Synod is exempt from Federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code as a religious organization by virtue of their inclusion in a group exemption ruling issued to the Evangelical Lutheran Church in America.

The Synod accounts for uncertainties in accounting for income tax assets and liabilities using guidance included in Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 740, *Income Taxes*. The Synod recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. At January 31, 2016 and 2015, the Synod had no uncertain tax positions accrued.

*N. Concentration of Credit Risk*

Financial instruments that potentially subject the Synod to concentrations of credit risk include cash and cash equivalents and investments. The Synod periodically maintains deposits in excess of Federal Deposit Insurance Corporation limits. Management believes the risks relating to these deposits are minimal.

*O. Subsequent Events*

The Synod considered events occurring through August 15, 2016 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

**Nebraska Synod of the  
Evangelical Lutheran Church in America**

**Notes to Financial Statements  
January 31, 2016 and 2015**

**(2) Investments, Including Assets Limited as to Use**

Investments are presented in the financial statements at fair value. The following is a summary of investments at January 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Assets limited as to use -		
By donor	\$ 971,764	922,224
By council	1,199,458	1,247,830
Other	<u>1,634,206</u>	<u>1,616,087</u>
	<u>\$ 3,805,428</u>	<u>3,786,141</u>

Investment return for the years ended January 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 69,897	59,713
Realized gain (loss), net	(2,810)	673
Net change in unrealized gains and losses on investments	<u>(90,814)</u>	<u>14,998</u>
	<u>\$ (23,727)</u>	<u>75,384</u>

	<u>2016</u>	<u>2015</u>
Included in revenue and other support over (under) expenses	\$ 67,087	60,386
Reported separately as a change in net assets	<u>(90,814)</u>	<u>14,998</u>
	<u>\$ (23,727)</u>	<u>75,384</u>

**(3) Fair Value**

Fair Value Hierarchy

The Synod applies FASB ASC Topic 820 for fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly through either corroboration or observable market data.

Level 3 inputs are inputs are unobservable for the asset or liability. Therefore, unobservable inputs shall reflect the entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**Nebraska Synod of the  
Evangelical Lutheran Church in America**

**Notes to Financial Statements  
January 31, 2016 and 2015**

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

*Cash and cash equivalents*– The fair value of cash and cash equivalents, consisting primarily of money market funds, is classified as Level 1 as these funds are valued using quoted market prices.

*Federal agency securities and United States treasury notes* – Federal agency securities and United States treasury notes are classified as Level 2 based on multiple sources of information which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets at active markets.

*Mutual funds* – The fair value of mutual funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers, and is classified as Level 1.

*Mission Investment Fund, ELCA* – The fair value of investments in the Mission Investment Fund, ELCA (which include demand and term investments) are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

*ELCA Endowment Fund Pooled Trust – Fund A* – The fair value of the Synod's investments in the ELCA Endowment Fund Pooled Trust – Fund A are classified as Level 3 based on their value being provided by the ELCA investment managers. In determining fair value the Synod utilizes the valuation reflected in the financial statements and other financial reports of the ELCA Endowment Fund Pooled Trust – Fund A. The underlying investment entity values securities and other financial instruments at fair value based upon market price.

For the years ended January 31, 2016 and 2015, the application of valuation techniques applied to similar assets and liabilities has been consistent.

The following tables present the financial instruments that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) at January 31, 2016 and 2015:

	<b>January 31, 2016</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments, including assets limited as to use:				
Cash and cash equivalents	\$ 1,395	1,395	--	--
Federal agency securities	676,437	--	676,437	--
United States Treasury note	77,390	--	77,390	--
Mutual funds - natural resources	5,347	5,347	--	--
Mission Investment Fund, ELCA	2,061,874	--	2,061,874	--
ELCA Endowment Fund Pooled Trust - Fund A	982,985	--	--	982,985
	<u>\$ 3,805,428</u>	<u>6,742</u>	<u>2,815,701</u>	<u>982,985</u>

	<b>January 31, 2015</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments, including assets limited as to use:				
Cash and cash equivalents	\$ 219,435	219,435	--	--
Federal agency securities	653,830	--	653,830	--
Mutual funds - natural resources	6,173	6,173	--	--
Mission Investment Fund, ELCA	2,345,575	--	2,345,575	--
ELCA Endowment Fund Pooled Trust - Fund A	310,163	--	--	310,163
	<u>3,535,176</u>	<u>225,608</u>	<u>2,999,405</u>	<u>310,163</u>

Investments, including assets limited as to use - other, Certificates of deposit	<u>250,965.00</u>
	<u>\$ 3,786,141</u>

**Nebraska Synod of the  
Evangelical Lutheran Church in America**

**Notes to Financial Statements  
January 31, 2016 and 2015**

Financial instruments classified as Level 3 in the fair value hierarchy represent the Synod's investments in financial instruments in which the Synod has used at least one significant unobservable input in the value model. The Synod's investments in the ELCA Endowment Fund Pooled Trust – Fund A fair value is estimated using net asset value per share. These investments have no unfunded commitments and does not have redemption restrictions.

The following table presents a reconciliation of activity for the Level 3 financial instruments for the years ended January 31, 2016 and 2015:

Balance, January 31, 2014	\$ 284,826
Purchases of investments	11,064
Gain on investment activity	<u>14,273</u>
Balance, January 31, 2015	310,163
Purchases of investments	764,324
Loss on investment activity	<u>(91,502)</u>
Balance, January 31, 2016	<u>\$ 982,985</u>

**(4) Property and Equipment**

A summary of property and equipment at January 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 299,236	306,002
Leasehold improvements	--	70,378
Vehicles	141,484	141,484
Fontenelle facility	<u>921,685</u>	<u>921,685</u>
Total property and equipment	1,362,405	1,439,549
Less accumulated depreciation	<u>(849,782)</u>	<u>(882,792)</u>
Property and equipment, net	<u>\$ 512,623</u>	<u>556,757</u>

Depreciation expense of \$51,204 and \$63,167 in 2016 and 2015, respectively, is included in the statements of activities.

**(5) Notes Receivable**

Notes receivable at January 31, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Note receivable from an individual, due in monthly installments of \$114, zero interest, through September 2018.	\$ 3,608	4,983
Note receivable from an individual, due in monthly installments of \$305, zero interest, through October 2018.	10,397	13,761
Note receivable from a church, due in monthly installments of \$2,523, including interest at 5%, through September 2018, and a final balloon payment due in October 2018 of \$382,308	<u>410,124</u>	<u>419,634</u>
Total notes receivable	424,129	438,378
Less current portion	<u>(9,998)</u>	<u>(9,511)</u>
Notes receivable, net of current portion	<u>\$ 414,131</u>	<u>428,867</u>

**Nebraska Synod of the  
Evangelical Lutheran Church in America**

**Notes to Financial Statements  
January 31, 2016 and 2015**

**(6) Membership Fees**

The source of financial support for LPGS is exclusively from the membership fees of its members. The amount of financial support from each member is determined annually by a formula developed by the Council consistent with budgetary requirements of LPGS. Fees for the years ended January 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
ELCA Foundation	\$ 45,000	45,000
Mosaic	31,914	30,984
Immanuel	31,914	30,984
Tabitha Foundation	26,052	25,293
Lutheran Family Services of Nebraska, Inc.	22,143	21,500
Midland University	22,143	21,498
Blue Valley	16,933	16,440
Lutheran School of Theology	16,933	16,440
Good Shepherd	16,933	--
NE Lutheran Outdoor Ministries	11,721	11,380
Wartberg Seminary	10,746	--
NE Lutheran Campus Ministries	10,421	10,117
Oaks Indian Center	10,421	10,117
	<u>\$ 273,274</u>	<u>239,753</u>

**(7) Unrestricted – Council Designated, Temporarily and Permanently Restricted Net Assets**

Unrestricted Council designated net assets are available for the following purposes at January 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Synod Contingency Fund	\$ 268,367	484,802
Nebraska Synod Endowment	162,804	160,474
Lutheran Metro Ministries	102,058	102,058
Youth / Family Ministry Fund	94,759	77,426
Leadership Development Fund	87,087	90,639
Nebraska Synod Endowment Interest	83,983	83,983
Mission Field Nebraska	65,613	119,299
Bishop's Discretionary Fund	63,037	58,889
Nebraska Missions Fund	50,272	--
Assembly / Festival	44,681	14,221
We Do Mission	42,071	47,771
Sudanese	40,302	22,112
World Hunger	33,577	40,097
Candidacy	12,634	2,194
Justice Ministries	10,397	10,621
Ecumenical Boundaries Event	8,382	4,906
Ventures	7,225	7,225
Beatrice Todos Los Hijos de Dios	5,415	4,454
Video	4,541	4,541
Interim Ministry	4,258	6,418
Enhancing Rural Ministry for Aging Adults	3,061	3,061
Campus Ministry Capital	2,000	2,000
Renewal Retreat Task Force	1,022	1,022
Synod Clergy / Spouse Retreat	876	876
Rural Internships	556	--
Rural Ministry Endowment Interest	357	198
Bridgebuilders	123	123
Women in Ministry	--	478
	<u>\$ 1,199,458</u>	<u>1,349,888</u>

**Nebraska Synod of the  
Evangelical Lutheran Church in America**

**Notes to Financial Statements  
January 31, 2016 and 2015**

Temporarily restricted net assets are available for the following purposes at January 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Tanzania Fund	\$ 463,154	401,030
American Missions	111,261	109,929
LMM Pantry Fund	85,867	100,478
Nebraska Disaster Fund	59,076	69,129
Prison Chapel	51,466	51,466
LPGS Future Operational Scholarships	33,948	23,600
LMM Dayhouse Fund	33,236	49,828
Gage County Seminarian	26,604	26,604
Parish Ministry Associate	15,528	15,406
LMM Urban Center Fund	14,823	21,064
Director of Evangelical Mission	13,764	13,764
Spiritual Direction	13,096	--
Mission & Vision Initiative Grant	10,000	--
LMM Dial Scholarship Fund	8,801	--
Seminary Assist SE Nebraska Cluster	3,807	3,807
Seminarian Assistance	3,333	3,333
Mental Wellness	3,048	9,501
Spirit of Grace	3,000	3,000
Rural Immersion	2,339	1,746
Argentina	1,110	4,085
	<u>826</u>	<u>777</u>
	<u>\$ 958,087</u>	<u>908,547</u>

Permanently restricted net assets listed below include endowment funds which are to be held in perpetuity, the income which is expendable for the following:

	<u>2016</u>	<u>2015</u>
Rural Ministries Endowment	\$ <u>13,677</u>	<u>13,677</u>

**(8) Commitments and Contingencies**

Operating Lease

During 2015 and 2016, the Synod leased various facilities under an operating lease. Total rental expense in 2016 and 2015 for all operating leases was \$31,500 and \$15,000, respectively.

The following is a schedule by year of future minimum lease payments under the operating lease as of January 31, 2016:

<u>Year Ending</u>	<u>Amount</u>
2017	\$ 34,800
2018	34,800
2019	34,800
2020	5,800



# Nebraska Synod of the Evangelical Lutheran Church in America

## Notes to Financial Statements January 31, 2016 and 2015

---

### (9) Pension and Other Benefits Program

The Synod is a participating employer in benefit plans administered by the Evangelical Lutheran Church in America Board of Pensions, doing business as Portico Benefit Services, an affiliated corporation of the Church. These plans include the following:

- Regular Pension Plan
- Medical and Dental Benefits Plan
- Disability Benefits Plan
- Survivor Benefits Plan

The Synod contributes a fixed percentage of qualifying compensation to each of these plans. The Synod offers no additional benefits and incurs no further liabilities associated with the aforementioned plans. For the years ended January 31, 2016 and 2015, the total cost to the Synod of participating in these plans was \$180,921 and \$159,385, respectively.

### (10) Related Party Transactions

The Synod serves as the sole member of Nebraska Lutheran Outdoor Ministries, Inc. and Nebraska Lutheran Campus Ministry, Inc. (collectively, Corporations), both not-for-profit corporations. Upon dissolution of the Corporations, any remaining property and assets are to be distributed to the Synod or its successor(s). Any amendments to the Corporations' articles of incorporation must have written approval from the Synod. The affairs of the Corporations are managed by separate Boards of Directors. The Synod elects directors to the Boards but does not have the authority to remove the Corporations' Board members. Due to the lack of overlapping Boards, and the Synod not being able to remove Board members, the Synod does not control the Corporations. Since control does not exist, the Corporations' financial position and activities are not included in these financial statements. During 2016 and 2015, the Synod provided grants totaling \$259,488 to these Corporations.

The Synod also had amounts payable to the Church, as described in Note 1, for various operating expenses in the amounts of \$283,954 and \$309,147, as of January 31, 2016 and 2015, respectively.

**Divisional Statements of Financial Position**  
**January 31, 2016**

	Nebraska Synod of the ELCA	Lutheran Planned Giving Services	Eliminations	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 563,097	98,470	--	661,567
Other receivables	222,434	--	(1,714)	220,720
Current portion of notes receivable	9,998	--	--	9,998
Prepaid expenses	--	1,994	--	1,994
	<u>795,529</u>	<u>100,464</u>	<u>(1,714)</u>	<u>894,279</u>
Total current assets				
Investments, including assets limited as to use	3,444,017	361,411	--	3,805,428
Property and equipment, net	489,604	23,019	--	512,623
Notes receivable, net of current portion	414,131	--	--	414,131
	<u>5,143,281</u>	<u>484,894</u>	<u>(1,714)</u>	<u>5,626,461</u>
Total assets				
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Accounts payable	\$ 32,215	12,605	(1,714)	43,106
Payable to affiliated organizations	283,954	--	--	283,954
Accrued expenses	40,236	6,310	--	46,546
Deferred revenue	1,876	14,761	--	16,637
	<u>358,281</u>	<u>33,676</u>	<u>(1,714)</u>	<u>390,243</u>
Total current liabilities				
Net assets:				
Unrestricted	2,647,726	417,270	--	3,064,996
Unrestricted - council designated	1,199,458	--	--	1,199,458
Temporarily restricted	924,139	33,948	--	958,087
Permanently restricted	13,677	--	--	13,677
	<u>4,785,000</u>	<u>451,218</u>	<u>--</u>	<u>5,236,218</u>
Total net assets				
Total liabilities and net assets	<u>\$ 5,143,281</u>	<u>484,894</u>	<u>(1,714)</u>	<u>5,626,461</u>

**Divisional Statements of Changes in Unrestricted Net Assets  
For the Year Ended January 31, 2016**

	Nebraska Synod of the ELCA	Lutheran Planned Giving Services	Eliminations	Total
<b>UNRESTRICTED REVENUE AND OTHER SUPPORT:</b>				
Church support - mission share	\$ 3,369,192	--	--	3,369,192
LPGS membership fees	--	273,274	--	273,274
Gifts, grants, events and expense reimbursements	866,035	70,500	--	936,535
Investment income	54,830	12,135	--	66,965
Other income	11,391	6,091	--	17,482
Net assets released from restrictions	873,304	--	--	873,304
	<u>5,174,752</u>	<u>362,000</u>	<u>--</u>	<u>5,536,752</u>
<b>EXPENSES:</b>				
ELCA churchwide ministries	1,836,210	--	--	1,836,210
Operating expenses	1,771,890	247,283	--	2,019,173
Grants and program expenses	1,689,704	--	--	1,689,704
Depreciation	44,862	6,342	--	51,204
	<u>5,342,666</u>	<u>253,625</u>	<u>--</u>	<u>5,596,291</u>
REVENUE AND OTHER SUPPORT OVER (UNDER) EXPENSES	(167,914)	108,375	--	(59,539)
CHANGE IN NET UNREALIZED GAINS AND LOSSES ON OTHER THAN TRADING SECURITIES	(60,019)	(30,795)	--	(90,814)
CHANGE IN UNRESTRICTED NET ASSETS	(227,933)	77,580	--	(150,353)
UNRESTRICTED NET ASSETS, beginning of year	<u>4,075,117</u>	<u>339,690</u>	<u>--</u>	<u>4,414,807</u>
UNRESTRICTED NET ASSETS, end of year	<u>\$ 3,847,184</u>	<u>417,270</u>	<u>--</u>	<u>4,264,454</u>