

UPSTATE NEW YORK SYNOD
OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA

FINANCIAL STATEMENTS
January 31, 2018 and 2017

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Dermody, Burke & Brown, CPAs, LLC

INDEPENDENT AUDITORS' REPORT

SYNOD COUNCIL UPSTATE NEW YORK SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

Report on the Financial Statements

We have audited the accompanying financial statements of **UPSTATE NEW YORK SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA** (the Synod), which comprise the statements of financial position as of January 31, 2018 and 2017, 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. Those 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Upstate New York Synod of the Evangelical Lutheran Church in America as of January 31, 2018 and 2017, 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 on pages 16 to 19 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 information 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 information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Dermody, Burke & Brown

DERMODY, BURKE & BROWN, CPAs, LLC

Syracuse, NY

April 13, 2018

**UPSTATE NEW YORK SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA**

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

January 31, 2018 and 2017

	ASSETS	
	2018	2017
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 454,538	\$ 406,459
Commitments Receivable	24,840	18,959
Other Assets	8,747	8,286
Investments	<u>2,238,946</u>	<u>2,023,175</u>
Total Current Assets	2,727,071	2,456,879
Property and Equipment, Net	<u>34,843</u>	<u>49,109</u>
TOTAL ASSETS	<u><u>\$ 2,761,914</u></u>	<u><u>\$ 2,505,988</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 27,578	\$ 37,268
Accrued Payroll and Related Expenses	3,133	2,621
Deferred Revenue	149,296	145,599
Assets Held for Others	<u>1,044,880</u>	<u>963,075</u>
Total Liabilities	1,224,887	1,148,563
NET ASSETS (DEFICIENCIES)		
Unrestricted - Designated by Governing Body	642,375	588,565
Unrestricted - Undesignated	141,318	134,193
Unrestricted - Endowment Deficiency	<u>0</u>	<u>(28,849)</u>
Total Unrestricted	783,693	693,909
Temporarily Restricted	460,760	348,254
Permanently Restricted	<u>292,574</u>	<u>315,262</u>
Total Net Assets	<u>1,537,027</u>	<u>1,357,425</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,761,914</u></u>	<u><u>\$ 2,505,988</u></u>

See notes to financial statements.

**UPSTATE NEW YORK SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA**

STATEMENT OF ACTIVITIES

Fiscal Year Ended January 31, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
General and Designated Mission Income:				
Congregational Mission Commitments	\$ 1,116,172	\$ 0	\$ 0	\$ 1,116,172
ELCA World Hunger and Other Special Appeals	189,709	0	0	189,709
Synodical Special Appeals	41,428	0	0	41,428
Grants and Other Receipts	34,455	127,122	1,550	163,127
Investment Income	17,946	16,766	220	34,932
Market Gain on Investments	63,615	50,273	0	113,888
Miscellaneous Income	5,436	0	0	5,436
Net Assets Released from Program Restrictions	70,295	(70,295)	0	0
Total Income	1,539,056	123,866	1,770	1,664,692
General and Designated Mission Expenses:				
ELCA Mission Commitment	468,078	0	0	468,078
ELCA World Hunger and Other Special Appeals	189,709	0	0	189,709
Synodical Special Appeals	41,428	0	0	41,428
Directed Synod Funds Expenditures	121,885	0	0	121,885
Synodical Operating Expenses:				
Congregational Ministries	29,448	0	0	29,448
Education and Global Mission	38,175	0	0	38,175
Ministry	12,702	0	0	12,702
Seminary Support	7,300	0	0	7,300
Outreach/Ministries	20,500	0	0	20,500
Communication Services	930	0	0	930
Financial Support	18,832	0	0	18,832
Synod Council	3,139	0	0	3,139
Ministry of the Bishop	316,831	0	0	316,831
North East Region VII	642	0	0	642
Ecumenical Affairs	11,150	0	0	11,150
Synod Office	198,154	0	0	198,154
Insurance/Legal	6,187	0	0	6,187
Total Synodical Operating Expenses	663,990	0	0	663,990
Total Expenses	1,485,090	0	0	1,485,090
Change in Net Assets	53,966	123,866	1,770	179,602
Net Asset Transfers	6,969	(6,969)	0	0
Endowment Deficiency Write-Downs	24,458	0	(24,458)	0
Net Asset Reclassification	4,391	(4,391)	0	0
Net Assets at Beginning of Year	693,909	348,254	315,262	1,357,425
Net Assets at End of Year	\$ 783,693	\$ 460,760	\$ 292,574	\$ 1,537,027

See notes to financial statements.

**UPSTATE NEW YORK SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA**

STATEMENT OF ACTIVITIES
Fiscal Year Ended January 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
General and Designated Mission Income:				
Congregational Mission Commitments	\$ 1,155,853	\$ 0	\$ 0	\$ 1,155,853
ELCA World Hunger and Other Special Appeals	142,318	0	0	142,318
Synodical Special Appeals	29,797	0	0	29,797
Grants and Other Receipts	73,517	62,585	12,818	148,920
Investment Income	16,918	16,558	0	33,476
Market Gain on Investments	47,373	50,799	0	98,172
Gain on Sale of Fixed Assets	2,500	0	0	2,500
Miscellaneous Income	5,271	0	0	5,271
Net Assets Released from Program Restrictions	62,959	(62,959)	0	0
Total Income	1,536,506	66,983	12,818	1,616,307
General and Designated Mission Expenses:				
ELCA Mission Commitment	486,711	0	0	486,711
ELCA World Hunger and Other Special Appeals	142,318	0	0	142,318
Synodical Special Appeals	29,797	0	0	29,797
Directed Synod Funds Expenditures	141,136	0	0	141,136
Synodical Operating Expenses:				
Congregational Ministries	29,326	0	0	29,326
Education and Global Mission	38,155	0	0	38,155
Ministry	17,124	0	0	17,124
Seminary Support	6,840	0	0	6,840
Outreach/Ministries	20,157	0	0	20,157
Communication Services	666	0	0	666
Financial Support	18,798	0	0	18,798
Synod Council	2,618	0	0	2,618
Ministry of the Bishop	333,973	0	0	333,973
North East Region VII	9,000	0	0	9,000
Ecumenical Affairs	11,150	0	0	11,150
Synod Office	203,885	0	0	203,885
Insurance/Legal	4,125	0	0	4,125
Total Synodical Operating Expenses	695,817	0	0	695,817
Total Expenses	1,495,779	0	0	1,495,779
Change in Net Assets	40,727	66,983	12,818	120,528
Net Asset Transfers	4,619	(4,619)	0	0
Net Asset Reclassification	17,531	(17,531)	0	0
Net Assets at Beginning of Year	631,032	303,421	302,444	1,236,897
Net Assets at End of Year	\$ 693,909	\$ 348,254	\$ 315,262	\$ 1,357,425

See notes to financial statements.

**UPSTATE NEW YORK SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA**

STATEMENTS OF CASH FLOWS

Fiscal Years Ended January 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 179,602	\$ 120,528
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation and Amortization Expense	14,266	16,927
Gain on Sale of Fixed Assets	0	(2,500)
Market Gain on Investments	(113,888)	(98,172)
Contributions Restricted for Long-Term Purposes	(1,770)	(12,818)
Endowment Deficiency Write-Downs	24,458	0
(Increase) Decrease in Operating Assets:		
Commitments Receivable	(5,881)	(4,550)
Other Assets	(461)	(1,958)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(9,690)	(70,774)
Accrued Payroll and Related Expenses	512	241
Deferred Revenue	3,697	87,350
Assets Held for Others	(16,170)	720
	74,675	34,994
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Investment Sales	165,475	65,866
Reinvestment/Purchase of Investments	(193,841)	(116,226)
Proceeds from Sale of Vehicle	0	2,500
	(28,366)	(47,860)
CASH FLOWS FROM FINANCING ACTIVITIES		
Investment in Permanent Endowment	1,770	12,818
	1,770	12,818
Net Increase (Decrease) in Cash and Cash Equivalents	48,079	(48)
Cash and Cash Equivalents, Beginning of Year	406,459	406,507
Cash and Cash Equivalents, End of Year	\$ 454,538	\$ 406,459

See notes to financial statements.

**UPSTATE NEW YORK SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS

January 31, 2018 and 2017

NOTE 1 – NATURE OF OPERATIONS

The Upstate New York Synod of the Evangelical Lutheran Church in America (“the Synod”) is a religious corporation organized into seven conferences under the laws of the State of New York. The Synod has been empowered by the Evangelical Lutheran Church in America (“ELCA”) to fulfill the mission of the ELCA in the Upstate New York Area.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Synod’s financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The Synod reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net Asset Classifications

The classification of the Synod’s net assets and its support, revenue and expenses are based on the existence or absence of donor-imposed restrictions. A summary of net asset classification is as follows:

Unrestricted Net Assets

Designated by the Governing Body – consists of funds allocated by the Synod Council or other governing committee for particular purposes.

Undesignated – consists of contributions and commitments received, investment income and fees earned that are available for general use.

Endowment Deficiency – consists of the deficit amount of endowment assets in underwater situations due to cumulative investing and spending decisions.

Temporarily Restricted Net Assets – consists of both contributions received and unspent accumulated earnings, subject to donor-imposed restrictions as to their use.

Permanently Restricted Net Assets – consists of donor-restricted nonexpendable contributions received.

**UPSTATE NEW YORK SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS

January 31, 2018 and 2017

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributions

In accordance with accounting standards, contributions received and made are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets.

Generally, contributions received, including unconditional promises to give, are recognized as revenue in the period received at their fair values.

Investments

Investments are carried at market value and are managed in four portfolios. Investment management and custodian fees are netted against investment interest and dividends, and were \$8,229 and \$8,000 for the fiscal years ended January 31, 2018 and 2017, respectively.

Income Taxes

The Synod is exempt from income tax under Section 501(c)(3) of the United States Internal Revenue Code. Accordingly, and under similar requirements of New York State law, no provision has been made for federal or state taxes.

Management is unaware of any unrelated business activities that may be subject to unrelated business income tax or any activities that would jeopardize the organization's exempt status.

Cash Flows

For the purposes of the statements of cash flows, the Synod uses the indirect method of reporting net cash flows from operating activities, and considers all short-term investments with an original maturity of three months or less to be cash equivalents. At January 31, 2018 and 2017, there were cash equivalents of \$227,504 and \$227,297, respectively.

**UPSTATE NEW YORK SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS

January 31, 2018 and 2017

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Transfers

Transfers between net asset categories were made in accordance with management decisions, fund objectives and donor directives, where applicable.

Subsequent Events

Management has evaluated subsequent events through April 13, 2018, which is the date the financial statements were available to be issued.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition. Depreciation and amortization are recorded on the straight-line method over the estimated economic useful life of the respective asset.

Expenditures for repairs and maintenance not considered to substantially lengthen property life are charged to expense as incurred. Depreciation and amortization charged to expense for the Synod for the fiscal years ended January 31, 2018 and 2017 was \$14,266 and \$16,927, respectively. The components of property and equipment for the Synod at January 31 were as follows:

	2018	2017
Land	\$ 11,243	\$ 11,243
Leasehold Improvements	17,887	17,887
Equipment	20,771	20,771
Furniture and Fixtures	750	750
Vehicles	48,056	48,056
	<hr/>	<hr/>
	98,707	98,707
Less: Accumulated Depreciation and Amortization	63,864	49,598
	<hr/>	<hr/>
Total	<u>\$ 34,843</u>	<u>\$ 49,109</u>

**UPSTATE NEW YORK SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS

January 31, 2018 and 2017

NOTE 3 – INVESTMENTS

The Synod has four investment portfolios, two of which include investments belonging to other congregations, as well as cash, which totaled \$1,045,016 and \$963,075 at January 31, 2018 and 2017, respectively. These investments are subject to varying degrees of risk. Equity securities and bond and equity funds are subject to market value changes associated with publicly held investments.

	2018	2017
Investments:		
Cash and Cash Equivalents	\$ 65,454	\$ 72,047
Bond Debenture Funds	1,175,840	966,593
Affiliated Equity Funds	129,857	110,054
Equity Securities	713,193	644,133
Exchange Traded Funds	<u>154,602</u>	<u>230,348</u>
Total	<u>\$ 2,238,946</u>	<u>\$ 2,023,175</u>

NOTE 4 – FAIR VALUE

The Synod follows the provisions of an accounting standard, which pertains to certain statement of financial position items measured at fair value on a recurring basis and defines fair value, establishes a framework for measuring fair value and expands disclosures about such measurements.

The standard defines fair value as the exit price or the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

The accounting standard establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

**UPSTATE NEW YORK SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS

January 31, 2018 and 2017

NOTE 4 – FAIR VALUE – Continued

The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The accounting standard is principally applied to financial assets such as marketable equity securities and debt securities. All are considered Level 1, as their fair value was based on quoted market prices for identical assets.

NOTE 5 – ENDOWMENTS

The Synod has individual endowment funds which are donor-restricted, and the net assets associated with them have been classified as follows:

Permanently Restricted – the original value of gifts donated to the permanent endowment by explicit donor stipulation.

Temporarily Restricted – the accumulated unspent earnings associated with the endowment gifts, in accordance with the direction of the applicable donor gift instrument.

Unrestricted – the deficit amount of any endowment assets in underwater situations due to cumulative investing and spending decisions.

**UPSTATE NEW YORK SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS

January 31, 2018 and 2017

NOTE 5 – ENDOWMENTS – Continued

Interpretation of Relevant Law

The Governing Council of the Synod has interpreted the relevant state laws under the New York Prudent Management of Institutional Funds Act (NYPMIFA) which was enacted into law on September 17, 2010, and the New York Not-for-Profit Corporation Law as encouraging preservation of endowment funds' original gift value of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Synod's original gift value is comprised of (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until these amounts are appropriated for expenditure by the Synod in a manner consistent with the standard of prudence prescribed by the relevant state law. In accordance with NYPMIFA, the Synod currently considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the funds.
2. The purposes of the Synod and the donor-restricted endowment funds.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Synod.
7. The investment policies of the Synod.
8. Where appropriate, alternatives to spending from the endowment fund and the possible effects of those alternatives on the Synod.

Endowment Deficiency Write-Downs

Due to unfavorable stock market conditions and the continuation of scholarship pay-outs in previous years, both the Walter Kopp and Perry Scholarship funds were unable to award scholarships in their underwater situations. During the current year, families of both donors agreed to write-down the historical principal balances by their applicable January 31, 2017 deficiency amounts and then to combine the funds into a new Perry/Kopp Scholarship Fund. As such, write-downs of \$15,847 and \$8,611 for the Walter Kopp and Perry Scholarship funds, respectively, were recorded as of January 31, 2018. The combined net asset balance for this fund was \$104,988 at January 31, 2018.

**UPSTATE NEW YORK SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS

January 31, 2018 and 2017

NOTE 5 – ENDOWMENTS – Continued

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Synod to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, \$-0- and \$28,849 of deficiencies of this nature were reported in unrestricted net assets as of January 31, 2018 and 2017, respectively.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets (Deficit), January 31, 2017	\$ (28,849)	\$ 27,229	\$ 315,262	\$ 313,642
Investment Return:				
Investment Income	0	8,879	220	9,099
Net Appreciation	<u>0</u>	<u>14,402</u>	<u>0</u>	<u>14,402</u>
Total Investment Gain	0	23,281	220	23,501
Contributions	0	0	1,550	1,550
Amounts Appropriated for Expenditures	0	(2,793)	0	(2,793)
Endowment Deficiency Write-Downs	24,458	0	(24,458)	0
Reclassification to Pay Back Deficiency	<u>4,391</u>	<u>(4,391)</u>	<u>0</u>	<u>0</u>
Endowment Net Assets, January 31, 2018	<u>\$ 0</u>	<u>\$ 43,326</u>	<u>\$ 292,574</u>	<u>\$ 335,900</u>

**UPSTATE NEW YORK SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS

January 31, 2018 and 2017

NOTE 5 – ENDOWMENTS – Continued

	Unrestricted	Restricted	Restricted	Total
Endowment Net Assets (Deficit), January 31, 2016	\$ (46,380)	\$ 14,508	\$ 302,444	\$ 270,572
Investment Return:				
Investment Income	0	9,716	0	9,716
Net Appreciation	<u>0</u>	<u>23,990</u>	<u>0</u>	<u>23,990</u>
Total Investment Gain	0	33,706	0	33,706
Contributions	0	0	12,818	12,818
Amounts Appropriated for Expenditures	0	(3,454)	0	(3,454)
Reclassification Due to Deficiency	<u>17,531</u>	<u>(17,531)</u>	<u>0</u>	<u>0</u>
Endowment Net Assets (Deficit), January 31, 2017	<u>\$ (28,849)</u>	<u>\$ 27,229</u>	<u>\$ 315,262</u>	<u>\$ 313,642</u>

**UPSTATE NEW YORK SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS

January 31, 2018 and 2017

NOTE 6 – LEASE COMMITMENTS

The Synod has entered into a three-year lease for both office space and a copier that began November 1, 2017. Minimum future rental payments under the leases are as follows:

2018	\$ 21,296
2019	21,296
2020	<u>17,484</u>
Total	<u>\$ 60,076</u>

Lease expense for the fiscal years ended January 31, 2018 and 2017 was \$27,936 and \$27,557, respectively.

NOTE 7 – DEFINED CONTRIBUTION PENSION PLAN

The Synod is required by the ELCA to participate in the Pension and Other Benefits Program of the ELCA on behalf of all Synod employees. Ten to twelve percent (10-12%) of employees' total salary is contributed on a monthly basis and employee vesting is immediate. The plan contributions charged to operations for the fiscal years ended January 31, 2018 and 2017 amounted to \$28,599 and \$32,445, respectively.

NOTE 8 – CONCENTRATIONS OF CREDIT RISK

The Synod maintains its cash accounts with one financial institution, which at times, may exceed federally insured limits. The Synod has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

The Synod's investments include cash equivalents, equity securities, bond and equity funds, which are subject to market value changes associated with publicly held investments.

The Synod derives approximately 85% of its operating revenues from individual congregations. As this funding has decreased in recent years, management has appropriately adjusted programs to help eliminate any significant deficits caused by a drop in the congregational funding.

OTHER FINANCIAL INFORMATION

SCHEDULE OF NET ASSET ACTIVITY

Fiscal Year Ended January 31, 2018

	Balance at January 31, 2017	Grants and Other Receipts
UNRESTRICTED NET ASSETS - Designated by Governing Body		
Camp/Conference	\$ 41,494	\$ 0
Care of Congregations	20,424	20,042
Christ, Buffalo	241,331	0
Consultation/Discipline	9,289	0
Deacon Training	10,190	0
East Taghkanic Evangelical	61,005	0
Lay Leadership Development	2,536	0
Mission Interpreters Fund	123	0
National Youth Delegates Fund	1,537	0
Redeemer, Buffalo	128,976	0
Sheila Penney Contingency Fund	7,581	8
St. Paul, Eggertsville	6,787	0
Stewardship Leader Program	921	0
Synodical History	12,065	0
Synod Memorial Fund	13,651	0
Synod Ministerium Fund	2,426	14,305
Synod Mission Fund	21,987	100
Tri-Church, Brocton	6,242	0
	<hr/>	<hr/>
TOTAL UNRESTRICTED NET ASSETS - Designated by Governing Body	<u>\$ 588,565</u>	<u>\$ 34,455</u>

**UPSTATE NEW YORK SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA**

Investment Income	Market Gain	Grants and Expenditures	Transfers In (Out)	Balance at January 31, 2018
\$ 1,176	\$ 6,024	\$ 1,176	\$ 0	\$ 47,518
0	0	20,018	0	20,448
6,832	35,097	3,416	(3,416)	276,428
18	0	0	0	9,307
19	0	0	0	10,209
474	0	0	0	61,479
4	0	563	0	1,977
0	0	123	0	0
0	0	0	0	1,537
3,654	18,755	1,827	(1,827)	147,731
0	0	3,543	0	4,046
11	0	940	0	5,858
0	0	921	0	0
342	1,755	342	0	13,820
387	1,984	0	(387)	15,635
0	0	13,152	0	3,579
31	0	5,569	0	16,549
12	0	0	0	6,254
<u>\$ 12,960</u>	<u>\$ 63,615</u>	<u>\$ 51,590</u>	<u>\$ (5,630)</u>	<u>\$ 642,375</u>

See notes to financial statements.

SCHEDULE OF NET ASSET ACTIVITY

Fiscal Year Ended January 31, 2018

	Balance at January 31, 2017	Grants and Other Receipts	Endowment Write-Down
TEMPORARILY RESTRICTED NET ASSETS			
Church Extension	\$ 67,714	\$ 0	\$ 0
Disaster Preparedness	3,726	7	0
Miller Equipping the Saints Fund - Zambia Income	1,167	0	0
Miller Equipping the Saints Fund - Income	2,500	0	0
Charles A. Gray Memorial Fund - Income	0	0	0
Evangelism Grant Fund	488	0	0
Faith, Glenmont	41,487	0	0
First English, Schenectady	68,584	0	0
Housewarming Fund	2,811	0	0
Martin Luther Kling Memorial - Income	746	0	0
Eugene Kreider, Sr., Memorial	1,665	0	0
McNary Scholarship	23,312	0	0
Minden Lutheran Church	6,999	0	0
Niagara Falls Cluster	9,869	0	0
Perry Scholarship - Income	0	0	0
Perry/Kopp Scholarship Fund	0	31,440	0
St. Mark's, Guilderland Center	94,502	0	0
Lillie S. Seel Scholarship - Income	315	0	0
Synod Assembly Fund	3,914	57,212	0
Samuel Trexler Fellowship - Income	12,552	0	0
Seminarian Debt Relief Fund	0	35,298	0
Walter Kopp Scholarship Fund - Income	0	0	0
Weiskotten Memorial - Income	269	0	0
Winter-Rowan - Income	3,287	0	0
World Hunger Contract	700	0	0
Zimbabwe Project Fund	1,647	3,165	0
TOTAL TEMPORARILY RESTRICTED NET ASSETS	\$ 348,254	\$ 127,122	\$ 0
PERMANENTLY RESTRICTED NET ASSETS			
Lillie S. Seel Scholarship	\$ 5,000	\$ 0	\$ 0
Charles A. Gray Memorial Fund	112,365	0	0
Martin Luther Kling Memorial	10,913	0	0
Miller Equipping the Saints Fund	21,648	500	0
Miller Equipping the Saints Fund - Zambia	4,921	0	0
Perry Scholarship	68,312	0	(15,847)
Perry/Kopp Scholarship Fund	0	0	0
Samuel Trexler Fellowship	50,476	0	0
Walter Kopp Scholarship Fund	25,494	0	(8,611)
Wedemeyer Outdoor Ministry Fund	1,825	1,050	0
Weiskotten Memorial	4,568	0	0
Winter-Rowan	9,740	0	0
TOTAL PERMANENTLY RESTRICTED NET ASSETS	\$ 315,262	\$ 1,550	\$ (24,458)

**UPSTATE NEW YORK SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA**

Investment Income	Market Gain	Grants and Expenditures	Transfers In (Out)	Net Asset Reclassification	Balance at January 31, 2018
\$ 2,058	\$ 10,030	\$ 0	\$ (2,058)	\$ 0	\$ 77,744
0	0	289	0	0	3,444
174	278	174	0	0	1,445
651	1,135	0	(651)	0	3,635
4,521	1,854	0	(1,984)	(4,391)	0
0	0	0	0	0	488
79	0	0	0	0	41,566
1,964	9,949	982	(982)	0	78,533
0	0	2,811	0	0	0
324	1,702	0	(324)	0	2,448
47	242	0	(47)	0	1,907
840	897	0	0	0	25,049
198	1,018	99	(99)	0	8,017
19	0	0	0	0	9,888
1,394	3,592	1,394	(3,592)	0	0
0	0	0	4,200	0	35,640
2,682	13,735	1,341	(1,341)	0	108,237
153	248	153	0	0	563
0	0	58,625	0	0	2,501
712	4,116	712	0	0	16,668
0	0	0	0	0	35,298
456	152	0	(608)	0	0
134	707	0	(134)	0	976
360	618	360	0	0	3,905
0	0	269	0	0	431
0	0	3,086	651	0	2,377
<u>\$ 16,766</u>	<u>\$ 50,273</u>	<u>\$ 70,295</u>	<u>\$ (6,969)</u>	<u>\$ (4,391)</u>	<u>\$ 460,760</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,000
220	0	0	0	0	112,585
0	0	0	0	0	10,913
0	0	0	0	0	22,148
0	0	0	0	0	4,921
0	0	0	(52,465)	0	0
0	0	0	69,348	0	69,348
0	0	0	0	0	50,476
0	0	0	(16,883)	0	0
0	0	0	0	0	2,875
0	0	0	0	0	4,568
0	0	0	0	0	9,740
<u>\$ 220</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 292,574</u>

See notes to financial statements.