

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

**REPORT ON FINANCIAL STATEMENTS
(with supplementary information)**

YEARS ENDED JANUARY 31, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

To the North/West Lower Michigan Synod
of the Evangelical Lutheran Church in America

Report on the Financial Statements

We have audited the accompanying financial statements of the North/West Lower Michigan Synod of the Evangelical Lutheran Church in America (a nonprofit organization) 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 year ended January 31, 2016 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 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 North/West Lower Michigan Synod of the Evangelical Lutheran Church in America as of January 31, 2016 and 2015, and the changes in its net assets and its cash flows for the year ended January 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the North/West Lower Michigan Synod of the Evangelical Lutheran Church in America's 2015 financial statements, and our report dated April 16, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented in the statement of activities for the year ended January 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents, 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 as a whole.

Maney Costeiran PC

April 19, 2016

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENTS OF FINANCIAL POSITION
JANUARY 31, 2016 AND 2015**

| | 2016 | 2015 |
|---|--------------|--------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 381,185 | \$ 366,739 |
| Investments | 1,952,323 | 2,069,637 |
| Accounts receivable | 33,286 | 36,701 |
| Prepaid expenses | 14,600 | 29,074 |
| Property and equipment, less accumulated depreciation | 38,400 | 44,265 |
| TOTAL ASSETS | \$ 2,419,794 | \$ 2,546,416 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES: | | |
| Accounts payable | \$ 16,643 | \$ 19,529 |
| Accrued payroll and related | 11,798 | 11,527 |
| Deferred revenue | 13,525 | 5,719 |
| Total liabilities | 41,966 | 36,775 |
| NET ASSETS: | | |
| Unrestricted: | | |
| Undesignated | (79,707) | (16,956) |
| Designated | 538,914 | 562,157 |
| Total unrestricted | 459,207 | 545,201 |
| Temporarily restricted | 1,020,982 | 1,121,801 |
| Permanently restricted | 897,639 | 842,639 |
| Total net assets | 2,377,828 | 2,509,641 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 2,419,794 | \$ 2,546,416 |

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED JANUARY 31, 2016
(with comparative totals for the year ended January 31, 2015)**

| | 2016 | | | Total | 2015 Total |
|--|------------------|---------------------------|---------------------------|------------------|------------------|
| | Unrestricted | Temporarily restricted | Permanently restricted | | |
| REVENUES AND SUPPORT: | | | | | |
| Mission support | \$ 1,370,987 | \$ - | \$ - | \$ 1,370,987 | \$ 1,368,893 |
| Center for mission and ministry | 15,489 | 5,226 | - | 20,715 | 34,187 |
| Committee revenue | 10,805 | - | - | 10,805 | 14,275 |
| Investment income (loss) - net | (55,957) | (33,948) | - | (89,905) | 114,019 |
| Grant revenue | 32,042 | - | - | 32,042 | 23,609 |
| New and renewing congregations | - | 754 | - | 754 | 719 |
| Registration fees - leadership event | 2,072 | - | - | 2,072 | 3,235 |
| Registration fees - synod assembly | 42,706 | - | - | 42,706 | 34,045 |
| Seminary education assistance | - | 295 | - | 295 | 20 |
| Synod congregational support | - | 29,434 | - | 29,434 | 23,430 |
| Synod-wide revenue | 3,961 | 21,936 | - | 25,897 | 51,195 |
| Other income | 13,310 | - | - | 13,310 | 11,187 |
| Transfers from closed congregations | - | - | 55,000 | 55,000 | 393,226 |
| Net assets released from restrictions | 124,516 | (124,516) | - | - | - |
| Total revenues and support | <u>1,559,931</u> | <u>(100,819)</u> | <u>55,000</u> | <u>1,514,112</u> | <u>2,072,040</u> |
| EXPENSES: | | | | | |
| Program services: | | | | | |
| Agency-organizational ministry support: | | | | | |
| ELCA church-wide support | 685,493 | - | - | 685,493 | 684,447 |
| Capital University and Wittenberg University | 3,000 | - | - | 3,000 | 6,000 |
| Living Water Ministries | 40,000 | - | - | 40,000 | 45,000 |
| Lutheran Social Services of Michigan | 3,000 | - | - | 3,000 | 5,000 |
| Michigan Lutheran Campus Ministry | 44,700 | - | - | 44,700 | 60,000 |
| Region 6 support (includes archives) | 9,059 | - | - | 9,059 | 9,365 |
| Trinity Lutheran Seminary | 22,000 | - | - | 22,000 | 32,000 |
| Total agency-organizational ministry support | <u>807,252</u> | <u>-</u> | <u>-</u> | <u>807,252</u> | <u>841,812</u> |
| Synod ministries: | | | | | |
| Closed congregation expense | 149 | - | - | 149 | 36,150 |
| Synod assembly | 55,942 | - | - | 55,942 | 53,568 |
| Synod council | 7,443 | - | - | 7,443 | 3,449 |
| Total synod ministries | <u>63,534</u> | <u>-</u> | <u>-</u> | <u>63,534</u> | <u>93,167</u> |
| Special programs: | | | | | |
| Paul Trapp endowment | 14,000 | - | - | 14,000 | 13,640 |
| Wilson trust | 21,259 | - | - | 21,259 | 13,160 |
| Seminarian education assistance | 5,000 | - | - | 5,000 | 374 |
| Center for Mission and Ministry | 29,760 | - | - | 29,760 | 21,325 |
| Honduras companion support | 29,435 | - | - | 29,435 | 12,030 |
| M. P. Sudanese Christ Wyoming | 250 | - | - | 250 | - |
| Honduran education fund | 3,200 | - | - | 3,200 | - |
| New and renewing congregations | 3,436 | - | - | 3,436 | 6,000 |
| Other congregational support | 3,155 | - | - | 3,155 | 2,500 |
| Total special programs | <u>109,495</u> | <u>-</u> | <u>-</u> | <u>109,495</u> | <u>69,029</u> |

See notes to financial statements.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED JANUARY 31, 2016
(with comparative totals for the year ended January 31, 2015)**

| | 2016 | | | 2015 Total |
|---------------------------------------|-------------------|---------------------------|---------------------------|---------------------|
| | Unrestricted | Temporarily restricted | Permanently restricted | |
| EXPENSES: | | | | |
| Program services (Concluded): | | | | |
| Program support: | | | | |
| Church in society committee | \$ 32,658 | \$ - | \$ - | \$ 32,658 |
| Christian education committee | 140 | - | - | 140 |
| Communication committee | - | - | - | 1,500 |
| Financial support committee | 1,952 | - | - | 1,952 |
| Global mission committee | 10,773 | - | - | 10,773 |
| Ministry committee | 40,080 | - | - | 40,080 |
| Outreach committee | 60,567 | - | - | 60,567 |
| Multicultural committee | 1,500 | - | - | 1,500 |
| Witness/evangelism committee | 107 | - | - | 107 |
| Worship committee | 3,539 | - | - | 3,539 |
| Youth committee | 3,594 | - | - | 3,594 |
| Total program support | <u>154,910</u> | <u>-</u> | <u>-</u> | <u>154,910</u> |
| Total program services | <u>1,135,191</u> | <u>-</u> | <u>-</u> | <u>1,138,949</u> |
| Support services: | | | | |
| Staff salaries and benefits: | | | | |
| Salary - administrative support staff | 75,988 | - | - | 75,988 |
| Salary and housing - called staff | 140,000 | - | - | 140,000 |
| Salary - deployed staff | 38,821 | - | - | 38,821 |
| Social security allowance | 16,410 | - | - | 16,410 |
| Payroll taxes | 9,446 | - | - | 9,446 |
| Health insurance and retirement | 81,179 | - | - | 81,179 |
| Continuing education | 1,556 | - | - | 1,556 |
| Other insurance | 4,599 | - | - | 4,599 |
| Total staff salaries and benefits | <u>367,999</u> | <u>-</u> | <u>-</u> | <u>367,999</u> |
| Synod administration: | | | | |
| Bishop's discretionary fund | 1,652 | - | - | 1,652 |
| Insurance - operating | 10,711 | - | - | 10,711 |
| Lease expense | 16,800 | - | - | 16,800 |
| Office equipment - maintenance | 9,431 | - | - | 9,431 |
| Office supplies | 8,297 | - | - | 8,297 |
| Postage | 2,718 | - | - | 2,718 |
| Professional fees | 21,640 | - | - | 21,640 |
| Telephone | 8,778 | - | - | 8,778 |
| Transition costs and moving expense | - | - | - | 7,786 |
| Travel - staff | 31,294 | - | - | 31,294 |
| (Gain) loss on disposal of assets | 893 | - | - | 893 |
| Website and network | 8,891 | - | - | 8,891 |
| Total synod administration | <u>121,105</u> | <u>-</u> | <u>-</u> | <u>121,105</u> |
| Depreciation expense | <u>21,630</u> | <u>-</u> | <u>-</u> | <u>21,630</u> |
| Total support services | <u>510,734</u> | <u>-</u> | <u>-</u> | <u>478,452</u> |
| Total expenses | <u>1,645,925</u> | <u>-</u> | <u>-</u> | <u>1,617,401</u> |
| CHANGE IN NET ASSETS | (85,994) | (100,819) | 55,000 | (131,813) |
| NET ASSETS, beginning of year | <u>545,201</u> | <u>1,121,801</u> | <u>842,639</u> | <u>2,509,641</u> |
| NET ASSETS, end of year | <u>\$ 459,207</u> | <u>\$ 1,020,982</u> | <u>\$ 897,639</u> | <u>\$ 2,377,828</u> |

See notes to financial statements.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENTS OF CASH FLOWS
YEARS ENDED JANUARY 31, 2016 AND 2015**

| | 2016 | 2015 |
|---|--------------|------------|
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS: | | |
| Cash flows from operating activities: | | |
| Change in net assets | \$ (131,813) | \$ 454,639 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 21,630 | 11,362 |
| (Gain) loss on disposal of assets | 893 | (16,606) |
| Realized and unrealized (gain) loss on investments | 161,018 | (60,487) |
| Accounts receivable | 3,415 | 3,880 |
| Prepaid expenses | 14,474 | (18,380) |
| Accounts payable | (2,886) | (8,448) |
| Accrued payroll and related | 271 | 494 |
| Deferred revenue | 7,806 | (2,263) |
| Total adjustments | 206,621 | (90,448) |
| Net cash provided by operating activities | 74,808 | 364,191 |
| Cash flows from investing activities: | | |
| Purchase of investments | (107,719) | (425,306) |
| Sale of investments | 64,015 | 42,919 |
| Purchase of property and equipment | (16,658) | (51,309) |
| Proceeds from sale of property and equipment | - | 16,606 |
| Note receivable repayment | - | 52,721 |
| Net cash used by investing activities | (60,362) | (364,369) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 14,446 | (178) |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning of year | 366,739 | 366,917 |
| End of year | \$ 381,185 | \$ 366,739 |

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The books and records of the Synod are maintained on the accrual basis of accounting, which recognizes income when earned and expenses when incurred. The Synod is required to report its financial position and activities according to three classes of net assets based on donor imposed restrictions. A description of the three net asset categories follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.
- Temporarily restricted net assets - Net assets whose use is limited by either a donor-imposed time restriction or a donor imposed purpose restriction. When a restriction expires (that is, when a stipulated time restriction ends or funds are expended for the specific purpose) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- Permanently restricted net assets - Net assets that donors have instructed the Synod to maintain in perpetuity, that is, permanently.

Financial statement presentation - The statement of activities includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Synod's prior-year statement of activities from which the summarized information was derived.

Programs:

- Agency-organizational ministry support:
 - ❖ ELCA agencies and organizations - This activity promotes resources available for monthly or quarterly ministry support for various ELCA related ministries within Region 6.
 - ❖ Church-wide ministry support - This activity provides unrestricted resources for distribution through the church-wide expression of the Evangelical Lutheran Church in America for missions domestically and globally.
- Synod ministries - This activity provides resources for the Synod Assembly, the highest level synod legislative body, and for the Synod Council which transacts and oversees the ministries of the Synod between assemblies.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Programs (Continued):

- Special programs:
 - ❖ Paul Trapp endowment - This activity oversees requests for financial support for synod congregations in the northern portion of the Lower Peninsula, funded by annual earnings received by the Paul Trapp Endowment Fund Pooled Trust.
 - ❖ Wilson Trust - This activity provides financial resources for synod member churches located in Saginaw County, Michigan, funded by a one-time bequest and annual earnings received by the Wilson Endowment Trust.
 - ❖ Seminarian education assistance - This activity oversees requests for financial support for tuition and/or non-tuition expenses of seminarians toward calls in ELCA ministries, which is funded by donations and annual earnings received by the To Whom Shall We Go Endowment Fund Pooled Trust.
 - ❖ New and renewing congregations - This activity provides financial resources for new congregations and other congregations in renewal within the Synod, funded by donations and annual earnings received by the To Whom Shall We Go Endowment Fund Pooled Trust.
 - ❖ Center for mission and ministry - Originally intended to be part of a campus which would also include a Lutheran Episcopal congregation and the synodical offices, this activity evolved to provide programs including spiritual discernment and formation throughout the Synod.
 - ❖ Making us one - Launched in 2009 as a capital campaign, this activity intends to raise sufficient cash and pledges to construct a Center for Mission and Ministry and new synodical offices, a three-part campus that include the worship and fellowship site of Christ United, a Lutheran-Episcopal congregation in DeWitt, Michigan.
 - ❖ Companion and other congregational support - Through the global Lutheran family, the ELCA has bilateral “companion church” relationships with many national Lutheran church bodies. These global relationships are deepened by the ELCA Companion Synods Program, which connects 65 ELCA synods in over 120 international companion relationships. Through these companion relationships, members of ELCA synods live out the accompaniment model of the global mission.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Programs (Continued):

- Program support:
 - ❖ Christian education committee - This committee shall be the conduit between congregations, the Synod, the region and church-wide bodies to promote Christian education. The committee shall recruit, train and equip educational leaders within congregations. The committee shall also provide oversight of the Synod resource room.
 - ❖ Church in society committee - This committee shall respond to the Gospel and thereby address social issues through study, grants, advocacy and social statements. This committee shall assist congregations in establishing and implementing social ministry programs.
 - ❖ Communication committee - This committee shall communicate and interpret the ministries of the Church, especially focusing on three levels: congregational, synodical and church-wide. It will accomplish these tasks using periodicals, resources and media instruments most beneficial.
 - ❖ Financial support committee - This committee oversees stewardship consultations with congregations each year. It acts as a catalyst and advocate for programs and resources beneficial for stewardship growth within the congregation.
 - ❖ Global mission committee - This committee shall be responsible for supporting and interpreting the mission work of the church that is done outside the United States as well as that done within. The committee may include in its work the Companion Synod program, congregational advocates and their assisting tools.
 - ❖ Ministry committee - This committee shall be responsible for candidacy, leadership support, specialized ministry and ministry of laypersons in daily life.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Programs (Concluded):

- ❖ Outreach committee - This committee shall be responsible for helping and supporting mission congregations, develop new ministries, support urban and rural coalitions, monitor the Mission Partner Program of the Evangelical Lutheran Church in America, and coordinate mission efforts of the ELCA. The committee shall develop a mission strategy appropriate to the context of the Synod, review funding requests related to the Evangelical Lutheran Church in America for Outreach and coordinate a mission strategy with other synods of Region 6.
- ❖ Multicultural committee - this committee shall promote and facilitate inclusivity, and consult with and/or relate to synod congregations, other synod committees, units of the ELCA, and/or Region 6 on matters which are multi-cultural.
- ❖ Witness/evangelism committee - This committee shall lift up the task of sharing the Gospel of Jesus Christ in word and deed; enable congregations and their members to do this corporately and individually with both the unchurched and their own inactive members; and equip congregations and individuals in any and all appropriate ways of accomplishing this God-given task.
- ❖ Worship committee - This committee shall advise, plan and coordinate workshop for synodical events. The committee shall make available resources, workshops, and worship events to congregations of the Synod.
- ❖ Youth committee - This committee shall serve the youth of the synod as they do ministry in congregations, conferences, the synod and the church-at-large. The committee shall listen to the goals and needs of youth and be advocates in planning and implementation of these goals, work with the Lutheran Youth Organization of the Synod and strive to empower the youth in their ministry. The committee shall also serve as a resource to congregations in the area of youth ministry.

Functional allocation of expenses - The costs of the various programs and other activities have been summarized on a functional basis in Note 11. Fundraising has not been segregated on the basis of immateriality.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Cash and cash equivalents - Cash and cash equivalents consist of cash accounts and money market funds. Cash held by investment managers is considered an investment rather than cash equivalent.

Investments - Investments are reported at fair value with realized and unrealized gains and losses included in the statement of activities.

Accounts receivable - Accounts receivable includes amounts collected by local ministries during the years ended January 31, 2016 and 2015, but not received by the Synod until after year end.

Contributions receivable - The Synod's contributions receivable are comprised of contributions pledged or bequeathed to the Synod and are expected to be collected within one year. The Synod provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of the receivable account. Based on management's estimate, no allowance for bad debts was necessary for the years ended January 31, 2016 and 2015.

Property and equipment - Property and equipment are recorded at cost. Donated assets are recorded at fair value at the date of donation. Depreciation is computed over the estimated useful life of assets using the straight-line method. The Synod capitalizes property and equipment in excess of \$1,000. Cost of maintenance and repairs are charged to expense when incurred.

Deferred revenue - Deferred revenue represents grants received in advance of related program expenses and assets held on behalf of others in an agency capacity.

NOTE 2 - ORGANIZATION, RISKS AND UNCERTAINTIES

The North/West Lower Michigan Synod of the Evangelical Lutheran Church in America (the "Synod") is a Michigan Non-Profit Corporation. The purpose of the Synod is to develop and administer a comprehensive and coordinated plan of fiscal and administrative policies, procedures, and management services for the member churches. The member churches are located in the northern and western half of the Lower Peninsula of Michigan ("Region 6"). Using ministry support and special offerings received from its member churches, the Synod contributes to denominational ministries and provides support for various missions, educational programs and youth outreach. The Synod is exempt from income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - ORGANIZATION, RISKS AND UNCERTAINTIES (Concluded)

The Synod is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the organization to concentrations of significant credit risk consist of cash and cash equivalents, and investments. The Synod places its cash with FDIC insured financial institutions and thereby limits the amount of credit exposure to any one financial institution. Although such cash balances may exceed the federally insured limits at certain times during the year and at year-end they are, in the opinion of management, subject to minimal risk. Credit risk with respect to investments is limited due to the wide variety of investment vehicles used as part of participation in the Evangelical Lutheran Church in America (ELCA) Endowment Fund Pooled Trust and the Evangelical Lutheran Church in America Mission Investment Fund. These investments are not insured by the FDIC or any other regulatory agency. The Synod's investment portfolio is also subject to market risk.

Investments are disclosed in Notes 3 and 4 and consist largely of amounts invested in various funds by the Evangelical Lutheran Church in America Endowment Fund Pooled Trust and the Evangelical Lutheran Church in America Mission Investment Fund.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Tax positions are taken based on interpretation of federal, state and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain positions. Federal, state and local tax returns generally remain open for examination by the various taxing authorities for a period of three to four years.

The Synod evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through April 19, 2016, which is the date the financial statements were available to be issued.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - INVESTMENTS

Investments at January 31 consist of the following:

| | <u>2016</u> | <u>2015</u> |
|----------------------------------|---------------------|---------------------|
| ELCA Mission Investment Fund: | | |
| Money market fund | \$ 241,572 | \$ 257,741 |
| Short-term investment fund | 34,430 | 34,122 |
| ELCA Endowment Fund Pooled Trust | <u>1,676,321</u> | <u>1,777,774</u> |
| | <u>\$ 1,952,323</u> | <u>\$ 2,069,637</u> |

Investment income for the year ended January 31 consists of the following:

| | <u>2016</u> | | |
|--|---------------------|-----------------------------------|--------------------|
| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Total</u> |
| Interest and dividends | \$ 149 | \$ 2,384 | \$ 2,533 |
| ELCA pooled trust dividend | 40,946 | 27,634 | 68,580 |
| Realized/unrealized loss on investments - net | <u>(97,052)</u> | <u>(63,966)</u> | <u>(161,018)</u> |
| | <u>\$ (55,957)</u> | <u>\$ (33,948)</u> | <u>\$ (89,905)</u> |
| | <u>2015</u> | | |
| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Total</u> |
| Interest and dividends | \$ 192 | \$ 2,653 | \$ 2,845 |
| ELCA pooled trust dividend | 24,309 | 26,378 | 50,687 |
| Realized/unrealized gain on investments - net | <u>26,031</u> | <u>34,456</u> | <u>60,487</u> |
| | <u>\$ 50,532</u> | <u>\$ 63,487</u> | <u>\$ 114,019</u> |

Investment income is net of related investment expenses for the years ended January 31, 2016 and 2015.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Synod has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Synod's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at January 31, 2016 and 2015.

ELCA Endowment Fund Pooled Trust: Valued at the net asset value (NAV) of the units held by the Synod, the Fund is available for exclusive investment by Evangelical Lutheran Church in America related institutions. The primary investment objective of the Fund is to provide for long term capital growth. The Fund seeks to achieve its investment objectives by investing in a diversified portfolio of equity, bond and real estate securities. Investments held at the ELCA Endowment Fund Pooled Trust include numerous securities that are combined with the investment portfolios of other ELCA related organizations. As such, they are considered Level 3 investments.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

ELCA Mission Investment Fund: Valued at the NAV, the Fund is available for exclusive investment by Evangelical Lutheran Church in America related institutions. The Fund participates in short-term investments offering demand, saving and term investment accounts. As such, they are considered Level 2 investments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Synod believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a market value summary by the level of the inputs used, as of January 31, 2016 and 2015, in evaluating the Synod's assets carried at fair value. The inputs or methodologies used for valuing securities may not be an indication of the risk associated with investing in those securities.

| Description | 2016 | 2015 |
|----------------------------------|---------------------|---------------------|
| Level 2 measurement: | | |
| ELCA Mission Investment Fund: | | |
| Short-term investment fund | \$ 34,430 | \$ 34,122 |
| Level 3 measurement: | | |
| ELCA Endowment Fund Pooled Trust | 1,676,321 | 1,777,774 |
| ELCA Mission Investment Fund: | | |
| Money market funds at cost | 241,572 | 257,741 |
| Total | <u>\$ 1,952,323</u> | <u>\$ 2,069,637</u> |

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - FAIR VALUE MEASUREMENTS (Concluded)

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

| | |
|---|----------------------------|
| Balance February 1, 2014 | \$ 1,316,731 |
| ELCA pooled trust dividend | 50,687 |
| Realized/unrealized gain on investments - net | 60,487 |
| Purchases | 392,788 |
| Proceeds from sale | <u>(42,919)</u> |
| Balance January 31, 2015 | 1,777,774 |
| ELCA pooled trust dividend | 68,580 |
| Realized/unrealized loss on investments - net | (161,018) |
| Purchases | 55,000 |
| Proceeds from sale | <u>(64,015)</u> |
| Balance January 31, 2016 | <u><u>\$ 1,676,321</u></u> |

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment and their depreciable lives as of January 31, are summarized as follows:

| | Estimated useful life (in years) | 2016 | 2015 |
|-------------------------------|--|-------------------------|-------------------------|
| Furniture and equipment | 5 | \$ 25,926 | \$ 12,864 |
| Vehicles | 3 | <u>50,629</u> | <u>50,629</u> |
| | | 76,555 | 63,493 |
| Less accumulated depreciation | | <u>38,155</u> | <u>19,228</u> |
| Net property and equipment | | <u><u>\$ 38,400</u></u> | <u><u>\$ 44,265</u></u> |
| Depreciation expense | | <u><u>\$ 21,630</u></u> | <u><u>\$ 11,362</u></u> |

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - OPERATING LEASE

The Synod rents office space under the terms of an operating lease from a member church that expired in 2011. Future rent is based on a verbal agreement that the lease continues on a month-to-month basis. The current base monthly lease rate is \$1,400. Rent expense for the years ended January 31, 2016 and 2015 amounted to \$16,800 and \$16,800, respectively.

NOTE 7 - RETIREMENT PLAN

The Synod participates in a multi-employer defined contribution pension plan administered by Portico, formerly the Evangelical Lutheran Church in America Board of Pensions, which covers all full-time employees. The Synod contributes between 6 and 12 percent of each participant's annual wages. Contributions made by the Synod amounted to \$21,168 and \$18,844 for the years ended January 31, 2016 and 2015, respectively.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Synod conducts essentially all transactions, other than purchases of goods and services and sales of certain property, with affiliated congregations. Certain administrative expenses are reimbursed by related organizations.

NOTE 9 - NET ASSETS

Unrestricted net assets at January 31 were comprised of the following:

| | <u>2016</u> | <u>2015</u> |
|---|--------------------------|--------------------------|
| Unrestricted, designated: | | |
| Cash flow reserve | \$ 18,780 | \$ 17,520 |
| Automobile purchases | 20,000 | - |
| Severance pay - called staff | 20,000 | 20,000 |
| Shared risk deductible | 5,000 | 5,000 |
| Emmaus, Cascade land sale | 11,770 | 11,770 |
| St. Luke's, Stevensville | 5,539 | 5,539 |
| Synod-designated endowment fund | <u>457,825</u> | <u>502,328</u> |
| Total unrestricted, designated net assets | 538,914 | 562,157 |
| Unrestricted, undesignated | <u>(79,707)</u> | <u>(16,956)</u> |
| Total unrestricted net assets | <u><u>\$ 459,207</u></u> | <u><u>\$ 545,201</u></u> |

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - NET ASSETS (Continued)

Temporarily restricted net assets at January 31 are available for the following purposes:

| | 2016 | 2015 |
|---|--------------|--------------|
| Paul Trapp endowment fund | \$ 65,319 | \$ 98,298 |
| Honduran education endowment fund | 44,572 | 50,197 |
| Wilson trust endowment fund | 271,298 | 307,484 |
| Endowment related temporarily restricted net assets | 381,189 | 455,979 |
| Central Muskegon ministries fund | 12,688 | 12,688 |
| New and renewing congregations fund | 51,214 | 53,516 |
| Seminary education assistance fund | - | 1,782 |
| Center for mission and ministry - building fund | 259,651 | 258,383 |
| Honduras project - church leaders education fund | 133 | 1,633 |
| Center for mission and ministry - program support fund | 22,146 | 32,054 |
| Ministry grant fund | 5,155 | 5,155 |
| Ionia mission fund | 54,390 | 54,390 |
| Coalitions / Multi-cultural ministries fund | 17,665 | 17,665 |
| ELCA - immersion mapp project fund | 1,355 | 1,355 |
| Muskegon Heights fund | 49,994 | 49,994 |
| Trinity Church, Saginaw fund | 9,264 | 9,413 |
| Making us one - regional hubs fund | - | 8,437 |
| Making us one - startup grants fund | 6,870 | 6,870 |
| Prince of Peace - seminary fund | 34,430 | 34,122 |
| Prince of Peace - lay ministry training program scholarship fund | 28,741 | 28,741 |
| Honduras health team Salud Para La Vida fund | 8,880 | 10,244 |
| Honduras water filter fund | - | 6,436 |
| Honduras trips fund | 696 | 57 |
| Honduras three P's fund | 6,615 | - |
| Honduras women's health program fund | 125 | - |
| Honduras LaCanada kindergarten snack program fund | 11,792 | 9,905 |
| Papua New Guinea companion support fund | 1,816 | 1,816 |
| Outreach fund | 2,426 | 1,156 |
| Assistant to the Bishop fund | 20,000 | - |
| Bishop's teaching fund | 1,150 | 1,150 |
| Open hearts / open church fund | 500 | - |
| Interim minister's support fund | 5,086 | 5,086 |
| Other congregational support fund | 70 | 4,655 |
| Technology fund | - | 5,928 |
| Bishop's fund | - | 150 |
| Berttina W. Helmers trust fund | 26,941 | 43,041 |
| Total temporarily restricted net assets | \$ 1,020,982 | \$ 1,121,801 |

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - NET ASSETS (Concluded)

Temporarily restricted net assets released as a result of satisfying their restricted purposes or by occurrence of other events specified by donors for the years ended January 31, 2016 and 2015 as presented on the statement of activities are comprised of the following:

| | <u>2016</u> | <u>2015</u> |
|---|-------------------|------------------|
| Paul Trapp endowment fund | \$ 14,000 | \$ 13,640 |
| Honduran education endowment fund | 3,200 | - |
| Wilson trust endowment fund | <u>21,258</u> | <u>13,160</u> |
| Endowment related temporarily restricted net assets released | 38,458 | 26,800 |
| Seminary education assistance fund | 2,090 | 374 |
| Center for mission and ministry - building fund | 242 | 247 |
| Center for mission and ministry - program support fund | 15,306 | 3,404 |
| Center for mission and ministry - regional hubs fund | 8,437 | - |
| Trinity Church, Saginaw fund | 149 | 36,150 |
| Honduras companion support fund | 29,399 | 12,030 |
| Other congregational support fund | 4,655 | 2,500 |
| New and renewing congregations fund | 3,436 | 6,000 |
| Technology fund | 5,928 | - |
| Bishop's fund | 316 | 275 |
| Berttina W. Helmers trust fund | 16,100 | - |
| Outreach fund | <u>-</u> | <u>100</u> |
| Total temporarily restricted net assets released | <u>\$ 124,516</u> | <u>\$ 87,880</u> |

Permanently restricted net assets at January 31 were comprised of the following:

| | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|
| Paul Trapp endowment fund | \$ 279,545 | \$ 279,545 |
| New and renewing congregations endowment fund | 98,998 | 98,998 |
| Seminary education assistance endowment fund | 71,308 | 71,308 |
| Grace mission endowment fund | <u>447,788</u> | <u>392,788</u> |
| Total permanently restricted net assets | <u>\$ 897,639</u> | <u>\$ 842,639</u> |

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - ENDOWMENTS

Endowments consist of funds established for a variety of purposes and may include both donor-restricted funds and funds internally designated to function as endowments. Restrictions are both permanent and temporary and assets associated with endowment funds are classified and reported based on the existence or absence of these restrictions.

The Synod has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as permitting the preservation of the historical value of the original gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, when directed by the gift instrument, the Synod classifies as permanently restricted net assets (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. 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 the restricted purpose has been accomplished. The Synod considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

1. The duration and preservation of the fund.
2. The purposes of the organization and the donor-restricted endowment fund.
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 organization
7. The investment policies of the Synod.

The Synods investment and spending practices for endowment assets attempt to provide a predictable stream of funding to programs supported while seeking to maintain the purchasing power of the endowment assets.

Investment earnings from donor-restricted endowment funds are classified as unrestricted income absent explicit donor stipulations to the contrary. In the event that the fair value of donor-restricted endowment funds falls below the level required to be maintained in perpetuity, the resulting deficiency is recorded as a reduction of unrestricted net assets. Deficiencies of this nature amounted to \$42,549 and \$11,719 at January 31, 2016 and 2015, respectively. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs deemed prudent by the Synod.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - ENDOWMENTS (Continued)

Changes in endowment net assets are as follows:

| | Unrestricted, designated | Unrestricted, undesignated | Total unrestricted | Temporarily restricted | Permanently restricted | Total net endowment assets |
|---|-----------------------------|-------------------------------|-----------------------|---------------------------|---------------------------|----------------------------------|
| Endowment net assets at February 1, 2014 | \$ 478,366 | \$ (19,769) | \$ 458,597 | \$ 421,945 | \$ 449,851 | \$ 1,330,393 |
| Contributions | - | - | - | - | 392,788 | 392,788 |
| Investment return: | | | | | | |
| Investment income | 18,328 | 5,981 | 24,309 | 26,378 | - | 50,687 |
| Net appreciation | 23,962 | 2,069 | 26,031 | 34,456 | - | 60,487 |
| Appropriation of endowment assets for expenditure | (18,328) | - | (18,328) | (26,800) | - | (45,128) |
| Endowment net assets at January 31, 2015 | 502,328 | (11,719) | 490,609 | 455,979 | 842,639 | 1,789,227 |
| Contributions | - | - | - | | 55,000 | 55,000 |
| Investment return: | | | | | | |
| Investment income | 19,227 | 21,719 | 40,946 | 27,634 | - | 68,580 |
| Net depreciation | (44,503) | (52,549) | (97,052) | (63,966) | - | (161,018) |
| Appropriation of endowment assets for expenditure | (19,227) | - | (19,227) | (38,458) | - | (57,685) |
| Endowment net assets at January 31, 2016 | \$ 457,825 | \$ (42,549) | \$ 415,276 | \$ 381,189 | \$ 897,639 | \$ 1,694,104 |

The composition of endowment net assets at January 31 were comprised of the following:

| | 2016 | 2015 |
|---|--------------|--------------|
| Cash and cash equivalents | \$ 17,783 | \$ 11,453 |
| ELCA Endowment Fund Pooled Trust (Note 3) | 1,676,321 | 1,777,774 |
| Endowment net assets | \$ 1,694,104 | \$ 1,789,227 |

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - ENDOWMENTS (Concluded)

The composition of endowment net assets at January 31, 2016 were comprised of the following:

| | Unrestricted, designated | Unrestricted, undesignated | Total unrestricted | Temporarily restricted | Permanently restricted | Total net endowment assets |
|--|-----------------------------|-------------------------------|-----------------------|---------------------------|---------------------------|----------------------------------|
| Synod-designated fund | \$ 457,825 | \$ - | \$ 457,825 | \$ - | \$ - | \$ 457,825 |
| Paul Trapp fund | - | - | - | 65,319 | 279,545 | 344,864 |
| New and renewing congregations fund | - | (8,475) | (8,475) | - | 98,998 | 90,523 |
| Seminary education assistance fund | - | (6,335) | (6,335) | - | 71,308 | 64,973 |
| Honduran education fund | - | - | - | 44,572 | - | 44,572 |
| Wilson trust fund | - | - | - | 271,298 | - | 271,298 |
| Grace mission fund | - | (27,739) | (27,739) | - | 447,788 | 420,049 |
| | <u>\$ 457,825</u> | <u>\$ (42,549)</u> | <u>\$ 415,276</u> | <u>\$ 381,189</u> | <u>\$ 897,639</u> | <u>\$ 1,694,104</u> |

The composition of endowment net assets at January 31, 2015 were comprised of the following:

| | Unrestricted, designated | Unrestricted, undesignated | Total unrestricted | Temporarily restricted | Permanently restricted | Total net endowment assets |
|--|-----------------------------|-------------------------------|-----------------------|---------------------------|---------------------------|----------------------------------|
| Synod-designated fund | \$ 502,328 | \$ - | \$ 502,328 | \$ - | \$ - | \$ 502,328 |
| Paul Trapp fund | - | - | - | 98,298 | 279,545 | 377,843 |
| New and renewing congregations fund | - | (3,495) | (3,495) | - | 98,998 | 95,503 |
| Seminary education assistance fund | - | (2,747) | (2,747) | - | 71,308 | 68,561 |
| Honduran education fund | - | - | - | 50,197 | - | 50,197 |
| Wilson trust fund | - | - | - | 307,484 | - | 307,484 |
| Grace mission fund | - | (5,477) | (5,477) | - | 392,788 | 387,311 |
| | <u>\$ 502,328</u> | <u>\$ (11,719)</u> | <u>\$ 490,609</u> | <u>\$ 455,979</u> | <u>\$ 842,639</u> | <u>\$ 1,789,227</u> |

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - FUNCTIONAL REPORTING

The Synod reports its expenses in the statement of activities in a manner that facilitates management's oversight. For purposes of functional reporting, expenses relating to supporting various program activities have been allocated as follows:

| | <u>2016</u> | <u>2015</u> |
|------------------|---------------------|---------------------|
| Program services | \$ 1,472,275 | \$ 1,454,727 |
| Support services | <u>173,650</u> | <u>162,674</u> |
| Total expenses | <u>\$ 1,645,925</u> | <u>\$ 1,617,401</u> |

SUPPLEMENTARY INFORMATION

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
UNRESTRICTED BUDGET TO ACTUAL SCHEDULE
YEAR ENDED JANUARY 31, 2016**

| | Budget | Actual | Favorable (unfavorable) |
|--|------------------|------------------|----------------------------|
| REVENUES AND SUPPORT: | | | |
| Mission support | \$ 1,361,102 | \$ 1,370,987 | \$ 9,885 |
| Center for mission and ministry | - | 15,489 | 15,489 |
| Committee revenue | 20,000 | 10,805 | (9,195) |
| Investment income (loss) - net | 19,100 | (55,957) | (75,057) |
| Grant revenue | 20,000 | 32,042 | 12,042 |
| Registration fees - leadership event | 7,000 | 2,072 | (4,928) |
| Registration fees - synod assembly | 60,000 | 42,706 | (17,294) |
| Synod-wide revenue | 6,000 | 3,961 | (2,039) |
| Other income | - | 13,310 | 13,310 |
| Net assets released from restrictions | 67,000 | 124,516 | 57,516 |
| Total revenues and support | <u>1,560,202</u> | <u>1,559,931</u> | <u>(271)</u> |
| EXPENSES: | | | |
| Program services: | | | |
| Agency-organizational ministry support: | | | |
| ELCA church-wide support | 680,551 | 685,493 | (4,942) |
| Capital University and Wittenberg University | 3,000 | 3,000 | - |
| Living Water Ministries | 40,000 | 40,000 | - |
| Lutheran Social Services of Michigan | 3,000 | 3,000 | - |
| Michigan Lutheran Campus Ministry | 45,000 | 44,700 | 300 |
| Region 6 support (includes archives) | 9,500 | 9,059 | 441 |
| Trinity Lutheran Seminary | 22,000 | 22,000 | - |
| Total agency-organizational ministry support | <u>803,051</u> | <u>807,252</u> | <u>(4,201)</u> |
| Synod ministries: | | | |
| Closed congregation expense | - | 149 | (149) |
| Synod assembly | 65,000 | 55,942 | 9,058 |
| Synod council | 9,000 | 7,443 | 1,557 |
| Total synod ministries | <u>74,000</u> | <u>63,534</u> | <u>10,466</u> |
| Special programs: | | | |
| Paul Trapp endowment | - | 14,000 | (14,000) |
| Wilson trust | - | 21,259 | (21,259) |
| Seminarian education assistance | - | 5,000 | (5,000) |
| Center for Mission and Ministry | - | 29,760 | (29,760) |
| Honduras companion support | - | 29,435 | (29,435) |
| M. P. Sudanese Christ Wyoming | - | 250 | (250) |
| Honduran education fund | - | 3,200 | (3,200) |
| New and renewing congregations | - | 3,436 | (3,436) |
| Other congregational support | - | 3,155 | (3,155) |
| Total special programs | <u>-</u> | <u>109,495</u> | <u>(109,495)</u> |
| Program support: | | | |
| Christian education committee | 1,000 | 140 | 860 |
| Church in society committee | 19,000 | 32,658 | (13,658) |
| Communication committee | 2,000 | - | 2,000 |
| Financial support committee | 4,000 | 1,952 | 2,048 |
| Global mission committee | 10,000 | 10,773 | (773) |

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
UNRESTRICTED BUDGET TO ACTUAL SCHEDULE
YEAR ENDED JANUARY 31, 2016**

| | Budget | Actual | Favorable (unfavorable) |
|---------------------------------------|------------------|--------------------|----------------------------|
| EXPENSES (Concluded): | | | |
| Program services (Concluded): | | | |
| Program support (Concluded): | | | |
| Ministry committee | \$ 38,000 | \$ 40,080 | \$ (2,080) |
| Multicultural committee | 2,000 | 1,500 | 500 |
| Outreach committee | 52,000 | 60,567 | (8,567) |
| Witness/evangelism committee | 2,000 | 107 | 1,893 |
| Worship committee | 1,500 | 3,539 | (2,039) |
| Youth committee | 1,500 | 3,594 | (2,094) |
| Total program support | <u>133,000</u> | <u>154,910</u> | <u>(21,910)</u> |
| Total program services | <u>1,010,051</u> | <u>1,135,191</u> | <u>(125,140)</u> |
| Support services: | | | |
| Staff salaries and benefits: | | | |
| Salary - administrative support staff | 82,400 | 75,988 | 6,412 |
| Salary and housing - called staff | 137,711 | 140,000 | (2,289) |
| Salary - deployed staff | 66,710 | 38,821 | 27,889 |
| Social security allowance | 16,048 | 16,410 | (362) |
| Payroll taxes | 11,407 | 9,446 | 1,961 |
| Health insurance and retirement | 87,075 | 81,179 | 5,896 |
| Continuing education | 3,000 | 1,556 | 1,444 |
| Other insurance | 5,000 | 4,599 | 401 |
| Total staff salaries and benefits | <u>409,351</u> | <u>367,999</u> | <u>41,352</u> |
| Synod administration: | | | |
| Bishop's discretionary fund | 4,000 | 1,652 | 2,348 |
| Insurance - operating | 8,500 | 10,711 | (2,211) |
| Lease expense | 16,800 | 16,800 | - |
| Office equipment - maintenance | 8,000 | 9,431 | (1,431) |
| Office supplies | 9,000 | 8,297 | 703 |
| Postage | 3,500 | 2,718 | 782 |
| Professional fees | 18,000 | 21,640 | (3,640) |
| Telephone | 10,000 | 8,778 | 1,222 |
| Travel - staff | 36,000 | 31,294 | 4,706 |
| Gain on disposal of asset | - | 893 | (893) |
| Website and network | 5,000 | 8,891 | (3,891) |
| Total synod administration | <u>118,800</u> | <u>121,105</u> | <u>(2,305)</u> |
| Depreciation expense | <u>12,000</u> | <u>21,630</u> | <u>(9,630)</u> |
| Total support services | <u>540,151</u> | <u>510,734</u> | <u>29,417</u> |
| Total expenses | <u>1,550,202</u> | <u>1,645,925</u> | <u>(95,723)</u> |
| CHANGE IN NET ASSETS | <u>\$ 10,000</u> | <u>\$ (85,994)</u> | <u>\$ (95,994)</u> |