

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

***FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

JANUARY 31, 2008 AND 2007

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

TABLE OF CONTENTS

| | <u>Page</u> |
|---|--------------------|
| REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS | 1 |
| FINANCIAL STATEMENTS | |
| <i>Statement of Financial Position,</i> January 31, 2008 and 2007 | 2 |
| <i>Statement of Unrestricted Revenue, Expenses, and</i> <i>Changes in Unrestricted Net Assets,</i> Fiscal years ended January 31, 2008 and 2007 | 3 |
| <i>Statement of Changes in Net Assets,</i> Fiscal years ended January 31, 2008 and 2007 | 4 |
| <i>Statement of Cash Flows,</i> Fiscal years ended January 31, 2008 and 2007 | 5 |
| <i>Notes to Financial Statements</i> | 6 |
| SUPPLEMENTAL INFORMATION | |
| REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SUPPLEMENTAL INFORMATION | 12 |
| <i>Program Expenses,</i> Fiscal year ended January 31, 2008 | 13 |
| <i>Budgeted Operations,</i> Fiscal years ended January 31, 2008 and 2007 | 17 |
| <i>Summary of Changes in Net Assets,</i> Fiscal year ended January 31, 2008 | 18 |
| <i>Summary of Changes in Temporarily and</i> <i>Permanently Restricted Net Assets (Endowment),</i> Fiscal year ended January 31, 2008 | 19 |
| <i>Contributions from Congregations Summarized by Conference,</i> Fiscal year ended January 31, 2008 | 20 |

TAIT, WELLER & BAKER LLP
Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Metropolitan New York Synod
of the Evangelical Lutheran Church in America
New York, New York**

We have audited the accompanying statement of financial position of Metropolitan New York Synod of the Evangelical Lutheran Church in America as of January 31, 2008 and 2007, and the related statements of revenues, expenses and other changes in unrestricted net assets, changes in net assets, and of cash flows for the years then ended. These financial statements are the responsibility of the Synod's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metropolitan New York Synod of the Evangelical Lutheran Church in America as of January 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Tait, Weller & Baker LLP

**New York, New York
April 23, 2008**

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

STATEMENT OF FINANCIAL POSITION

January 31, 2008 and 2007

| | <u>Fiscal Year 2007</u> | <u>Fiscal Year 2006</u> |
|--|-----------------------------|-----------------------------|
| ASSETS | | |
| Cash | \$ 463,864 | \$ 382,135 |
| Investments, at value <i>(Note 2)</i> | 4,501,928 | 3,542,030 |
| Accounts receivable | 201,744 | 61,553 |
| Advances and other assets (net of \$300,000 allowance in 2007 and 2006) | 167,426 | 77,878 |
| Property, equipment and leasehold improvements <i>(Note 4)</i> | 257,617 | 351,321 |
| Property held by Synod <i>(Note 3)</i> | <u>11,965,000</u> | <u>9,885,000</u> |
| Total assets | <u>\$17,557,579</u> | <u>\$14,299,917</u> |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 222,466 | \$ 330,159 |
| Deferred revenue | 4,095 | - |
| Notes payable <i>(Note 7)</i> | <u>28,589</u> | <u>5,732</u> |
| Total liabilities | <u>255,150</u> | <u>335,891</u> |
| NET ASSETS | | |
| Unrestricted | | |
| Undesignated | (33,551) | (128,176) |
| Designated | 15,512,756 | 12,343,014 |
| Net investment in property, equipment and leasehold improvements | <u>229,028</u> | <u>345,589</u> |
| Total unrestricted net assets | 15,708,233 | 12,560,427 |
| Temporarily restricted <i>(Note 5)</i> | 441,929 | 542,589 |
| Permanently restricted <i>(Note 5)</i> | <u>1,152,267</u> | <u>861,010</u> |
| Total net assets | <u>17,302,429</u> | <u>13,964,026</u> |
| Total liabilities and net assets | <u>\$17,557,579</u> | <u>\$14,299,917</u> |

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

**STATEMENT OF UNRESTRICTED REVENUE, EXPENSES AND
CHANGES IN UNRESTRICTED NET ASSETS**

Fiscal years ended January 31, 2008 and 2007

| | <u>Fiscal Year 2007</u> | <u>Fiscal Year 2006</u> |
|---|-----------------------------|-----------------------------|
| Revenue | | |
| Contributions from congregations | | |
| Congregational mission support | \$1,384,832 | \$ 1,386,638 |
| Designated mission support | | |
| World Hunger | 62,094 | 68,912 |
| United Lutheran Appeal | - | 6,549 |
| Other designated gifts | <u>102,733</u> | <u>83,397</u> |
| Total from congregations | 1,549,659 | 1,545,496 |
| Other revenue | | |
| Contributions from individuals and others | 510,174 | 471,120 |
| Investment income | | |
| (including gain on sale of investments of \$219,770 in 2007 and \$419,243 in 2006) | 307,734 | 594,744 |
| Miscellaneous | <u>191,005</u> | <u>141,095</u> |
| Total contributions and other revenue | <u>2,558,572</u> | <u>2,752,455</u> |
| Net assets released from restrictions (Note 5) | <u>234,422</u> | <u>224,071</u> |
| Total revenue | <u>2,792,994</u> | <u>2,976,526</u> |
| Expenses | | |
| Synod Services | | |
| Synod Outreach | | |
| (including \$643,947 in 2007 and \$602,853 in 2006 in Mission Support to ELCA) | 1,361,212 | 1,347,938 |
| Synod Life | 249,266 | 230,682 |
| Congregational Life | 585,468 | 606,689 |
| Development | 307,233 | 285,171 |
| Bishop's Office | 435,067 | 398,206 |
| Synod Governance | 60,635 | 130,950 |
| Communications & PR | 94,603 | 68,990 |
| Office services | <u>686,423</u> | <u>647,581</u> |
| Total expenses | <u>3,779,907</u> | <u>3,716,207</u> |
| Excess (deficit) of revenue over expenses | (986,913) | (739,681) |
| Other Changes | | |
| Net unrealized losses on long-term investments | (553,365) | (244,313) |
| Mission Projects (New Starts) | (949,090) | (1,762,814) |
| Net proceeds from sale of churches (Note 9) | 446,499 | - |
| Congregations under synodical administration/agreement (Note 3) | <u>5,190,675</u> | <u>2,543,756</u> |
| Increase (decrease) in unrestricted net assets | <u>\$3,147,806</u> | <u>\$ (203,052)</u> |

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

STATEMENT OF CHANGES IN NET ASSETS

Fiscal years ended January 31, 2008 and 2007

| | Fiscal Year 2007 | Fiscal Year 2006 |
|---|-----------------------------|-----------------------------|
| Unrestricted net assets | | |
| Total unrestricted revenue | \$ 2,815,336 | \$ 2,752,455 |
| Net assets released from restrictions <i>(Note 5)</i> | 234,422 | 224,071 |
| Total unrestricted expenses | (3,779,907) | (3,716,207) |
| Other changes | <u>3,877,955</u> | <u>536,629</u> |
| Increase (decrease) in unrestricted net assets | <u>3,147,806</u> | <u>(203,052)</u> |
| Temporarily restricted net assets | | |
| Contributions | 104,406 | 103,602 |
| Investment income | 29,356 | 39,495 |
| Other income | - | 2,876 |
| Net assets released from restrictions <i>(Note 5)</i> | <u>(234,422)</u> | <u>(224,071)</u> |
| Decrease in temporarily restricted net assets | <u>(100,660)</u> | <u>(78,098)</u> |
| Permanently restricted net assets | | |
| Contributions | 229,469 | 147,937 |
| Investment income | <u>61,788</u> | <u>22,512</u> |
| Increase in permanently restricted net assets | <u>291,257</u> | <u>170,449</u> |
| Increase (decrease) in net assets | 3,338,403 | (110,701) |
| Net assets | | |
| Beginning of year | <u>13,964,026</u> | <u>14,074,727</u> |
| End of year | <u>\$17,302,429</u> | <u>\$13,964,026</u> |

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

STATEMENT OF CASH FLOWS

Fiscal years ended January 31, 2008 and 2007

| | <u>Fiscal Year 2007</u> | <u>Fiscal Year 2006</u> |
|--|-----------------------------|-----------------------------|
| INCREASE (DECREASE) IN CASH | | |
| <i>Net change in net assets</i> | \$ 3,338,403 | \$ (110,701) |
| <i>Adjustments to reconcile the net change in net assets to net cash provided by (used for) operating activities</i> | | |
| Depreciation | 135,125 | 115,000 |
| Gain on sale of investments | (219,770) | (419,243) |
| Net unrealized losses on long-term investments | 553,365 | 244,313 |
| Net proceeds from sale of churches | (446,499) | - |
| Mission Projects (New Starts) | 949,090 | 1,762,814 |
| Congregations under synodical administration/agreement | (5,190,675) | (2,543,756) |
| (Increase) decrease in | | |
| Advances and other assets | (89,548) | 17,919 |
| Accounts receivable | (140,191) | 57,732 |
| Increase (decrease) in | | |
| Accounts payable and accrued expenses | (107,693) | 27,401 |
| Deferred revenue | <u>4,095</u> | <u>(16,000)</u> |
| Net cash used for operating activities | <u>(1,214,298)</u> | <u>(864,521)</u> |
| <i>Cash flows from investing activities</i> | | |
| Purchase of equipment and leasehold improvements | (41,421) | (42,535) |
| Purchase of investments | (3,593,493) | (358,057) |
| Proceeds from sale of investments | 2,300,000 | 3,838,324 |
| Property held by Synod | (2,080,000) | (3,345,000) |
| Net proceeds from sale of churches | 446,499 | - |
| Mission Projects (New Starts) | (949,090) | (1,762,814) |
| Congregations under synodical administration/agreement | <u>5,190,675</u> | <u>2,543,756</u> |
| Net cash provided by investing activities | <u>1,273,170</u> | <u>873,674</u> |
| <i>Cash flows from financing activities</i> | | |
| Proceeds from issuance of notes payable | 38,635 | - |
| Repayments of notes payable | <u>(15,778)</u> | <u>(21,193)</u> |
| Net cash provided by (used for) financing activities | <u>22,857</u> | <u>(21,193)</u> |
| Net increase (decrease) in cash | 81,729 | (12,040) |
| <i>Cash</i> | | |
| Beginning of year | <u>382,135</u> | <u>394,175</u> |
| End of year | <u>\$ 463,864</u> | <u>\$ 382,135</u> |

METROPOLITAN NEW YORK SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

Fiscal Years 2007 and 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The Metropolitan New York Synod of the Evangelical Lutheran Church in America ("*Synod*") is one of sixty-five geographical synodical units of the Evangelical Lutheran Church in America ("*ELCA*"). The Synod lies within Region 7 of the ELCA.

ACCOUNTING ESTIMATES

In preparing financial statements in conformity with U.S. generally accepted accounting principles management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

The Synod occasionally maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 107 identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements are recorded at cost. Depreciation is provided for equipment and leasehold improvements on the straight-line method over the estimated useful lives, which are 2 to 10 years.

CONGREGATIONS UNDER SYNODICAL ADMINISTRATION/AGREEMENT

Congregations under synodical administration include property which has been transferred from a congregation generally due to a disbanded congregation or financial difficulties. In cases where the Synod intends to sell the property, the Synod records the property at the estimated fair value when the property is received. The Synod expenses costs incurred in connection with carrying the property until the property is sold. Also included are congregation expenses for those congregations operating under a support agreement with the Synod.

INVESTMENTS

The Synod applies SFAS No. 124, "*Accounting For Certain Investments Held By Not-For-Profit Organizations.*" SFAS No. 124 established standards for accounting for certain investments held by not-for-profit organizations and requires that investments in securities be recorded at fair value with the resulting gains and losses reported in the statement of activity.

The fair value of investments traded on a securities exchange is determined based on quoted market prices for those investments.

CONTRIBUTIONS

Contributions and grants that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

Fiscal Years 2007 and 2006

(2) INVESTMENTS

Investments are composed of the following at January 31:

| <u>Fiscal Year 2007</u> | <u>Cost</u> | <u>Market</u> |
|-------------------------|--------------------|--------------------|
| ELCA Endowment Fund A | \$4,070,865 | \$3,850,677 |
| ELCA – Fund A CELC | <u>601,209</u> | <u>651,251</u> |
| | <u>\$4,672,074</u> | <u>\$4,501,928</u> |

At January 31, 2008, the portfolio of investments had gross unrealized losses of \$170,146.

| <u>Fiscal Year 2006</u> | <u>Cost</u> | <u>Market</u> |
|--|--------------------|--------------------|
| Mission Certificates – Mission Investment Fund | \$ 250,000 | \$ 250,000 |
| ELCA Endowment Fund A | 2,334,092 | 2,630,876 |
| ELCA – Fund A CELC | <u>574,719</u> | <u>661,154</u> |
| | <u>\$3,158,811</u> | <u>\$3,542,030</u> |

At January 31, 2007, the portfolio of investments had gross of unrealized gains of \$383,219.

Total investment return on the investments for fiscal years 2007 and 2006 was as follows:

| | <u>2007</u> | <u>2006</u> |
|------------------------|--------------------|-------------------|
| Interest and Dividends | \$ 179,108 | \$ 237,508 |
| Realized Gains | 219,770 | 419,243 |
| Unrealized losses | <u>(553,365)</u> | <u>(244,313)</u> |
| | <u>\$(154,487)</u> | <u>\$ 412,438</u> |

The Synod has pooled its investments, including designated net assets and permanently restricted net assets. The Synod uses the total return concept in accounting for its pooled investment funds. Under the total return method, investments are recorded at market value and the Board of Directors annually determines a spending percentage of the pooled investment funds by which the Synod can expend not only income but a prudent portion of the appreciation of the principal. During fiscal year 2007, the Synod implemented a new endowment spending policy. Under the new policy, annual distributions shall be no greater than the average of the total return of the previous five years. Spending from investments will not exceed the annual distribution ceiling without the approval of the Synod Council. Total distributable earnings for current operations was approximately \$275,700 and \$273,800 for the fiscal years 2007 and 2006, respectively.

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

Fiscal Years 2007 and 2006

(3) PROPERTY HELD BY SYNOD

Property held by the Synod and under synodical administration consist of the following:

| | Fiscal Year 2007 | Fiscal Year 2006 |
|--|-----------------------------|-----------------------------|
| Hope Lutheran Church, Scarsdale, New York (1) | \$ - | \$1,900,000 |
| Evangelical Lutheran Church of the Holy Trinity, Hollis, Queens (2) | 2,200,000 | 2,200,000 |
| St. Peter's Lutheran Church, Brooklyn (6) | 5,080,000 | - |
| Atonement Lutheran Church, Staten Island (3) | 2,000,000 | 2,000,000 |
| St. Paul's Lutheran Church, Richmond Hill, Queens (4) | 2,035,000 | 2,035,000 |
| Good Shepherd Lutheran Church, Bayside, Queens (5) | <u>650,000</u> | <u>1,750,000</u> |
| | <u>\$11,965,000</u> | <u>\$9,885,000</u> |

The Synod has taken title to property from the above congregations. The future of these congregations, including sales of property, is still under consideration.

- (1) For the fiscal year ended January 31, 2008, the Synod has recorded net expenses in the amount of \$227,000.
- (2) For the year ended January 31, 2008, the Synod has recorded net expenses in the amount of \$80,665 related to Hollis church and school.
- (3) For the year ended January 31, 2008, the Synod has recorded net expenses of \$23,539.
- (4) For the year ended January 31, 2008, the Synod has recorded net expenses of \$35,495.
- (5) For the year ended January 31, 2008, the Synod has recorded net income of \$615,865 reflecting the carrying value of the parsonage of \$650,000 less net expenses incurred on the church prior to the sale of \$34,135.
- (6) For the year ended January 31, 2008, the Synod has recorded net income in the amount of \$5,008,701 reflecting the carrying value of the property of \$5,080,080 less expenses incurred of \$71,299.

In addition, there are several other congregations under synodical administration or with a support agreement which the Synod has not taken title to the property. The Synod has recorded \$67,192 of expenses related to these congregations for the year ended January 31, 2008.

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

Fiscal Years 2007 and 2006

(4) PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

The costs of such assets were as follows:

| | Fiscal Year <u>2007</u> | Fiscal Year <u>2006</u> |
|-------------------------------|------------------------------------|------------------------------------|
| Equipment and furniture | \$ 380,165 | \$ 399,907 |
| Leasehold improvements | <u>639,384</u> | <u>639,384</u> |
| | 1,019,549 | 1,039,291 |
| Less accumulated depreciation | <u>761,932</u> | <u>687,970</u> |
| Net value | <u>\$ 257,617</u> | <u>\$ 351,321</u> |

(5) NET ASSETS

TEMPORARILY RESTRICTED NET ASSETS

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

| | Fiscal Year <u>2007</u> | Fiscal Year <u>2006</u> |
|--|------------------------------------|------------------------------------|
| Funds for Grants to Congregations and Ministries | \$ 70,491 | \$ 51,612 |
| Funds for Ministerial Student Aid | 4,615 | 2,613 |
| Women Leaders Fund | 6,890 | 6,890 |
| Women And Children In Poverty | 10,594 | 15,463 |
| Urban Empowerment Fund | 327,646 | 455,125 |
| Other | <u>21,093</u> | <u>10,886</u> |
| | <u>\$441,329</u> | <u>\$542,589</u> |

Net assets released by satisfying the donor restrictions were as follows:

| | Fiscal Year <u>2007</u> | Fiscal Year <u>2006</u> |
|--|------------------------------------|------------------------------------|
| Funds for Grants to Congregations and Ministries | \$ 8,475 | \$ 12,386 |
| Urban Empowerment Fund | 127,479 | 88,550 |
| Women & Children in Poverty | 4,869 | - |
| Other | <u>93,599</u> | <u>123,135</u> |
| | <u>\$234,422</u> | <u>\$224,071</u> |

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

Fiscal Years 2007 and 2006

PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the principal amounts of gifts and bequests accepted with the donor stipulation that the principal be retained intact. Income from such funds is available for spending or distribution as the terms of the individual fund provide and is classified as temporarily restricted net assets. When the restriction on income for spending or distribution expires, temporarily restricted net assets are reclassified to unrestricted net assets. Income on the Tanzania Teacher Endowment Fund is reinvested until the fund reaches a goal of \$1 million.

Permanently restricted net assets are available for the following purposes as of January 31:

| | <u>2007</u> | <u>2006</u> |
|--|--------------------|------------------|
| Funds for Grants to Congregations and Missions | \$ 292,868 | \$292,868 |
| Funds for Ministerial Student Aid | 21,422 | 21,422 |
| Tanzania Teacher Endowment Fund | <u>837,977</u> | <u>546,720</u> |
| | <u>\$1,152,267</u> | <u>\$861,010</u> |

(6) PENSION PLAN

Substantially all employees of the Synod are enrolled in the contributory pension plans made available and administered by the Board of Pensions of the ELCA. The full current employer cost provided for under the plans was approximately \$122,400 and \$113,900 for fiscal years 2007 and 2006, respectively. No actuarial valuation is needed to determine the required reserves for future pension benefits because the contributions made on behalf of employees are carried on an accumulation basis. Upon retirement, pension benefits are provided by the money-purchase method. Consequently, such accumulations constitute the reserves from which benefits will be provided.

(7) COMMITMENTS

The Synod leases office equipment under various capital leases expiring in 2010. The related property is included at a cost of \$38,635 at January 31, 2008. Total accumulated depreciation at January 31, 2008 was \$10,732. The minimum lease payments as of January 31, 2008 under these leases, together with the present value of the net minimum lease payments, are as follows:

| <u>Fiscal Year</u> | |
|---|-----------------|
| 2008 | \$14,104 |
| 2009 | 14,104 |
| 2010 | <u>2,351</u> |
| | 30,559 |
| Less amount representing interest | <u>1,970</u> |
| Present value of minimum lease payments | <u>\$28,589</u> |

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

Fiscal Years 2007 and 2006

The Synod leases approximately 10,000 square feet of office space in the Interchurch Center in New York City under a five-year lease expiring June 30, 2010 with monthly rent of \$16,146, exclusive of future escalations. Total rent expense for fiscal years 2007 and 2006 was approximately \$194,400 and \$187,200, respectively. Total minimum lease commitments are as follows:

| <u>Fiscal Year</u> | |
|--------------------|------------------|
| 2008 | \$193,748 |
| 2009 | 193,748 |
| 2010 | <u>80,728</u> |
| | <u>\$468,224</u> |

(8) REAL ESTATE SALES

In connection with the sale of properties, the Synod records the net proceeds as follows: 60% to the Mission Redevelopment Fund; 10% to the Support for the Wider Church Fund; and 30% to the Support for Operations Fund.

During the year ended January 31, 2008, the Synod sold Good Shepherd Lutheran Church in Bayside for a net sales price, after closing and administrative costs, of \$2,147,448 of which \$1,700,949 was recorded in prior years. Of the net proceeds, \$1,288,469 was recorded in the Mission Redevelopment Fund, \$214,745 was recorded in the Support for the Wider Church Fund and \$644,234 was recorded in the Support for Operations Fund.

In addition, during the year ended January 31, 2008, the Synod sold Hope Lutheran Church in Scarsdale for a net sales price, after closing and administrative costs of \$838,324, all of which was recorded in prior years. Of the net proceeds, \$502,994 was recorded in The Mission Redevelopment Fund, \$83,833 was recorded in the Support for The Wider Church Fund and \$251,497 was recorded in the Support for Operations Fund.

SUPPLEMENTAL INFORMATION

TAIT, WELLER & BAKER LLP
Certified Public Accountants

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTAL INFORMATION**

**Metropolitan New York Synod
of the Evangelical Lutheran Church in America
New York, New York**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements, taken as a whole, of Metropolitan New York Synod of the Evangelical Lutheran Church in America as of and for the fiscal years ended January 31, 2008 and 2007, which are presented in the preceding section of this report. The accompanying supplemental information for program expenses, budgeted operation, changes in net assets, changes in temporarily and permanently restricted net assets and contributions from congregations, pages 13 to 20, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Tait, Weller & Baker LLP

**New York, New York
April 23, 2008**

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

PROGRAM EXPENSES

Fiscal year ended January 31, 2008 and 2007

| | Budget Provision | Actual Expenses Fiscal Year | |
|--|-----------------------------|--|--------------------|
| | | 2007 | 2006 |
| SYNOD OUTREACH | | | |
| ELCA and Other Distributions | | | |
| ELCA Mission Support | \$ 651,000 | \$ 643,947 | \$ 602,853 |
| ELCA Designated Projects | 150,000 | 89,602 | 88,102 |
| MNYS Designated Projects | 50,000 | 77,210 | 73,341 |
| Region 7 Coordinating Council | 7,435 | 7,922 | 7,435 |
| Flow Through Grants | <u>66,250</u> | <u>174,800</u> | <u>306,101</u> |
| Total ELCA and Other Distribution | <u>924,685</u> | <u>993,481</u> | <u>1,077,832</u> |
| All Other Programs | | | |
| Lutheran Statewide Advocacy | 2,700 | 2,755 | 3,500 |
| Global Mission Event Scholarship | 1,000 | - | - |
| NYS Council of Churches | 500 | - | - |
| Council of Churches of the City of New York | 500 | - | - |
| LI Council of Churches | 200 | - | - |
| Companion Synod – Tanzania | 50,525 | 41,164 | 42,942 |
| TZ Pilgrimage | 15,000 | 57,471 | - |
| Community of Hope (GZ) | - | - | 5,321 |
| Staff and Operating Costs | <u>229,417</u> | <u>266,341</u> | <u>218,343</u> |
| Total All Other Programs | <u>299,842</u> | <u>367,731</u> | <u>270,106</u> |
| Total Synod Outreach | <u>\$1,224,527</u> | <u>\$1,361,212</u> | <u>\$1,347,938</u> |
| SYNOD LIFE | | | |
| Education | | | |
| Lutheran Ministries in Higher Education Grant | \$ 42,515 | \$ 43,985 | \$ 42,554 |
| Lutheran Schools Association Grant | 8,750 | 8,750 | 8,750 |
| Student Christian Center at SUNY New Paltz Grant | 13,225 | 13,225 | 13,225 |
| Philadelphia Seminary Grant | 54,000 | 54,000 | 54,000 |
| Flow Through Grants | <u>-</u> | <u>-</u> | <u>14,300</u> |
| Total Education | <u>118,490</u> | <u>119,960</u> | <u>132,829</u> |
| Other Programs | | | |
| Commission for Gay & Lesbian Ministries | 5,000 | 6,590 | 4,655 |
| Coaching & Natural Church Development | 12,000 | 13,245 | - |
| Worship Events & Ordinations | 829 | 2,519 | 4,301 |
| Youth Ministries | 14,000 | 8,846 | 12,604 |
| Commission for Multicultural Affairs | - | 213 | - |
| Bishop's Retreat Fund | 2,431 | 771 | - |
| Hunger Committee | 770 | 863 | 1,027 |
| Women/Children in Poverty | 1,000 | 4,869 | - |
| Latino Diakonia | - | 193 | - |
| Staff and Operating Costs | 91,814 | 91,197 | 90,503 |
| Other Expense | <u>-</u> | <u>-</u> | <u>(15,237)</u> |
| Total Other Programs | <u>127,844</u> | <u>129,306</u> | <u>97,853</u> |
| Total Synod Life | <u>\$ 246,334</u> | <u>\$ 249,266</u> | <u>\$ 230,682</u> |

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

PROGRAM EXPENSES – (Continued)

Fiscal year ended January 31, 2008 and 2007

| | <u>Budget Provision</u> | <u>Actual Expenses Fiscal Year</u> | |
|---|-----------------------------|--|-------------------|
| | | <u>2007</u> | <u>2006</u> |
| CONGREGATIONAL LIFE | | | |
| Shared Expenses | | | |
| Staff and Operating Costs | \$ 157,064 | \$ 163,645 | \$ 156,141 |
| Total Shared Expenses | <u>157,064</u> | <u>163,645</u> | <u>156,141</u> |
| Programs & Services to Leaders | | | |
| Background Checks - Seminary Candidates | 6,000 | 2,369 | - |
| Psych Evaluations | 8,500 | 5,130 | 8,489 |
| Committee Expense (Candidacy) | 786 | 15 | 1,236 |
| Students Retreat | 2,600 | 2,579 | 207 |
| Ministerium Fund | 200 | 1,723 | - |
| Diakonia | - | 951 | 361 |
| Latino Diakonia | 6,000 | 4,745 | 6,791 |
| Latino Laity | 7,965 | 3,239 | 8,135 |
| Black Pastors | 83 | - | 83 |
| Urban Leaders Institute | 30,000 | 17,159 | 25,941 |
| Commission for Women | 1,000 | - | - |
| Group Term Life Insurance | 6,000 | 6,297 | - |
| Lutheran Theological Center | 1,000 | 205 | - |
| Orientation of New Pastors | - | 740 | - |
| Trexler Grants | 6,000 | 4,750 | 4,250 |
| Dean's Retreat Fund | 3,000 | 1,352 | - |
| Renewal & Boundary Workshops | 1,000 | 1,100 | - |
| Bishop Graefe Mission Fund | - | 8,725 | - |
| Hispanic Candidates Translation | 68 | - | - |
| Asian Ministries – Education Training | 2,000 | - | - |
| Asian Ministries Youth Program | 2,200 | - | - |
| Evangelism Grant | - | 3,750 | - |
| Ecumenical Affairs | - | 3,384 | - |
| Staff and Operating Costs | 7,664 | 4,558 | 6,648 |
| Special Non-Recurring Grants | - | - | 1,255 |
| Total Programs & Services to Leaders | <u>92,066</u> | <u>72,771</u> | <u>63,396</u> |
| Programs & Services to Congregations | | | |
| Evaluations | 1,400 | - | - |
| Communications/mailings | 1,000 | - | - |
| Counseling Services/Research | 750 | - | - |
| CEO Coordinators | 6,000 | 2,250 | 5,676 |
| Bishop's Retreat Fund | 9,431 | 8,237 | - |
| Church Days Fund | 100 | - | - |
| Congregational Resources | 4,000 | 469 | 2,000 |
| CEO Programs | - | 14,982 | - |
| Horizon Internships | 12,660 | 12,000 | 12,000 |
| Urban Empowerment Fund Grants | 16,000 | 23,979 | 13,550 |
| Worship Day | 700 | 7,150 | - |
| Partnership Grants | 284,700 | 272,549 | 345,367 |
| Staff and Operating Costs | 11,250 | 7,436 | 8,559 |
| Total Programs & Services to Congregations | <u>347,991</u> | <u>349,052</u> | <u>387,152</u> |
| Total Congregational Life | <u>\$ 597,121</u> | <u>\$ 585,468</u> | <u>\$ 606,689</u> |

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

PROGRAM EXPENSES – (Continued)

Fiscal year ended January 31, 2008 and 2007

| | <u>Budget Provision</u> | <u>Actual Expenses Fiscal Year</u> | |
|--|-----------------------------|--|--------------------|
| | | <u>2007</u> | <u>2006</u> |
| DEVELOPMENT | | | |
| Special Fundraising Projects | \$ 3,000 | \$ 604 | \$ 350 |
| Capital Fund Feasibility Study | - | - | 373 |
| SMO Agency Events | 9,000 | 7,250 | 3,550 |
| Stewardship | 5,500 | 2,554 | 2,950 |
| Expanded Partnership in Ministry | - | - | 39 |
| Staff and Operating Costs | <u>313,914</u> | <u>296,825</u> | <u>277,909</u> |
| Total Development | <u>\$ 331,414</u> | <u>\$ 307,233</u> | <u>\$ 285,171</u> |
| BISHOP'S OFFICE | | | |
| Staff and Operating Costs | <u>\$ 394,839</u> | <u>\$ 435,067</u> | <u>\$ 398,206</u> |
| Total Bishop's Office | <u>\$ 394,839</u> | <u>\$ 435,067</u> | <u>\$ 398,206</u> |
| SYNOD GOVERNANCE | | | |
| Synod Assembly | \$ 75,000 | \$ 52,743 | \$ 125,083 |
| Synod Council | 3,500 | 1,768 | 4,044 |
| Synod Council Committees (FMC and Audit Committee) | 3,500 | 83 | 92 |
| Committee Expense (Archives and Historian) | 3,500 | 1,241 | - |
| Committee Expense (Worship Committee) | 3,500 | 178 | 1,702 |
| Staff & Operating Costs | <u>2,400</u> | <u>4,622</u> | <u>29</u> |
| Total Synod Governance | <u>\$ 91,400</u> | <u>\$ 60,635</u> | <u>\$ 130,950</u> |
| COMMUNICATIONS AND PR | | | |
| Prof. Services (Web) | \$ 15,000 | \$ 27,029 | \$ 6,569 |
| Prof. Services (Public Relations) | 42,000 | 39,600 | 36,000 |
| Lutheran New Yorker | 20,000 | 26,924 | 22,474 |
| Fees & PR | 650 | - | 650 |
| Staff and Operating Costs | <u>5,200</u> | <u>1,050</u> | <u>3,297</u> |
| Total Communications and PR | <u>\$ 82,850</u> | <u>\$ 94,603</u> | <u>\$ 68,990</u> |
| OFFICE SERVICES | | | |
| Christ Yonkers Construction Reserve Payments | \$ 39,648 | \$ 36,386 | \$ 26,132 |
| Staff and Operating Costs | 519,563 | 514,912 | 506,449 |
| Depreciation Expense | <u>118,451</u> | <u>135,125</u> | <u>115,000</u> |
| Total Office Services | <u>\$ 677,662</u> | <u>\$ 686,423</u> | <u>\$ 647,581</u> |
| Total Expenses | <u>\$3,646,147</u> | <u>\$3,779,907</u> | <u>\$3,716,207</u> |

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

BUDGETED OPERATIONS

Fiscal years ended January 31, 2008 and 2007

| | <u>Budget Provision</u> | <u>Actual Fiscal Year</u> | |
|---|-----------------------------|---------------------------|------------------|
| | | <u>2007</u> | <u>2006</u> |
| Income | | | |
| Congregational mission support | \$1,400,000 | \$1,384,832 | \$1,386,638 |
| Designated ELCA Projects | 150,000 | 80,829 | 88,102 |
| Designated MNYS Projects | 50,000 | 83,998 | 70,757 |
| Grants – ELCA | 167,313 | 194,726 | 178,373 |
| Grants – LDRNY | 100,000 | 110,690 | 96,333 |
| Investment income | 275,000 | 275,660 | 273,812 |
| Contributions from individuals and others | 125,924 | 278,145 | 148,441 |
| Other income | 88,131 | 74,327 | 145,477 |
| Released from designations | | | |
| Metropolitan New York Synod Fund | 270,000 | 270,000 | 440,000 |
| Bishop’s Mission Fund | - | - | 224,700 |
| Net Proceeds from Sales | 500,000 | 500,000 | - |
| Mission Redevelopment Fund | 248,000 | 250,800 | 384,650 |
| Urban Empowerment Fund | 103,500 | 110,100 | 88,550 |
| Other Funds | <u>168,279</u> | <u>201,395</u> | <u>61,219</u> |
| Total income | <u>3,646,147</u> | <u>3,815,502</u> | <u>3,587,052</u> |
| Expenses | | | |
| Synod Outreach | 1,224,527 | 1,452,148 | 1,145,118 |
| Synod Life | 246,334 | 249,266 | 259,824 |
| Congregational Life | 597,121 | 560,956 | 636,371 |
| Development | 331,414 | 307,233 | 285,171 |
| Bishop’s Office | 394,839 | 435,067 | 398,206 |
| Synod Governance | 91,400 | 60,635 | 130,950 |
| Communications and PR | 82,850 | 94,603 | 68,990 |
| Office Services | <u>677,662</u> | <u>676,932</u> | <u>647,579</u> |
| Total expenses | <u>3,646,147</u> | <u>3,836,840</u> | <u>3,572,209</u> |
| Excess (deficit) of income over expenses | <u>\$ -</u> | <u>\$ (21,338)</u> | <u>\$ 14,843</u> |

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

SUMMARY OF CHANGES IN NET ASSETS

Fiscal year ended January 31, 2008

| | <u>Balance, January 31, 2007</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance, January 31, 2008</u> |
|--|--|---------------------|---------------------|--|
| UNRESTRICTED | | | | |
| Undesignated | | | | |
| General operating | \$ (128,176) | \$ 3,439,070 | \$ 3,344,445 | \$ (33,551) |
| Designated | | | | |
| Metropolitan New York Synod Fund – | | | | |
| General | 1,225,189 | 31,217 | 834,138 | 422,268 |
| Funds functioning as endowment | | | | |
| William and Helen Heinemann | | | | |
| Memorial Fund | <u>364,969</u> | <u>-</u> | <u>-</u> | <u>364,969</u> |
| | 1,590,158 | 31,217 | 834,138 | 787,237 |
| Congregations Under Synodical Administration | | | | |
| Property Value | 9,885,000 | 5,730,000 | 3,650,000 | 11,965,000 |
| Expenses | (2,686,609) | 2,012,545 | 1,887,065 | (2,561,129) |
| Youth Ministry Fund | 47,616 | 4,210 | 7,452 | 44,374 |
| Bishop’s Mission Fund | (18,601) | 41,708 | - | 23,107 |
| Bishop Rudolph P. F. Ressmeyer | 52,594 | 5,436 | - | 58,030 |
| Winston Bone Scholarship Fund | 28,545 | 2,772 | - | 31,317 |
| Christ Yonkers Construction Reserve | 543,784 | - | 36,386 | 507,398 |
| Christ Yonkers Area Ministries | 887,920 | - | 60,971 | 826,949 |
| Mission Redevelopment Fund | 1,984,435 | 1,791,463 | 662,716 | 3,113,182 |
| Support for the Wider Church | 18,436 | 298,577 | 100,000 | 217,013 |
| Support for Operations | 15,437 | 895,731 | 500,000 | 411,168 |
| Grants to Hollis | - | 193,700 | 102,500 | 91,200 |
| Other | <u>(5,701)</u> | <u>6,281</u> | <u>2,670</u> | <u>(2,090)</u> |
| Total designated | <u>12,343,014</u> | <u>11,013,640</u> | <u>7,843,898</u> | <u>15,512,756</u> |
| Property and equipment fund | <u>345,589</u> | <u>18,563</u> | <u>135,124</u> | <u>229,028</u> |
| Total unrestricted | <u>12,560,427</u> | <u>14,471,273</u> | <u>11,323,467</u> | <u>15,708,233</u> |
| TEMPORARILY RESTRICTED | | | | |
| Endowment income | 54,225 | 29,356 | 8,475 | 75,106 |
| Women Leaders Fund | 6,890 | - | - | 6,890 |
| Women And Children In Poverty | 15,463 | - | 4,869 | 10,594 |
| Urban Empowerment | 455,125 | - | 127,479 | 327,646 |
| Other | <u>10,886</u> | <u>104,406</u> | <u>93,599</u> | <u>21,693</u> |
| Total temporarily restricted | <u>542,589</u> | <u>133,762</u> | <u>234,422</u> | <u>441,929</u> |
| PERMANENTLY RESTRICTED | <u>861,010</u> | <u>291,257</u> | <u>-</u> | <u>1,152,267</u> |
| Total net assets | <u>\$13,964,026</u> | <u>\$14,896,292</u> | <u>\$11,557,889</u> | <u>\$17,302,429</u> |

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

SUMMARY OF CHANGES IN TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (ENDOWMENT)

Fiscal year ended January 31, 2008

| | PERMANENTLY RESTRICTED PRINCIPAL | | | TEMPORARILY RESTRICTED INCOME | | | | |
|---|-------------------------------------|-------------------|-------------------|----------------------------------|--|---------------------|------------------------------|-------------------|
| | Beginning Balance | Additions | Deductions | Ending Balance | Beginning Balance | Allocated Income | Expenses And Transfers | Ending Balance |
| | | | | | | | | |
| Funds for Grants to Congregations and Ministries | | | | | | | | |
| Samuel Trexler Fellowship Fund | \$ 124,272 | \$ - | \$ - | \$ 124,272 | \$ 9,642 | \$ 7,275 | \$ 4,750 | \$ 12,167 |
| Kling/Kreider/Weiskotten Mission Support Fund | 44,041 | - | - | 44,041 | 6,606 | 2,580 | - | 9,186 |
| Bishop James Graefe Fund | 59,458 | - | - | 59,458 | 24,844 | 3,482 | 3,725 | 24,601 |
| Magda Bratland Fund | 65,097 | - | - | 65,097 | 10,520 | 3,813 | - | 14,333 |
| Funds for Ministerial Student Aid | | | | | | | | |
| Stechman/Berwager Ministerial Education | 21,422 | - | - | 21,422 | 2,613 | 1,255 | - | 3,868 |
| Fund for Support of Companion Synod | | | | | | | | |
| Tanzania Teacher Endowment Fund | 546,720 | 291,257 | - | 837,977 | - | - | - | - |
| | <u>\$861,010</u> | <u>\$291,257</u> | <u>\$ -</u> | <u>\$1,152,267</u> | <u>\$54,225</u> | <u>\$18,405</u> | <u>\$8,475</u> | <u>\$64,155</u> |
| | | | | | TEMPORARILY RESTRICTED CPI ALLOCATION | | | |
| | Beginning Balance | CPI Allocation | Ending Balance | | | | | |
| Funds for Grants to Congregations and Ministries | | | | | | | | |
| Samuel Trexler Fellowship Fund | \$ - | \$ 4,330 | \$ 4,330 | \$ - | \$ 4,330 | \$ 4,330 | \$ - | \$ 4,330 |
| Kling/Kreider/Weiskotten Mission Support Fund | - | 1,534 | 1,534 | - | 1,534 | 1,534 | - | 1,534 |
| Bishop James Graefe Fund | - | 2,072 | 2,072 | - | 2,072 | 2,072 | - | 2,072 |
| Magda Bratland Fund | - | 2,268 | 2,268 | - | 2,268 | 2,268 | - | 2,268 |
| Funds for Ministerial Student Aid | | | | | | | | |
| Stechman/Berwager Ministerial Education | - | 747 | 747 | - | 747 | 747 | - | 747 |
| Fund for Support of Companion Synod | | | | | | | | |
| Tanzania Teacher Endowment Fund | - | - | - | - | - | - | - | - |
| | <u>\$ -</u> | <u>\$10,951</u> | <u>\$10,951</u> | <u>\$ -</u> | <u>\$10,951</u> | <u>\$10,951</u> | <u>\$ -</u> | <u>\$10,951</u> |

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

CONTRIBUTIONS FROM CONGREGATIONS SUMMARIZED BY CONFERENCE

Fiscal year ended January 31, 2008

| <u>Conference</u> | <u>Total Contributions</u> | <u>MISSION SUPPORT</u> | | | | | <u>Other Designated Gifts</u> |
|-------------------|--------------------------------|------------------------|--------------------|--|-------------------------|---------------------------------------|---------------------------------------|
| | | <u>Commitment</u> | <u>Received</u> | <u>Over (Under) Commitment</u> | <u>World Hunger</u> | <u>United Lutheran Appeal</u> | |
| Brooklyn | \$ 28,666 | \$ 22,900 | \$ 26,785 | \$ 3,885 | \$ 380 | \$ - | \$ 1,501 |
| Brooklyn Bridges | 30,272 | 31,246 | 28,543 | (2,703) | 4 | - | 1,725 |
| South Shore | 74,965 | 71,765 | 66,586 | (5,179) | 3,751 | - | 4,628 |
| Southwest | | | | | | | |
| Nassau | | | | | | | |
| Eastern | 140,074 | 79,150 | 121,398 | 42,248 | 15,473 | - | 3,203 |
| Western | 104,132 | 81,210 | 98,345 | 17,135 | 717 | - | 5,070 |
| Southwest | 74,566 | 27,785 | 71,395 | 43,610 | 1,513 | - | 1,658 |
| Queens | | | | | | | |
| Northeast | 21,131 | 19,850 | 16,470 | (3,380) | 3,851 | - | 810 |
| Northwest | 31,317 | 37,365 | 27,708 | (9,657) | 2,222 | - | 1,387 |
| Southeast | 57,754 | 47,742 | 57,586 | 9,844 | - | - | 168 |
| Southwest | 42,521 | 32,167 | 32,330 | 163 | 6,300 | - | 3,891 |
| Suffolk | | | | | | | |
| Peconic | 108,203 | 52,340 | 102,691 | 50,351 | 1,444 | - | 4,068 |
| Western | 165,456 | 140,431 | 153,113 | 12,682 | 3,758 | - | 8,585 |
| Bronx | 38,519 | 17,314 | 31,283 | 13,969 | 1,707 | - | 5,529 |
| Delaware Hudson | 87,945 | 88,930 | 80,192 | (8,738) | 3,374 | - | 4,379 |
| Hudson | 126,991 | 116,220 | 117,715 | 1,495 | 6,483 | - | 2,793 |
| Manhattan | 149,918 | 85,080 | 127,258 | 42,178 | 2,443 | - | 20,217 |
| Staten Island | 55,864 | 43,356 | 44,758 | 1,402 | 3,853 | - | 7,253 |
| Tappan Zee | 211,365 | 83,473 | 180,676 | 97,203 | 4,821 | - | 25,868 |
| | <u>\$1,549,659</u> | <u>\$1,078,324</u> | <u>\$1,384,832</u> | <u>\$306,508</u> | <u>\$62,094</u> | <u>\$ -</u> | <u>\$102,733</u> |