

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

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

**JANUARY 31, 2009 AND 2008**

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

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*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, 2009 and 2008, 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, 2009 and 2008, 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 16, 2009**

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

**STATEMENTS OF FINANCIAL POSITION**

**January 31, 2009 and 2008**

	<b>End Of Fiscal Year 2008</b>	<b>End Of Fiscal Year 2007</b>
<b>ASSETS</b>		
Cash	\$ 465,060	\$ 463,864
Investments, at value <i>(Note 2)</i>	4,450,559	4,501,928
Accounts receivable <i>(Notes 4 and 10)</i>	1,055,025	201,744
Advances and other assets (net of allowance of \$91,000 in 2008 and \$300,000 in 2007)	124,987	167,426
Property, equipment and leasehold improvements <i>(Note 5)</i>	195,782	257,617
Property held by Synod <i>(Note 4)</i>	<u>10,618,640</u>	<u>11,965,000</u>
<b>Total assets</b>	<b><u>\$16,910,053</u></b>	<b><u>\$17,557,579</u></b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 609,098	\$ 222,466
Deferred revenue	186	4,095
Notes payable <i>(Note 8)</i>	<u>15,854</u>	<u>28,589</u>
<b>Total liabilities</b>	<b><u>625,138</u></b>	<b><u>255,150</u></b>
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	183,166	(33,551)
Designated	14,145,320	15,512,756
Net investment in property, equipment and leasehold improvements	<u>179,928</u>	<u>229,028</u>
<b>Total unrestricted net assets</b>	<b>14,508,414</b>	<b>15,708,233</b>
Temporarily restricted <i>(Note 6)</i>	430,038	441,929
Permanently restricted <i>(Note 6)</i>	<u>1,346,463</u>	<u>1,152,267</u>
<b>Total net assets</b>	<b><u>16,284,915</u></b>	<b><u>17,302,429</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$16,910,053</u></b>	<b><u>\$17,557,579</u></b>

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

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

**Fiscal years ended January 31, 2009 and 2008**

	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>
<b>Revenue</b>		
<b>Contributions from congregations</b>		
Congregational mission support	\$ 1,405,129	\$ 1,384,832
Designated mission support		
World Hunger	62,600	62,094
Other designated gifts	<u>145,569</u>	<u>102,733</u>
<b>Total from congregations</b>	1,613,298	1,549,659
<b>Other revenue</b>		
Contributions from individuals and others	746,618	510,174
Investment income (loss)		
(including gain (loss) on sale of investments of \$(725,126) in 2008 and \$219,770 in 2007)	(491,099)	307,734
Reimbursement from Mission Projects	850,961	-
Miscellaneous	<u>44,678</u>	<u>191,005</u>
<b>Total contributions and other revenue</b>	<u>2,764,456</u>	<u>2,558,572</u>
<b>Net assets released from restrictions (Note 6)</b>	<u>92,436</u>	<u>234,422</u>
<b>Total revenue</b>	<u>2,856,892</u>	<u>2,792,994</u>
<b>Expenses</b>		
<b>Synod Services</b>		
Synod Outreach		
(including \$661,938 in 2008 and \$643,947 in 2007 in Mission Support to ELCA)	1,350,842	1,361,212
Synod Life	131,085	249,266
Congregational Life	514,369	585,468
Development	313,616	307,233
Bishop's Office	449,482	435,067
Synod Governance	220,486	60,635
Communications & PR	37,928	94,603
Office services	910,217	686,423
Mission Projects	<u>742,575</u>	<u>949,090</u>
<b>Total expenses</b>	<u>4,670,600</u>	<u>4,728,997</u>
<b>Excess (deficit) of revenue over expenses</b>	(1,813,708)	(1,936,003)
<b>Other Changes</b>		
Net unrealized losses on long-term investments	(1,998,369)	(553,365)
Net proceeds from sale of churches (Note 9)	-	446,499
Congregations under synodical administration/agreement (Note 4)	<u>2,612,258</u>	<u>5,190,675</u>
<b>Increase (decrease) in unrestricted net assets</b>	<u>\$(1,199,819)</u>	<u>\$ 3,147,806</u>

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

**STATEMENTS OF CHANGES IN NET ASSETS**

**Fiscal years ended January 31, 2009 and 2008**

	<b>Fiscal Year 2008</b>	<b>Fiscal Year 2007</b>
<b>Unrestricted net assets</b>		
Total unrestricted revenue	\$ 2,764,456	\$ 2,558,572
Net assets released from restrictions <i>(Note 6)</i>	92,436	234,422
Total unrestricted expenses	(4,670,600)	(4,728,997)
Other changes	<u>613,889</u>	<u>5,083,809</u>
<b>Increase (decrease) in unrestricted net assets</b>	<u>(1,199,819)</u>	<u>3,147,806</u>
<b>Temporarily restricted net assets</b>		
Contributions	523	104,406
Investment income	80,022	29,356
Net assets released from restrictions <i>(Note 6)</i>	<u>(92,436)</u>	<u>(234,422)</u>
<b>Decrease in temporarily restricted net assets</b>	<u>(11,891)</u>	<u>(100,660)</u>
<b>Permanently restricted net assets</b>		
Contributions	194,196	229,469
Investment income	<u>-</u>	<u>61,788</u>
<b>Increase in permanently restricted net assets</b>	<u>194,196</u>	<u>291,257</u>
<b>Increase (decrease) in net assets</b>	(1,017,514)	3,338,403
<b>Net assets</b>		
Beginning of year	<u>17,302,429</u>	<u>13,964,026</u>
<b>End of year</b>	<u>\$16,284,915</u>	<u>\$17,302,429</u>

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

**STATEMENTS OF CASH FLOWS**

**Fiscal years ended January 31, 2009 and 2008**

	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>
<b>INCREASE (DECREASE) IN CASH</b>		
<i>Net change in net assets</i>	\$(1,017,514)	\$ 3,338,403
<i>Adjustments to reconcile the net change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	125,630	135,125
(Gain)/loss on sale of investments	725,126	(219,770)
Net unrealized losses on long-term investments	1,998,369	553,365
Net proceeds from sale of churches	-	(446,499)
Mission Projects, net	(108,386)	949,090
Congregations under synodical administration/agreement	(2,612,258)	(5,190,675)
(Increase) decrease in		
Advances and other assets	42,439	(89,548)
Accounts receivable	(853,281)	(140,191)
Increase (decrease) in		
Accounts payable and accrued expenses	386,632	(107,693)
Deferred revenue	<u>(3,909)</u>	<u>4,095</u>
<b>Net cash used for operating activities</b>	<u>(1,317,152)</u>	<u>(1,214,298)</u>
<i>Cash flows from investing activities</i>		
Purchase of equipment and leasehold improvements	(63,795)	(41,421)
Purchase of investments	(5,403,046)	(3,593,493)
Proceeds from sale of investments	2,730,920	2,300,000
Property held by Synod	1,346,360	(2,080,000)
Net proceeds from sale of churches	-	446,499
Mission Projects, net	108,386	(949,090)
Congregations under synodical administration/agreement	<u>2,612,258</u>	<u>5,190,675</u>
<b>Net cash provided by investing activities</b>	<u>1,331,083</u>	<u>1,273,170</u>
<i>Cash flows from financing activities</i>		
Proceeds from issuance of notes payable	-	38,635
Repayments of notes payable	<u>(12,735)</u>	<u>(15,778)</u>
<b>Net cash provided by (used for) financing activities</b>	<u>(12,735)</u>	<u>22,857</u>
<b>Net increase in cash</b>	1,196	81,729
<i>Cash</i>		
Beginning of year	<u>463,864</u>	<u>382,135</u>
<b>End of year</b>	<u>\$ 465,060</u>	<u>\$ 463,864</u>

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

## ***NOTES TO FINANCIAL STATEMENTS***

**Fiscal Years 2008 and 2007**

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### **(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 monitoring the financial institutions in which deposits are made.

#### ***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 2008 and 2007**

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**(2) INVESTMENTS**

Investments are composed of the following at January 31:

<u>Fiscal Year 2008</u>	<u>Cost</u>	<u>Market</u>
ELCA Endowment Fund A	\$5,988,664	\$3,998,195
ELCA – Fund A CELC	<u>630,410</u>	<u>452,364</u>
	<u>\$6,619,074</u>	<u>\$4,450,559</u>

At January 31, 2009, the portfolio of investments had gross unrealized losses of \$2,168,515.

<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.

Total investment return on the investments for fiscal years 2008 and 2007 was as follows:

	<u>2008</u>	<u>2007</u>
Interest and Dividends	\$ 314,049	\$ 179,108
Realized Gains/(Losses)	(725,126)	219,770
Unrealized losses	<u>(1,998,369)</u>	<u>(553,365)</u>
	<u>\$(2,409,446)</u>	<u>\$(154,487)</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 Synod Council 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 \$333,400 and \$275,700 for the fiscal years 2008 and 2007, respectively.

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

**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**Fiscal Years 2008 and 2007**

**(3) FAIR VALUE OF FINANCIAL INSTRUMENTS**

On February 1, 2008, the Synod adopted Financial Accounting Standards Board No. 157, “*Fair Value Measurements (“FAS 157”)*, which was issued in September 2006 effective for fiscal years beginning after November 15, 2007. This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. The three levels of the fair value hierarchy under FAS 157 are described below:

Level 1 – quoted prices in active markets for identical securities and assets

Level 2 – other significant observable inputs (including quoted prices for similar securities and assets, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Synod’s own assumptions in determining the fair value of investments and other assets)

The inputs methodology used for valuing securities and other assets are not necessarily an indication of the risk associated with investing in those securities and other assets.

The Summary of inputs used to value the Synod’s assets that are carried at fair value as of January 31, 2009 is as follow:

	<u>Investments</u>	<u>Property Held By The Synod</u>
Level 1	\$ -	\$ -
Level 2	4,450,559	10,618,640
Level 3	-	-
	<u>\$4,450,559</u>	<u>\$10,618,640</u>

**(4) PROPERTY HELD BY SYNOD**

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

	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>
Evangelical Lutheran Church of the Holy Trinity, Hollis, Queens (a)	\$ 2,200,000	\$ 2,200,000
St. Peter’s Lutheran Church, Brooklyn (b)	628,640	5,080,000
Atonement Lutheran Church, Staten Island (c)	-	2,000,000
St. Paul’s Lutheran Church, Richmond Hill, Queens (d)	1,600,000	2,035,000
Good Shepherd Lutheran Church, Bayside, Queens (e)	650,000	650,000
Bethany Lutheran Church, Brooklyn (f)	3,340,000	-
St. John’s Lutheran Church, Bronx (g)	2,200,000	-
	<u>\$10,618,640</u>	<u>\$11,965,000</u>

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

**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**Fiscal Years 2008 and 2007**

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

- (a) For the year ended January 31, 2009, the Synod has recorded net expenses in the amount of \$133,224 related to Hollis church and school.
- (b) For the year ended January 31, 2009, the Synod has recorded net expenses in the amount of \$924,040.
- (c) For the year ended January 31, 2009, the Synod has recorded net expenses of \$344,923.
- (d) For the year ended January 31, 2009, the Synod has recorded net expenses of \$448,685.
- (e) For the year ended January 31, 2009, the Synod has recorded net expenses of \$2,051.
- (f) For the year ended January 31, 2009, the Synod has recorded net income of \$3,286,281 reflecting the carrying value of the property of \$3,340,000 less expenses incurred of \$53,719
- (g) For the year ended January 31, 2009, the Synod has recorded net income of \$1,917,939 reflecting the carrying value of the property of \$2,200,000 less expenses incurred of \$282,061.

In addition, there are several other congregations under synodical administration or with a support agreement where the Synod has not taken title to the property. The Synod has recorded \$739,039 of expenses related to these congregations for the year ended January 31, 2009.

The Synod has an agreement with Zion Evangelical Church ("*Zion Mission*") to be reimbursed, without interest, for all funds that are expended for daily operations, as well as the planning, construction and initial operating phases should Synod funds be required for expenses. As of January 31, 2009, the Synod has advanced approximately \$850,000 to Zion Mission for which a receivable has been recorded and is included in accounts receivable on the statement of financial position.

**(5) PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

The costs of such assets were as follows:

	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>
Equipment and furniture	\$ 349,345	\$ 380,165
Leasehold improvements	<u>639,384</u>	<u>639,384</u>
	988,729	1,019,549
Less accumulated depreciation	<u>792,947</u>	<u>761,932</u>
<b>Net value</b>	<u>\$ 195,782</u>	<u>\$ 257,617</u>

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

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

**Fiscal Years 2008 and 2007**

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**(6) NET ASSETS**

***TEMPORARILY RESTRICTED NET ASSETS***

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

	<b>Fiscal Year <u>2008</u></b>	<b>Fiscal Year <u>2007</u></b>
Funds for Grants to Congregations and Ministries	\$ 81,375	\$ 70,491
Funds for Ministerial Student Aid	6,023	4,615
Fund for Support of Companion Synod	59,370	-
Women Leaders Fund	6,890	6,890
Women And Children In Poverty	10,594	10,594
Urban Empowerment Fund	273,646	327,646
Other	<u>(7,860)</u>	<u>21,693</u>
	<b><u>\$430,038</u></b>	<b><u>\$441,929</u></b>

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

	<b>Fiscal Year <u>2008</u></b>	<b>Fiscal Year <u>2007</u></b>
Funds for Grants to Congregations and Ministries	\$ 8,360	\$ 8,475
Urban Empowerment Fund	54,000	127,479
Women & Children in Poverty	-	4,869
Other	<u>30,076</u>	<u>93,599</u>
	<b><u>\$92,436</u></b>	<b><u>\$234,422</u></b>

***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 was reinvested until the fund reached a goal of \$1 million.

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

	<b>Fiscal Year <u>2008</u></b>	<b>Fiscal Year <u>2007</u></b>
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>1,032,173</u>	<u>837,977</u>
	<b><u>\$1,346,463</u></b>	<b><u>\$1,152,267</u></b>

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

**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**Fiscal Years 2008 and 2007**

Fiscal Year 2008 Endowment Net Asset Composition by Type of Fund as of January 31:

	<b>Fiscal Year 2008</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-restricted endowment funds	\$ -	\$ 146,768	\$ 1,346,463	\$ 1,493,231
Board-designated endowment funds	<u>95,536</u>	-	-	<u>95,536</u>
Total funds	<u>\$95,536</u>	<u>\$ 146,768</u>	<u>\$ 1,346,463</u>	<u>\$ 1,588,767</u>

	<b>Fiscal Year 2007</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-restricted endowment funds	\$ -	\$ 75,106	\$ 1,152,267	\$ 1,227,373
Board-designated endowment funds	<u>89,347</u>	-	-	<u>89,347</u>
Total funds	<u>\$89,347</u>	<u>\$ 75,106</u>	<u>\$ 1,152,267</u>	<u>\$ 1,316,720</u>

Changes in Endowment Net Assets for the Fiscal Years Ended January 31:

	<b>Fiscal Year 2008</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Endowment net assets, Beginning of year	\$ 89,347	\$ 75,106	\$ 1,152,267	\$ 1,316,720
Investment return	5,689	80,022	-	85,711
Contributions	500	-	194,196	194,696
Appropriation of endowment assets for expenditure	-	(8,360)	-	(8,360)
Endowment net assets, End of year	<u>\$95,536</u>	<u>\$ 146,768</u>	<u>\$ 1,346,463</u>	<u>\$ 1,588,767</u>

	<b>Fiscal Year 2007</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Endowment net assets, Beginning of year	\$ 81,139	\$ 54,225	\$ 861,010	\$ 996,374
Investment return	7,608	29,356	61,788	98,752
Contributions	600	-	229,469	230,069
Appropriation of endowment assets for expenditure	-	(8,475)	-	(8,475)
Endowment net assets, End of year	<u>\$89,347</u>	<u>\$ 75,106</u>	<u>\$ 1,152,267</u>	<u>\$ 1,316,720</u>

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

**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**Fiscal Years 2008 and 2007**

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**(7) 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 \$111,800 and \$122,400 for fiscal years 2008 and 2007, 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.

**(8) 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, 2009. Total accumulated depreciation at January 31, 2009 was \$23,610. The minimum lease payments as of January 31, 2009 under these leases, together with the present value of the net minimum lease payments, are as follows:

<u>Fiscal Year</u>	
2009	\$14,104
2010	<u>2,351</u>
	16,455
Less amount representing interest	<u>601</u>
Present value of minimum lease payments	<u>\$15,854</u>

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 2008 and 2007 was approximately \$193,800 and \$194,400, respectively. Total minimum lease commitments are as follows:

<u>Fiscal Year</u>	
2009	\$193,748
2010	<u>80,728</u>
	<u>\$274,476</u>

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

**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**Fiscal Years 2008 and 2007**

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**(9) 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, 2009, the Synod sold St. Peter's Lutheran Church in Brooklyn for a net sales price, after closing and administrative costs of \$3,260,961, all of which was recorded in prior years. Of the net proceeds, \$1,956,577 was recorded in the Mission Redevelopment Fund, \$326,096 was recorded in the Support for the Wider Church Fund and \$978,288 was recorded in the Support for Operations Fund. As of January 31, 2009, the Synod continues to hold the parsonage building related to St. Peter's Lutheran Church. In addition, during the year ended January 31, 2009, the Synod sold Atonement Lutheran Church in Staten Island for a net sales price, after closing and administrative costs of \$1,523,895, all of which was recorded in prior years. Of the net proceeds, \$914,337 was recorded in the Mission Redevelopment Fund, \$152,390 was recorded in the Support for the Wider Church and \$457,168 was recorded in 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.

**(10) RELATED PARTY TRANSACTIONS**

The Synod granted a loan to the Bishop to assist him in the purchase of a residence in New York City. The loan, in the amount of \$100,000, bears interest at 5% and is payable quarterly. The loan is due within sixty days of the receipt of proceeds from the sale of the Bishop's former residence in Michigan or if the Bishop leaves the Synod for any reason. The loan is included in accounts receivable on the statement of financial position.

## **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, 2009 and 2008, 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 15 to 21, 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 16, 2009**

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

**PROGRAM EXPENSES**

**Fiscal year ended January 31, 2009 and 2008**

	<b>Budget Provision</b>	<b>Actual Expenses Fiscal Year</b>	
		<b>2008</b>	<b>2007</b>
<b>SYNOD OUTREACH</b>			
<b>ELCA and Other Distributions</b>			
ELCA Mission Support	\$ 658,000	\$ 661,938	\$ 643,947
ELCA Designated Projects	73,500	94,268	89,602
MNYS Designated Projects	70,000	107,805	77,210
Region 7 Coordinating Council	7,808	7,808	7,922
Flow Through Grants	<u>200,000</u>	<u>209,014</u>	<u>174,800</u>
<b>Total ELCA and Other Distribution</b>	<u>1,009,308</u>	<u>1,080,833</u>	<u>993,481</u>
<b>Other Programs</b>			
Lutheran Statewide Advocacy	3,500	3,500	2,755
Global Mission Event Scholarship	1,500	-	-
NYS Council of Churches	500	-	-
LI Council of Churches	200	-	-
Companion Synod – Tanzania	56,042	40,644	41,164
TZ Pilgrimage	-	1,530	57,471
ELCA Horizon Grants	-	5,366	-
Staff and Operating Costs	<u>267,689</u>	<u>218,969</u>	<u>266,341</u>
<b>Total Other Programs</b>	<u>329,431</u>	<u>270,009</u>	<u>367,731</u>
<b>Total Synod Outreach</b>	<u>\$1,338,739</u>	<u>\$1,350,842</u>	<u>\$1,361,212</u>
<b>SYNOD LIFE</b>			
<b>Education</b>			
Lutheran Ministries in Higher Education Grant	\$ 42,940	\$ 42,940	\$ 43,985
Lutheran Schools Association Grant	8,837	-	8,750
Student Christian Center at SUNY New Paltz Grant	13,226	6,613	13,225
Philadelphia Seminary Grant	<u>60,000</u>	<u>60,000</u>	<u>54,000</u>
<b>Total Education</b>	<u>125,003</u>	<u>109,553</u>	<u>119,960</u>
<b>Other Programs</b>			
Commission for Gay & Lesbian Ministries	6,000	1,804	6,590
Coaching & Natural Church Development	12,000	5,387	13,245
Worship Events & Ordinations	2,800	1,113	2,519
Youth Ministries	10,000	9,985	8,846
Commission for Multicultural Affairs	500	-	213
Bishop's Retreat Fund	-	585	771
Hunger Committee	1,000	1,112	863
Women/Children in Poverty	2,000	212	4,869
Latino Diakonia	-	-	193
Staff and Operating Costs	-	1,334	91,197
Other Expense	<u>1,000</u>	<u>-</u>	<u>-</u>
<b>Total Other Programs</b>	<u>35,300</u>	<u>21,532</u>	<u>129,306</u>
<b>Total Synod Life</b>	<u>\$ 160,303</u>	<u>\$ 131,085</u>	<u>\$ 249,266</u>

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

**PROGRAM EXPENSES – (Continued)**

**Fiscal year ended January 31, 2009 and 2008**

	<b>Budget Provision</b>	<b>Actual Expenses Fiscal Year</b>	
		<b>2008</b>	<b>2007</b>
<b>CONGREGATIONAL LIFE</b>			
<b>Shared Expenses</b>			
Staff and Operating Costs	\$ 213,252	\$ 219,804	\$ 163,645
<b>Total Shared Expenses</b>	<u>213,252</u>	<u>219,804</u>	<u>163,645</u>
<b>Programs &amp; Services to Leaders</b>			
Background Checks - Seminary Candidates	5,000	1,993	2,369
Psychological Evaluations	6,000	2,500	5,130
Hispanic Psychological Evaluations	2,000	500	-
Committee Expense (Candidacy)	-	-	15
Students Retreat	3,000	2,909	2,579
Ministerium Fund	-	1,964	1,723
Diakonia	-	795	951
Latino Diakonia	7,000	5,911	4,745
Latino Laity	8,000	3,628	3,239
Black Pastors	-	600	-
Urban Leaders Institute	18,000	20,826	17,159
Group Term Life Insurance	6,500	6,507	6,297
Lutheran Theological Center	500	-	205
Orientation of New Pastors	1,000	1,658	740
Trexler Grants	6,000	7,360	4,750
Dean's Retreat Fund	-	2,341	1,352
Renewal & Boundary Workshops	1,200	421	1,100
Bishop Graefe Mission Fund	3,000	1,000	8,725
Asian Ministries – Education Training	2,000	1,591	-
Asian Ministries Youth Program	2,000	380	-
Evangelism Grant	-	-	3,750
Ecumenical Affairs	-	-	3,384
Staff and Operating Costs	<u>7,250</u>	<u>5,173</u>	<u>4,558</u>
<b>Total Programs &amp; Services to Leaders</b>	<u>78,450</u>	<u>68,057</u>	<u>72,771</u>
<b>Programs &amp; Services to Congregations</b>			
Evaluations	1,000	-	-
Latino Consultation Fund	1,000	-	-
Counseling Services/Research	750	-	-
CEO Coordinators	6,000	3,200	2,250
Bishop's Retreat Fund	8,000	10,150	8,237
Congregational Resources	2,000	526	469
CEO Programs	7,500	6,308	14,982
Horizon Internships	12,750	12,750	12,000
Urban Empowerment Fund Grants	-	4,000	23,979
Worship Day	1,000	-	7,150
Partnership Grants	192,910	188,654	272,549
Staff and Operating Costs	<u>8,500</u>	<u>920</u>	<u>7,436</u>
<b>Total Programs &amp; Services to Congregations</b>	<u>241,410</u>	<u>226,508</u>	<u>349,052</u>
<b>Total Congregational Life</b>	<u>\$ 533,112</u>	<u>\$ 514,369</u>	<u>\$ 585,468</u>

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

**PROGRAM EXPENSES – (Continued)**

**Fiscal year ended January 31, 2009 and 2008**

	<b>Budget Provision</b>	<b>Actual Expenses Fiscal Year</b>	
		<b>2008</b>	<b>2007</b>
<b>DEVELOPMENT</b>			
Special Fundraising Projects	\$ 2,000	\$ 500	\$ 604
SMO Agency Events	9,000	2,300	7,250
Stewardship	5,500	1,549	2,554
Staff and Operating Costs	<u>320,468</u>	<u>309,267</u>	<u>296,825</u>
<b>Total Development</b>	<b><u>\$ 336,968</u></b>	<b><u>\$ 313,616</u></b>	<b><u>\$ 307,233</u></b>
<b>BISHOP'S OFFICE</b>			
Staff and Operating Costs	\$ 421,580	\$ 449,482	\$ 435,067
<b>Total Bishop's Office</b>	<b><u>\$ 421,580</u></b>	<b><u>\$ 449,482</u></b>	<b><u>\$ 435,067</u></b>
<b>SYNOD GOVERNANCE</b>			
Synod Assembly	\$ 150,000	\$ 215,334	\$ 52,743
Synod Council	4,500	1,932	1,768
Synod Council Committees (FMC and Audit Committee)	-	167	83
Committee Expense (Archives and Historian)	8,800	-	1,241
Committee Expense (Worship Committee)	3,500	180	178
Staff & Operating Costs	<u>4,000</u>	<u>2,873</u>	<u>4,622</u>
<b>Total Synod Governance</b>	<b><u>\$ 170,800</u></b>	<b><u>\$ 220,486</u></b>	<b><u>\$ 60,635</u></b>
<b>COMMUNICATIONS AND PR</b>			
Prof. Services (Web)	\$ 15,000	\$ 3,840	\$ 27,029
Prof. Services (Public Relations)	42,000	13,892	39,600
Lutheran New Yorker	20,000	18,950	26,924
Staff and Operating Costs	<u>1,700</u>	<u>1,246</u>	<u>1,050</u>
<b>Total Communications and PR</b>	<b><u>\$ 78,700</u></b>	<b><u>\$ 37,928</u></b>	<b><u>\$ 94,603</u></b>
<b>OFFICE SERVICES</b>			
Christ Yonkers Construction Reserve Payments	\$ 39,648	\$ 46,256	\$ 36,386
Staff and Operating Costs	637,380	738,331	514,912
Depreciation Expense	<u>122,004</u>	<u>125,630</u>	<u>135,125</u>
<b>Total Office Services</b>	<b><u>\$ 799,032</u></b>	<b><u>\$ 910,217</u></b>	<b><u>\$ 686,423</u></b>
<b>MISSION PROJECTS</b>			
Staff and Operating Costs	\$ -	\$ 306,719	\$ 244,331
Construction	-	196,088	545,970
Other	<u>700,000</u>	<u>239,768</u>	<u>158,789</u>
<b>Total Mission Projects</b>	<b><u>\$ 700,000</u></b>	<b><u>\$ 742,575</u></b>	<b><u>\$ 949,090</u></b>
<b>Total Expenses</b>	<b><u>\$4,539,234</u></b>	<b><u>\$4,670,600</u></b>	<b><u>\$4,728,997</u></b>

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

***BUDGETED OPERATIONS***

**Fiscal years ended January 31, 2009 and 2008**

	<u>Budget Provision</u>	<u>Actual Fiscal Year</u>	
		<u>2008</u>	<u>2007</u>
<b>Income</b>			
Congregational mission support	\$1,400,000	\$1,405,129	\$1,384,832
Designated ELCA Projects	70,000	94,298	80,829
Designated MNYS Projects	70,000	113,871	83,998
Grants – ELCA	173,187	148,327	194,726
Grants – LDRNY	91,667	(8,733)	110,690
Investment income	350,815	333,362	275,660
Contributions from individuals and others	311,846	493,785	278,145
Other income	123,661	172,547	165,580
Reimbursement from Mission Projects	700,000	850,961	-
Released from designations			
Metropolitan New York Synod Fund	365,000	365,000	270,000
Net Proceeds from Sales	547,000	547,000	500,000
Mission Redevelopment Fund	205,910	499,717	662,716
Urban Empowerment Fund	50,000	50,000	110,100
Other Funds	<u>80,148</u>	<u>206,904</u>	<u>201,395</u>
<b>Total income</b>	<u>4,539,234</u>	<u>5,272,168</u>	<u>4,318,671</u>
<b>Expenses</b>			
Synod Outreach	1,338,739	1,227,472	1,452,148
Synod Life	160,303	131,085	249,266
Congregational Life	533,112	514,369	560,956
Development	336,968	313,616	307,233
Bishop's Office	421,580	431,928	435,067
Synod Governance	170,800	220,486	60,635
Communications and PR	78,700	37,928	94,603
Office Services	799,032	910,217	676,932
Mission Projects	<u>700,000</u>	<u>742,575</u>	<u>949,090</u>
<b>Total expenses</b>	<u>4,539,234</u>	<u>4,529,676</u>	<u>4,785,930</u>
<b>Excess (deficit) of income over expenses     before other reimbursements</b>	<u>\$ -</u>	724,492	<u>\$ (467,259)</u>
Less: Reimbursement from Mission Projects for prior year expenses		<u>(579,303)</u>	
<b>Excess (deficit) of income over expenses</b>		<u>\$ 163,189</u>	

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

**SUMMARY OF CHANGES IN NET ASSETS**

**Fiscal year ended January 31, 2009**

	<u>Balance, January 31, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, January 31, 2009</u>
<b>UNRESTRICTED</b>				
<b>Undesignated</b>				
General operating	\$ (33,551)	\$ 3,878,085	\$ 3,661,368	\$ 183,166
<b>Designated</b>				
Metropolitan New York Synod Fund – General	592,414	345,356	1,549,988	(612,218)
Unrealized losses on investments	<u>(170,146)</u>	<u>-</u>	<u>1,998,369</u>	<u>(2,168,515)</u>
	422,268	345,356	3,548,357	(2,780,733)
Congregations Under Synodical Administration				
Property Value	11,965,000	6,168,640	7,515,000	10,618,640
Expenses	(2,561,129)	848,464	1,043,829	(2,756,494)
Youth Ministry Fund	44,374	-	7,085	37,289
Bishop's Mission Fund	23,107	6,233	-	29,340
Bishop Rudolph P. F. Ressmeyer Fund	58,030	4,201	-	62,231
William and Helen Heinemann Memorial Fund	364,969	-	-	364,969
Winston Bone Scholarship Fund	31,317	1,988	-	33,305
Christ Yonkers Construction Reserve	507,398	23,310	42,952	487,756
Christ Yonkers Area Ministries	826,949	-	61,882	765,067
Mission Redevelopment Fund	3,113,182	2,850,852	527,899	5,436,135
Support for the Wider Church	217,013	475,142	113,370	578,785
Support for Operations	411,168	1,425,426	547,000	1,289,594
Grants to Hollis	91,200	75,000	179,400	(13,200)
Other	<u>(2,090)</u>	<u>200</u>	<u>5,474</u>	<u>(7,364)</u>
<b>Total designated</b>	<u>15,512,756</u>	<u>12,224,812</u>	<u>13,592,248</u>	<u>14,145,320</u>
<b>Property and equipment fund</b>	<u>229,028</u>	<u>76,530</u>	<u>125,630</u>	<u>179,928</u>
<b>Total unrestricted</b>	<u>15,708,233</u>	<u>16,179,427</u>	<u>17,379,246</u>	<u>14,508,414</u>
<b>TEMPORARILY RESTRICTED</b>				
Endowment income	75,106	80,022	8,360	146,768
Women Leaders Fund	6,890	-	-	6,890
Women And Children In Poverty	10,594	-	-	10,594
Urban Empowerment Fund	327,646	-	54,000	273,646
Other	<u>21,693</u>	<u>523</u>	<u>30,076</u>	<u>(7,860)</u>
<b>Total temporarily restricted</b>	<u>441,929</u>	<u>80,545</u>	<u>92,436</u>	<u>430,038</u>
<b>PERMANENTLY RESTRICTED</b>				
<b>Total net assets</b>	<u>1,152,267</u>	<u>194,196</u>	<u>-</u>	<u>1,346,463</u>
	<u>\$17,302,429</u>	<u>\$16,454,168</u>	<u>\$17,471,682</u>	<u>\$16,284,915</u>



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

**CONTRIBUTIONS FROM CONGREGATIONS SUMMARIZED BY CONFERENCE**

**Fiscal year ended January 31, 2009**

<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>	
Brooklyn	\$ 28,672	\$ 17,233	\$ 28,411	\$ 11,178	\$ 135	\$ 126
Brooklyn Bridges	33,113	15,055	31,705	16,650	530	878
South Shore	58,679	20,119	48,766	28,647	1,050	8,863
Southwest						
Nassau						
Eastern	158,693	75,150	133,074	57,924	18,450	7,169
Western	112,007	72,550	92,199	19,649	786	19,022
Southwest	67,427	38,880	63,410	24,530	2,565	1,452
Queens						
Northeast	45,607	36,550	45,607	9,057	-	-
Northwest	35,508	8,552	27,987	19,435	5,005	2,516
Southeast	24,226	9,150	19,413	10,263	4,541	272
Southwest	52,747	19,782	44,789	25,007	2,481	5,477
Suffolk						
Peconic	94,133	60,535	85,282	24,747	2,358	6,493
Western	194,128	106,550	178,737	72,187	3,768	11,623
Bronx	63,256	17,860	48,425	30,565	789	14,042
Delaware Hudson	94,654	35,883	83,278	47,395	2,331	9,045
Hudson	135,979	56,070	124,276	68,206	7,101	4,602
Manhattan	174,254	85,048	148,214	63,166	4,288	21,752
Staten Island	64,265	37,924	48,932	11,008	4,758	10,575
Tappan Zee	<u>175,950</u>	<u>102,221</u>	<u>152,624</u>	<u>50,403</u>	<u>1,664</u>	<u>21,662</u>
	<u>\$1,613,298</u>	<u>\$815,112</u>	<u>\$1,405,129</u>	<u>\$590,017</u>	<u>\$62,600</u>	<u>\$145,569</u>