

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

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

JANUARY 31, 2010 AND 2009

**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, 2010 and 2009, 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, 2010 and 2009, 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, 2010**

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

STATEMENTS OF FINANCIAL POSITION

January 31, 2010 and 2009

	End Of Fiscal Year 2009	End Of Fiscal Year 2008
ASSETS		
Cash	\$ 505,761	\$ 465,060
Investments, at value <i>(Note 2)</i>	3,034,215	4,450,559
Accounts receivable <i>(Notes 4 and 10)</i>	1,202,913	1,055,025
Advances and other assets (net of allowance of \$91,000 in 2009 and \$91,000 in 2008)	109,949	124,987
Property, equipment and leasehold improvements <i>(Note 5)</i>	118,256	195,782
Property held by Synod <i>(Note 4)</i>	<u>14,850,000</u>	<u>10,618,640</u>
Total assets	<u>\$19,821,094</u>	<u>\$16,910,053</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 194,959	\$ 609,098
Deferred revenue	6,748	186
Notes payable <i>(Note 8)</i>	<u>45,271</u>	<u>15,854</u>
Total liabilities	<u>246,978</u>	<u>625,138</u>
NET ASSETS		
Unrestricted		
Undesignated	550,518	183,166
Designated	17,217,396	14,145,320
Net investment in property, equipment and leasehold improvements	<u>72,985</u>	<u>179,928</u>
Total unrestricted net assets	17,840,899	14,508,414
Temporarily restricted <i>(Note 6)</i>	365,543	430,038
Permanently restricted <i>(Note 6)</i>	<u>1,367,674</u>	<u>1,346,463</u>
Total net assets	<u>19,574,116</u>	<u>16,284,915</u>
Total liabilities and net assets	<u>\$19,821,094</u>	<u>\$16,910,053</u>

**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, 2010 and 2009

	Fiscal Year 2009	Fiscal Year 2008
Revenue		
Contributions from congregations		
Congregational mission support	\$ 1,287,710	\$ 1,405,129
Designated mission support		
World Hunger	65,173	62,600
Other designated gifts	<u>67,001</u>	<u>145,569</u>
Total from congregations	1,419,884	1,613,298
Other revenue		
Contributions from individuals and others	179,283	746,618
Investment income (loss)		
(including gain (loss) on sale of investments of		
\$(1,039,475) in 2009 and \$(725,126) in 2008)	(823,946)	(491,099)
Reimbursement from Mission Projects	157,513	850,961
Miscellaneous	<u>176,904</u>	<u>44,678</u>
Total contributions and other revenue	<u>1,109,638</u>	<u>2,764,456</u>
Net assets released from restrictions (Note 6)	<u>56,139</u>	<u>92,436</u>
Total revenue	<u>1,165,777</u>	<u>2,856,892</u>
Expenses (Note 11)		
Synod Services		
Evangelical Outreach		
(including \$611,662 in 2009 in Mission Support to ELCA)	959,845	
Global and Multicultural Mission	338,930	
Congregations	130,402	
Formation	268,028	
Mission Projects	380,360	
Bishop's Office	358,665	
Synod Governance	119,168	
Communications & PR	126,244	
Finance and Administration	785,853	
Christ Yonkers Construction Settlement	<u>299,725</u>	
Total expenses	<u>3,767,220</u>	<u>4,670,600</u>
Excess (deficit) of revenue over expenses	(2,601,443)	(1,813,708)
Other Changes		
Net unrealized gain (losses) on long-term investments	1,791,901	(1,998,369)
Congregations under synodical administration/agreement		
(net of expenses of \$1,668,235 in 2009) (Note 4)	<u>4,142,027</u>	<u>2,612,258</u>
Increase (decrease) in unrestricted net assets	<u>\$ 3,332,485</u>	<u>\$(1,199,819)</u>

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

STATEMENTS OF CHANGES IN NET ASSETS

Fiscal years ended January 31, 2010 and 2009

	Fiscal Year 2009	Fiscal Year 2008
Unrestricted net assets		
Total unrestricted revenue	\$ 1,109,638	\$ 2,764,456
Net assets released from restrictions <i>(Note 6)</i>	56,139	92,436
Total unrestricted expenses	(3,767,220)	(4,670,600)
Other changes	<u>5,933,928</u>	<u>613,889</u>
Increase (decrease) in unrestricted net assets	<u>3,332,485</u>	<u>(1,199,819)</u>
Temporarily restricted net assets		
Contributions	600	523
Investment income (loss)	(8,956)	80,022
Net assets released from restrictions <i>(Note 6)</i>	<u>(56,139)</u>	<u>(92,436)</u>
Decrease in temporarily restricted net assets	<u>(64,495)</u>	<u>(11,891)</u>
Permanently restricted net assets		
Contributions	<u>21,211</u>	<u>194,196</u>
Increase in permanently restricted net assets	<u>21,211</u>	<u>194,196</u>
Increase (decrease) in net assets	3,289,201	(1,017,514)
Net assets		
Beginning of year	<u>16,284,915</u>	<u>17,302,429</u>
End of year	<u>\$19,574,116</u>	<u>\$16,284,915</u>

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

STATEMENTS OF CASH FLOWS

Fiscal years ended January 31, 2010 and 2009

	Fiscal Year 2009	Fiscal Year 2008
INCREASE (DECREASE) IN CASH		
<i>Net change in net assets</i>	\$ 3,289,201	\$(1,017,514)
<i>Adjustments to reconcile the net change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	130,257	125,630
Loss on sale of investments	1,039,475	725,126
Net unrealized (gains) losses on long-term investments	(1,791,901)	1,998,369
Mission Projects, net	(222,847)	(108,386)
Congregations under synodical administration/agreement	(4,142,027)	(2,612,258)
(Increase) decrease in		
Advances and other assets	15,038	42,439
Accounts receivable	(147,888)	(853,281)
Increase (decrease) in		
Accounts payable and accrued expenses	(414,139)	386,632
Deferred revenue	<u>6,562</u>	<u>(3,909)</u>
Net cash used for operating activities	<u>(2,238,269)</u>	<u>(1,317,152)</u>
<i>Cash flows from investing activities</i>		
Purchase of equipment and leasehold improvements	(52,731)	(63,795)
Purchase of investments	(981,230)	(5,403,046)
Proceeds from sale of investments	3,150,000	2,730,920
Property held by Synod	(4,231,360)	1,346,360
Net proceeds from sale of churches	-	-
Mission Projects, net	222,847	108,386
Congregations under synodical administration/agreement	<u>4,142,027</u>	<u>2,612,258</u>
Net cash provided by investing activities	<u>2,249,553</u>	<u>1,331,083</u>
<i>Cash flows from financing activities</i>		
Proceeds from issuance of notes payable	52,731	-
Repayments of notes payable	<u>(23,314)</u>	<u>(12,735)</u>
Net cash provided by (used for) financing activities	<u>29,417</u>	<u>(12,735)</u>
Net increase in cash	40,701	1,196
<i>Cash</i>		
Beginning of year	<u>465,060</u>	<u>463,864</u>
End of year	<u>\$ 505,761</u>	<u>\$ 465,060</u>

METROPOLITAN NEW YORK SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

Fiscal Years 2009 and 2008

(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.

SUBSEQUENT EVENTS

Subsequent events after the statement of financial position date through the date that the financial statements were available for issuance, April 16, 2010, have been evaluated in the preparation of the financial statements.

CONCENTRATION OF CREDIT RISK

The Synod occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification ("*ASC*") 825, "*Financial Instruments*" formerly known as Statement of Financial Accounting Standards ("*SFAS*") 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 *ASC 958, "Not-for-Profit-Entities,"* formerly known as SFAS No. 124, "*Accounting For Certain Investments Held By Not-For-Profit Organizations.*" ASC 958 established standards for accounting for certain investments held by not-for-profit organizations and required that investments in securities be recorded at fair market 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.

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

Fiscal Years 2009 and 2008

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.

(2) INVESTMENTS

Investments are composed of the following at January 31:

<u>Fiscal Year 2009</u>	<u>Cost</u>	<u>Market</u>
ELCA Endowment Fund A	\$3,054,789	\$2,706,018
ELCA – Fund A CELC	331,040	303,197
Mission Investment Fund	<u>25,000</u>	<u>25,000</u>
	<u>\$3,410,829</u>	<u>\$3,034,215</u>

At January 31, 2010, the portfolio of investments had gross unrealized losses of \$376,615.

<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.

Total investment return on the investments for fiscal years 2009 and 2008 was as follows:

	<u>2009</u>	<u>2008</u>
Interest and dividends	\$ 206,573	\$ 314,049
Realized losses	(1,039,475)	(725,126)
Unrealized gains (losses)	<u>1,791,901</u>	<u>(1,998,369)</u>
	<u>\$ 958,999</u>	<u>\$(2,409,446)</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 \$199,800 and \$333,400 for the fiscal years 2009 and 2008, respectively.

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

Fiscal Years 2009 and 2008

(3) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Synod utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – quoted prices in active markets for identical securities.

Level 2 – other significant observable inputs (including quoted prices for similar securities, 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).

<u>Fiscal Year 2009</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
ELCA Endowment Fund	\$ 2,706,018	\$ -	\$ 2,706,018	\$ -
ELCA – Fund A	303,197	-	303,197	-
Mission Investment Fund	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Totals	<u>\$ 3,034,215</u>	<u>\$ -</u>	<u>\$ 3,034,215</u>	<u>\$ -</u>
Property				
Property held by Synod	<u>\$14,850,000</u>	<u>\$ -</u>	<u>\$14,850,000</u>	<u>\$ -</u>
<u>Fiscal Year 2008</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
ELCA Endowment Fund	\$ 3,998,195	\$ -	\$ 3,998,195	\$ -
ELCA – Fund A	<u>452,364</u>	<u>-</u>	<u>452,364</u>	<u>-</u>
Totals	<u>\$ 4,450,559</u>	<u>\$ -</u>	<u>\$ 4,450,559</u>	<u>\$ -</u>
Property				
Property held by Synod	<u>\$10,618,640</u>	<u>\$ -</u>	<u>\$10,618,640</u>	<u>\$ -</u>

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.

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

Fiscal Years 2009 and 2008

(4) PROPERTY HELD BY SYNOD

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

	Fiscal Year 2009	Fiscal Year 2008
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
St. Paul’s Lutheran Church, Richmond Hill, Queens (c)	1,600,000	1,600,000
Good Shepherd Lutheran Church, Bayside, Queens (d)	650,000	650,000
Bethany Lutheran Church, Brooklyn (e)	2,100,000	3,340,000
St. John’s Lutheran Church, Bronx (f)	1,850,000	2,200,000
Bethlehem Lutheran Church, Brooklyn (g)	<u>6,450,000</u>	<u>-</u>
	<u>\$14,850,000</u>	<u>\$10,618,640</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.

- (a) For the year ended January 31, 2010, the Synod has recorded net expenses in the amount of \$248,554 related to Hollis church and school.
- (b) For the year ended January 31, 2010, the Synod has recorded net expenses in the amount of \$155,184, including a loss on the sale of the property of \$130,354.
- (c) For the year ended January 31, 2010, the Synod has recorded net expenses of \$50,142.
- (d) For the year ended January 31, 2010, the Synod has recorded net expenses of \$10,879.
- (e) For the year ended January 31, 2010, the Synod has recorded net expenses of \$785,032, including a write-down of the value of the property of \$400,000 and a loss on the sale of the parsonage of \$195,888.
- (f) For the year ended January 31, 2010, the Synod has recorded net expenses of \$433,571, including a write-down of the value of the property of \$350,000.
- (g) For the year ended January 31, 2010, the Synod has recorded net income of \$6,242,180 reflecting the carrying value of the property of \$6,450,000 less expenses incurred of \$207,820.

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 \$416,791 of net expenses related to these congregations for the year ended January 31, 2010.

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, 2010, the Synod has advanced approximately \$1,008,000 to Zion Mission for which a receivable has been recorded and is included in accounts receivable on the statement of financial position.

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

Fiscal Years 2009 and 2008

(5) PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

The costs of such assets were as follows:

	Fiscal Year 2009	Fiscal Year 2008
Equipment and furniture	\$ 387,383	\$349,345
Leasehold improvements	<u>639,384</u>	<u>639,384</u>
	1,026,767	988,729
Less accumulated depreciation	<u>898,853</u>	<u>792,947</u>
Net value	<u>\$ 127,914</u>	<u>\$195,782</u>

(6) NET ASSETS

TEMPORARILY RESTRICTED NET ASSETS

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

	Fiscal Year 2009	Fiscal Year 2008
Funds for Grants to Congregations and Ministries	\$ 75,369	\$ 81,375
Funds for Ministerial Student Aid	5,877	6,023
Fund for Support of Companion Synod – ELCT	30,188	59,370
Women Leaders Fund	6,890	6,890
Women And Children In Poverty	10,594	10,594
Urban Empowerment Fund	223,646	273,646
Other	<u>12,979</u>	<u>(7,860)</u>
	<u>\$365,543</u>	<u>\$430,038</u>

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

	Fiscal Year 2009	Fiscal Year 2008
Funds for Grants to Congregations and Ministries	\$ 4,000	\$ 8,360
Urban Empowerment Fund	50,000	54,000
Fund for Support of Companion Synod – ELCT	22,378	-
Other	<u>(20,239)</u>	<u>30,076</u>
	<u>\$ 56,139</u>	<u>\$92,436</u>

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

Fiscal Years 2009 and 2008

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 Educational 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:

	Fiscal Year 2009	Fiscal Year 2008
Funds for Grants to Congregations and Missions	\$ 292,868	\$ 292,868
Funds for Ministerial Student Aid	21,422	21,422
Tanzania Educational Endowment Fund	<u>1,053,384</u>	<u>1,032,173</u>
	<u>\$1,367,674</u>	<u>\$1,346,463</u>

Fiscal Year 2009 Endowment Net Asset Composition by Type of Fund as of January 31:

	Fiscal Year 2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 111,434	\$ 1,367,674	\$ 1,479,108
Board-designated endowment funds	<u>95,025</u>	-	-	<u>95,025</u>
Total funds	<u>\$95,025</u>	<u>\$ 111,434</u>	<u>\$ 1,367,674</u>	<u>\$ 1,574,133</u>

	Fiscal Year 2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
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>

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

NOTES TO FINANCIAL STATEMENTS – (Continued)

Fiscal Years 2009 and 2008

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

	Fiscal Year 2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, Beginning of year	\$95,536	\$ 146,768	\$1,346,463	\$1,588,767
Investment return	(611)	(8,956)	-	(9,567)
Contributions	100	-	21,211	21,311
Appropriation of endowment assets for expenditure	-	(26,378)	-	(26,378)
Endowment net assets, End of year	<u>\$95,025</u>	<u>\$ 111,434</u>	<u>\$1,367,674</u>	<u>\$1,574,133</u>

	Fiscal Year 2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
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>

(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 \$125,200 and \$111,800 for fiscal years 2009 and 2008, 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.

METROPOLITAN NEW YORK SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS – (Continued)

Fiscal Years 2009 and 2008

(8) COMMITMENTS

The Synod leases office equipment under a capital lease expiring in 2012. The related property is included at a cost of \$52,731 at January 31, 2010. Total accumulated depreciation at January 31, 2010 was \$9,465. The minimum lease payments as of January 31, 2010 under these leases, together with the present value of the net minimum lease payments, are as follows:

<u>Fiscal Year</u>	
2010	\$17,899
2011	17,899
2012	<u>13,424</u>
	49,222
Less amount representing interest	<u>3,951</u>
Present value of minimum lease payments	<u>\$45,271</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 2009 and 2008 was approximately \$193,800 and \$193,800, respectively. Total minimum lease commitments are as follows:

<u>Fiscal Year</u>	
2010	<u>\$80,730</u>

(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, 2010, the Synod sold the parsonage at Bethany Lutheran Church in Brooklyn for a net sales price, after closing and administrative costs of \$401,248, all of which was recorded in prior years. Of the net proceeds, \$240,749 was recorded in the Mission Redevelopment Fund, \$40,125 was recorded in the Support for the Wider Church Fund and \$120,374 was recorded in the Support for Operations Fund. As of January 31, 2010, the Synod continues to hold the church related to Bethany Lutheran Church.

In addition, during the year ended January 31, 2010, the Synod sold the parsonage at St. Peter's Lutheran Church in Brooklyn for a net sales price, after closing and administrative costs of \$411,675, all of which was recorded in prior years. Of the net proceeds, \$247,005 was recorded in the Mission Redevelopment Fund, \$41,167 was recorded in the Support for the Wider Church Fund and \$123,503 was recorded in the Support for Operations Fund.

METROPOLITAN NEW YORK SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS – (Continued)

Fiscal Years 2009 and 2008

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.

(10) RELATED PARTY TRANSACTIONS

On August 31, 2008, the Synod granted an interest-only 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% which is payable quarterly. The loan is due within sixty days of the receipt of the proceeds from the sale of the Bishop's former residence in Michigan or if the Bishop is no longer the bishop of the Synod. The loan of \$100,000 is included in accounts receivable on the statement of financial position.

On June 27, 2009, the Synod granted a loan to an assistant to the Bishop to assist him in the purchase of a residence in New York City. The loan, in the amount of \$35,000, bears interest at 5% and is payable monthly in fixed payments of \$1,047. The loan is due June 27, 2012. The balance of the loan as of January 31, 2010 is approximately \$28,600. The loan is included in accounts receivable on the statement of financial position.

The Synod also granted a loan to another assistant to the Bishop on June 27, 2009 to assist him in the purchase of a residence. The loan, in the amount of \$50,000, bears interest at 5% and is payable quarterly. The loan is due June 27, 2019. Principal payments of no less than \$5,000, for no more than ten years are due and payable on each anniversary date of the loan. The balance of principal and accrued interest will become due and payable within 120 days, if the employee terminates his relationship with the Synod or the sale of the house which the loan is financing occurs prior to the complete paydown of the loan. The balance of the loan as of January 31, 2010 is approximately \$8,100. The loan is included in accounts receivable on the statement of financial position.

(11) FUNCTIONAL ALLOCATION OF EXPENSES

The Synod's costs of Synod services have been summarized on a functional basis in the statements of unrestricted revenue, expenses and changes in unrestricted net assets. During the year ended January 31, 2010, the Synod changed its financial reporting of Synod services to better reflect its programmatic structure. As such, the expenses for the year ended January 31, 2009 are not comparative and are disclosed only in total on the statements of unrestricted revenue, expenses and changes in unrestricted net assets.

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, 2010 and 2009, 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 16 to 22, 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, 2010**

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

PROGRAM EXPENSES

Fiscal year ended January 31, 2010

	Budget Provision	Actual Expenses Fiscal Year 2009
EVANGELICAL OUTREACH		
ELCA Mission Support	\$ 665,000	\$ 611,662
ELCA Designated Projects	70,000	88,544
MNYS Designated Projects	70,000	23,348
Individual Gifts	140,000	-
Partnership Grants	249,500	185,977
Coaching and National Church Development	10,000	4,735
Stewardship	5,500	265
Staff and Operating Costs	<u>74,377</u>	<u>45,314</u>
Total Evangelical Outreach	<u>\$1,284,377</u>	<u>\$ 959,845</u>
GLOBAL AND MULTICULTURAL MISSION		
Commission for Gay & Lesbian Ministries	\$ 5,000	\$ 1,077
Global Mission Event Scholarship	1,500	-
Companion Synod – Tanzania	58,732	43,872
Companion Synod – Romania Resident Pastor	33,333	43,133
TZ Pilgrimage	10,000	-
Commission for Multicultural Affairs	500	-
Asian Diakonia	-	(274)
Hunger Committee	1,000	929
Latino Diakonia	7,000	1,427
Latino Laity	8,000	885
Asian Ministries – Education/Training	2,000	198
Asian Ministries – Youth Program	2,000	1,526
Urban Leaders Institute	18,000	9,572
Urban Empowerment Grants	-	6,000
Latino Consultation Fund	1,000	586
Staff and Operating Costs	216,077	219,614
Other Expense	<u>8,879</u>	<u>10,385</u>
Total Global and Multicultural Mission	<u>\$ 373,021</u>	<u>\$ 338,930</u>

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

PROGRAM EXPENSES – (Continued)

Fiscal year ended January 31, 2010

	Budget Provision	Actual Expenses Fiscal Year 2009
CONGREGATIONS		
Staff and Operating Costs	\$ 177,805	\$ 124,930
Bishop Graefe Mission	3,000	-
Evaluations	1,000	-
Counseling Services/Research	750	-
CEO Programs	7,500	2,669
CEO Coordinators	6,000	-
Congregational Resources	<u>2,000</u>	<u>2,803</u>
Total Congregations	<u>\$ 198,055</u>	<u>\$ 130,402</u>
FORMATION		
Lutheran Ministries in Higher Education Grant	43,370	43,693
Lutheran Schools Association Grant	8,926	5,363
Student Center at SUNY New Paltz Grant	13,225	9,919
Philadelphia Seminary Grant	62,000	47,000
Youth Ministries	10,000	7,738
Women/Children in Poverty	2,000	-
Background Checks – Seminary Candidates	5,000	(1,199)
Psychological Evaluations	8,000	2,379
Students Retreat	3,000	2,357
Ministerium and Other Education Events	5,000	3,134
Lutheran Theological Center	500	-
Horizon Internships	24,000	12,000
Staff and Operating Costs	<u>179,943</u>	<u>135,644</u>
Total Formation	<u>\$ 364,964</u>	<u>\$ 268,028</u>
MISSION PROJECTS		
Staff and Operating Costs	\$ 600,000	\$ 126,286
Construction	-	78,000
Other	<u>-</u>	<u>176,074</u>
Total Mission Projects	<u>\$ 600,000</u>	<u>\$ 380,360</u>
BISHOP'S OFFICE		
Staff and Operating Costs	<u>\$ 385,628</u>	<u>\$ 358,665</u>
Total Bishop's Office	<u>\$ 385,628</u>	<u>\$ 358,665</u>
PROPERTIES UNDER SYNOD MANAGEMENT (See Note 4)		
Staff and Operating Costs	\$ 100,000	\$ 656,793
Maintenance and repairs	-	328,098
Utilities	-	139,182
Insurance	-	141,330
Grants	-	92,800
Professional fees	-	77,528
Other property costs	<u>-</u>	<u>232,504</u>
Total Properties Under Synod Management	<u>\$ 100,000</u>	<u>\$ 1,668,235</u>

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

PROGRAM EXPENSES – (Continued)

Fiscal year ended January 31, 2010

	Budget Provision	Actual Expenses Fiscal Year 2009
SYNOD GOVERNANCE		
Synod Assembly	\$ 170,000	\$ 106,778
Synod Council	3,000	4,991
Synod Council Committees (FMC and Audit Committee)	750	1,308
Committee Expense (Archives and Historian)	8,800	1,472
Committee Expense (Worship Committee)	3,500	125
Meeting Expense (Deans)	1,000	1,509
Staff & Operating Costs	<u>2,750</u>	<u>2,985</u>
Total Synod Governance	<u>\$ 189,800</u>	<u>\$ 119,168</u>
COMMUNICATIONS AND PR		
Prof. Services (Web)	\$ 15,000	\$ 3,460
Prof. Services (Public Relations)	5,000	1,000
Lutheran New Yorker	20,000	23,061
Staff and Operating Costs	<u>99,035</u>	<u>98,723</u>
Total Communications and PR	<u>\$ 139,035</u>	<u>\$ 126,244</u>
FINANCE AND ADMINISTRATION		
Christ Yonkers Construction Reserve Payments	\$ 39,648	\$ 39,648
Staff and Operating Costs	749,639	615,948
Depreciation Expense	<u>105,000</u>	<u>130,257</u>
Total Finance and Administration	<u>\$ 894,287</u>	<u>\$ 785,853</u>
CHRIST YONKERS CONSTRUCTION SETTLEMENT		
	<u>\$ -</u>	<u>\$ 299,725</u>
Total Expenses	<u>\$4,529,167</u>	<u>\$5,435,455</u>

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

BUDGETED OPERATIONS

Fiscal years ended January 31, 2010 and 2009

	Budget Provision	Actual Fiscal Year	
		2009	2008
Income			
Congregational mission support	\$1,400,000	\$1,287,710	\$ 1,405,129
Designated ELCA Projects	70,000	88,544	94,298
Designated MNYS Projects	70,000	43,530	113,871
Grants – ELCA	15,000	40,333	148,327
Grants – LDRNY	50,000	38,415	(8,733)
Investment income	199,752	199,752	333,362
Contributions from individuals and others	386,200	100,335	493,785
Other income	89,233	101,625	172,547
Reimbursement from Mission Projects	600,000	380,360	850,961
Reimbursement from properties	-	1,288,471	-
Legacy Fund Income	100,000	379,764	-
Released from designations			
Metropolitan New York Synod Fund	-	-	365,000
Net Proceeds from Sales	1,084,000	1,084,000	547,000
Mission Redevelopment Fund	199,500	185,978	499,717
Urban Empowerment Fund	50,000	50,000	50,000
Other Funds	<u>215,482</u>	<u>234,266</u>	<u>206,904</u>
Total income	<u>4,529,167</u>	<u>5,503,083</u>	<u>5,272,168</u>
Expenses			
Evangelical Outreach	1,284,377	959,845	
Global and Multicultural Mission	373,021	338,930	
Congregations	198,055	130,402	
Formation	364,964	268,028	
Mission Projects	600,000	380,360	
Bishop's Office	385,628	358,665	
Properties under Synod Management	100,000	1,668,235	
Synod Governance	189,800	119,168	
Communications and PR	139,035	126,244	
Finance and Administration	<u>894,287</u>	<u>785,853</u>	
Total expenses	<u>4,529,167</u>	<u>5,135,730</u>	<u>4,529,676</u>
Excess (deficit) of income over expenses before other reimbursements	<u>\$ -</u>	367,353	742,492
Less: Reimbursement from Mission Projects for prior year expenses		-	(579,303)
Excess (deficit) of income over expenses		<u>\$ 367,353</u>	<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, 2010

	<u>Balance, January 31, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, January 31, 2010</u>
UNRESTRICTED				
Undesignated				
General operating	\$ 183,166	\$ 3,446,541	\$ 3,079,189	\$ 550,518
Designated				
Metropolitan New York Synod Fund – General	(612,218)	778,628	1,023,430	(857,020)
Unrealized losses on investments	<u>(2,168,515)</u>	<u>1,791,901</u>	<u>-</u>	<u>(376,614)</u>
	(2,780,733)	2,570,529	1,023,430	(1,233,634)
Congregations Under Synodical Administration				
Property Value	10,618,640	6,450,000	2,218,640	14,850,000
Expenses	(2,756,494)	970,904	930,630	(2,716,220)
Youth Ministry Fund	37,289	-	7,757	29,532
Bishop’s Mission Fund	29,340	-	-	29,340
Bishop Rudolph P. F. Ressmeyer Fund	62,231	-	398	61,833
William and Helen Heinemann Memorial Fund	364,969	-	-	364,969
Winston Bone Scholarship Fund	33,305	100	213	33,192
Bishop’s Discretionary Fund	-	56,668	7,385	49,283
Christ Yonkers Construction Reserve	487,756	-	487,756	-
Christ Yonkers Area Ministries	765,067	-	765,067	-
Mission Redevelopment Fund	5,436,135	117,000	951,936	4,601,199
Support for the Wider Church	578,785	60,746	-	639,531
Support for Operations	1,289,594	58,500	840,123	507,971
Grants to Hollis	(13,200)	13,200	-	-
Other	<u>(7,364)</u>	<u>8,006</u>	<u>242</u>	<u>400</u>
Total designated	<u>14,145,320</u>	<u>10,305,653</u>	<u>7,233,577</u>	<u>17,217,396</u>
Property and equipment fund	<u>179,928</u>	<u>23,314</u>	<u>130,257</u>	<u>72,985</u>
Total unrestricted	<u>14,508,414</u>	<u>13,775,508</u>	<u>10,443,023</u>	<u>17,840,899</u>
TEMPORARILY RESTRICTED				
Endowment income	146,768	40,304	75,638	111,434
Women Leaders Fund	6,890	-	-	6,890
Women And Children In Poverty	10,594	-	-	10,594
Urban Empowerment Fund	273,646	-	50,000	223,646
Other	<u>(7,860)</u>	<u>20,839</u>	<u>-</u>	<u>12,979</u>
Total temporarily restricted	<u>430,038</u>	<u>61,143</u>	<u>125,638</u>	<u>365,543</u>
PERMANENTLY RESTRICTED	<u>1,346,463</u>	<u>21,211</u>	<u>-</u>	<u>1,367,674</u>
Total net assets	<u>\$ 16,284,915</u>	<u>\$ 13,857,862</u>	<u>\$ 10,568,661</u>	<u>\$ 19,574,116</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, 2010

	PERMANENTLY RESTRICTED PRINCIPAL			TEMPORARILY RESTRICTED INCOME				
	Beginning Balance	Additions	Deductions	Ending Balance	Beginning Balance	Allocated (Loss)	Expenses And Transfers	Ending Balance
Funds for Grants to Congregations and Ministries								
Samuel Trexler Fellowship Fund	\$ 124,272	\$ -	\$ -	\$ 124,272	\$ 8,730	\$ (4,678)	\$ (4,000)	\$ 52
Kling/Kreider/Weiskotten Mission Support Fund	44,041	-	-	44,041	10,575	(1,658)	-	8,917
Bishop James Graefe Fund	59,458	-	-	59,458	25,478	(2,238)	-	23,240
Magda Bratland Fund	65,097	-	-	65,097	16,388	(2,450)	-	13,938
Funds for Ministerial Student Aid								
Stechman/Berwager Ministerial Education	21,422	-	-	21,422	4,544	(806)	-	3,738
Fund for Support of Companion Synod								
Tanzania Educational Endowment Fund	1,032,173	21,211	-	1,053,384	28,522	(37,430)	(22,378)	(31,286)
	<u>\$1,346,463</u>	<u>\$ 21,211</u>	<u>\$ -</u>	<u>\$1,367,674</u>	<u>\$94,237</u>	<u>\$(49,260)</u>	<u>\$(26,378)</u>	<u>\$ 18,599</u>
Funds for Grants to Congregations and Ministries								
Samuel Trexler Fellowship Fund	\$ 8,573				\$ 3,827			\$ 12,400
Kling/Kreider/Weiskotten Mission Support Fund	3,038				1,356			4,394
Bishop James Graefe Fund	4,102				1,830			5,932
Magda Bratland Fund	4,491				2,005			6,496
Funds for Ministerial Student Aid								
Stechman/Berwager Ministerial Education	1,479				660			2,139
Fund for Support of Companion Synod								
Tanzania Educational Endowment Fund	30,848				30,626			61,474
	<u>\$52,531</u>				<u>\$40,304</u>			<u>\$92,835</u>

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

CONTRIBUTIONS FROM CONGREGATIONS SUMMARIZED BY CONFERENCE

Fiscal year ended January 31, 2010

<u>Conference</u>	<u>Total Contributions</u>	<u>MISSION SUPPORT</u>			<u>World Hunger</u>	<u>Other Designated Gifts</u>
		<u>Commitment</u>	<u>Received</u>	<u>Over (Under) Commitment</u>		
Brooklyn	\$ 29,466	\$ 24,700	\$ 29,333	\$ 4,633	\$ -	\$ 133
Brooklyn Bridges	27,486	19,382	26,636	7,254	484	366
South Shore	38,536	33,500	34,824	1,324	2,296	1,416
Nassau						
Eastern	142,937	75,813	128,488	52,675	11,479	2,970
Western	75,274	64,200	72,062	7,862	741	2,471
Southwest	66,271	53,748	62,668	8,920	2,991	612
Queens						
Northeast	29,204	14,850	26,801	11,951	2,111	292
Northwest	38,643	21,520	34,796	13,276	1,653	2,194
Southeast	33,912	14,700	33,612	18,912	-	300
Southwest	33,181	17,250	27,176	9,926	4,835	1,170
Suffolk						
Peconic	89,048	86,368	85,160	(1,208)	1,222	2,666
Western	146,701	98,408	136,335	37,927	5,268	5,098
Bronx	38,722	16,110	27,152	11,042	872	10,698
Delaware Hudson	85,455	42,370	67,008	24,638	13,313	5,134
Hudson	119,055	105,575	107,915	2,340	5,127	6,013
Manhattan	169,560	121,104	154,328	33,224	3,871	11,361
Staten Island	48,800	39,474	42,438	2,964	3,307	3,055
Tappan Zee	207,633	116,985	190,978	73,993	5,603	11,052
	<u>\$1,419,884</u>	<u>\$966,057</u>	<u>\$1,287,710</u>	<u>\$321,653</u>	<u>\$65,173</u>	<u>\$67,001</u>