

**SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH –  
MISSOURI SYNOD**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**JANUARY 14, 2024**

**SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH –  
MISSOURI SYNOD**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
South Dakota District of the Lutheran Church – Missouri Synod  
Sioux Falls, South Dakota

### Opinion

We have audited the accompanying financial statements of South Dakota District of the Lutheran Church – Missouri Synod, a nonprofit organization (the Church), which comprise the statement of financial position as of January 14, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Church as of January 14, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Church and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Church's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Church's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Church's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## Report on Summarized Comparative Information

Other auditors previously audited the Church's 2023 financial statements, and they expressed an unmodified opinion on those audited financial statements in their report dated September 11, 2023. In our opinion, the summarized information presented herein as of and for the year ended January 14, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Wohlberg Ritzman + Co., LLC*

Yankton, South Dakota  
August 31, 2024

**SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD**

STATEMENT OF FINANCIAL POSITION  
 JANUARY 14, 2024  
 WITH SUMMARIZED COMPARATIVE TOTALS FOR JANUARY 14, 2023

**ASSETS**

	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 135,108	\$ 91,914
Accounts receivable	684	1,506
Accrued interest receivable	11,309	405
Lease receivable	53,925	-
Prepaid expenses	8,772	8,378
Contributions receivable	706,437	757,369
Short-term investments	2,841,865	2,957,079
Current maturities-loans receivable	<u>22,523</u>	<u>11,690</u>
Total current assets	<u>3,780,623</u>	<u>3,828,341</u>
<b>NON-CURRENT ASSETS</b>		
Long-term investments	913,670	907,018
Lease receivable - less current portion	53,762	-
Gifts receivable	192,044	183,744
Loans receivable - less current maturities	37,773	12,168
Property & equipment, net	<u>168,850</u>	<u>183,511</u>
Total non-current assets	<u>1,366,099</u>	<u>1,286,441</u>
<b>RESTRICTED ASSETS</b>		
Farmland	<u>25,000</u>	<u>25,000</u>
Total restricted assets	<u>25,000</u>	<u>25,000</u>
<b>Total Assets</b>	<b><u>\$ 5,171,722</u></b>	<b><u>\$ 5,139,782</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 125,002	\$ 111,070
Unearned revenue - lease	<u>107,687</u>	<u>-</u>
Total current liabilities	<u>232,689</u>	<u>111,070</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	1,084,219	1,116,857
Designated by the board	<u>1,609,325</u>	<u>1,588,363</u>
Total without donor restrictions	<u>2,693,544</u>	<u>2,705,220</u>
With donor restrictions:		
Purpose restrictions	1,480,771	1,575,188
Time restrictions	<u>764,718</u>	<u>748,304</u>
Total with donor restrictions	<u>2,245,489</u>	<u>2,323,492</u>
Total net assets	<u>4,939,033</u>	<u>5,028,712</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 5,171,722</u></b>	<b><u>\$ 5,139,782</u></b>

The accompanying notes are an integral part  
of these financial statements.

**SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD**

STATEMENT OF ACTIVITIES  
YEAR ENDED JANUARY 14, 2024  
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JANUARY 14, 2023

	<b>2024</b>			<b>2023</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>SUPPORT, REVENUES, AND GAINS/LOSSES</b>				
Support:				
District congregations	\$ 453,405	\$ 771,886	\$ 1,225,291	\$ 1,316,672
Synodical entities & out of state congregations	78,035	34,019	112,054	150,656
Other	1,448	60,565	62,013	151,292
Revenue:				
Lutheran witness	125,488	-	125,488	85,907
Conventions, conferences, & workshops	93,644	-	93,644	75,273
Interest income	13,439	59,517	72,956	6,064
Investment income	54,145	-	54,145	(11,081)
Lease Income	57,250	-	57,250	-
Other	-	-	-	1,337
Net unrealized and realized gains/(losses)	<u>11,297</u>	<u>34,224</u>	<u>45,521</u>	<u>(153,479)</u>
Total Support, Revenue, and Gains/Losses	<u>888,151</u>	<u>960,211</u>	<u>1,848,362</u>	<u>1,622,641</u>
<b>EXPENSES</b>				
Program activities:				
World and national missions	78,349	-	78,349	76,163
Preparing church workers	246,004	-	246,004	210,775
Congregational services	875,464	-	875,464	844,736
Support services:				
Synodical budget	377,085	-	377,085	374,962
Management and general	<u>361,139</u>	<u>-</u>	<u>361,139</u>	<u>371,603</u>
Total Expenses	<u>1,938,041</u>	<u>-</u>	<u>1,938,041</u>	<u>1,878,239</u>
Reclassification of Net Assets:				
Net assets released from restriction in satisfaction of				
Purpose restrictions	395,465	(395,465)	-	-
Time restrictions	<u>642,749</u>	<u>(642,749)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(11,676)	(78,003)	(89,679)	(255,598)
Net Assets, Beginning of Year	<u>2,705,220</u>	<u>2,323,492</u>	<u>5,028,712</u>	<u>5,284,310</u>
Net Assets, End of Year	<u>\$ 2,693,544</u>	<u>\$ 2,245,489</u>	<u>\$ 4,939,033</u>	<u>\$ 5,028,712</u>

The accompanying notes are an integral part  
of these financial statements.

**SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD**

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JANUARY 14, 2024  
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JANUARY 14, 2023

	<u>2024</u>				<u>Support Services</u>			<u>Total</u>	<u>2023</u> <u>Total</u>
	<u>Program Activities</u>			<u>Total</u> <u>Program</u>	<u>Synodical</u> <u>Budget</u>	<u>Management</u> <u>and General</u>	<u>Total</u> <u>Support</u>		
	<u>World and</u> <u>National</u> <u>Missions</u>	<u>Preparing</u> <u>Church</u> <u>Workers</u>	<u>Congregational</u> <u>Services</u>						
Expenses									
Salaries and wages	\$ -	\$ -	\$ 334,106	\$ 334,106	\$ -	\$ 156,404	\$ 156,404	\$ 490,510	\$ 463,954
Employee benefits	-	-	112,782	112,782	-	63,960	63,960	176,742	185,250
Payroll taxes	-	-	-	-	-	11,969	11,969	11,969	12,042
Subsidies, grants and other assistance	78,349	171,004	114,700	364,053	377,085	-	377,085	741,138	729,823
Building and office expenses	-	-	-	-	-	72,217	72,217	72,217	59,963
Communicates, publications and promotion	-	-	139,358	139,358	-	-	-	139,358	89,588
Conventions, conferences, workshops, and meetings	-	-	92,060	92,060	-	-	-	92,060	111,249
Information technology	-	-	-	-	-	10,888	10,888	10,888	10,043
Insurance	-	-	2,009	2,009	-	5,481	5,481	7,490	5,900
Professional services	-	75,000	-	75,000	-	7,776	7,776	82,776	104,777
Travel, mileage	-	-	79,967	79,967	-	9,393	9,393	89,360	78,646
Depreciation expense	-	-	482	482	-	23,051	23,051	23,533	27,004
<b>Total expenses</b>	<b><u>\$ 78,349</u></b>	<b><u>\$ 246,004</u></b>	<b><u>\$ 875,464</u></b>	<b><u>\$ 1,199,817</u></b>	<b><u>\$ 377,085</u></b>	<b><u>\$ 361,139</u></b>	<b><u>\$ 738,224</u></b>	<b><u>\$ 1,938,041</u></b>	<b><u>\$ 1,878,239</u></b>

The accompanying notes are an integral part  
of these financial statements.



**SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD**

STATEMENT OF CASH FLOWS  
YEAR ENDED JANUARY 14, 2024  
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JANUARY 14, 2023

	<b>2024</b>	<b>2023</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (89,679)	\$ (255,598)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	23,533	27,004
Investment income	(99,666)	190,319
(Gain) on sale of property and equipment	-	(141)
(Increase) decrease in assets:		
Accounts receivable	823	2,705
Interest receivable	(10,904)	6,935
Contributions receivable	50,932	(43,833)
Prepaid expenses	(394)	1,011
Gifts receivable	(8,299)	54,497
Leases receivable	(107,687)	-
Increase (decrease) in liabilities:		
Accounts payable	13,932	(30,517)
Unearned revenue - leases	<u>107,687</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>(119,722)</u>	<u>(47,618)</u>
 <b>Cash Flows From Investing Activities</b>		
Decrease (increase) in loans receivable	(36,438)	13,922
Purchase of investments	(870,620)	(870,536)
Proceeds from sales of investments	1,081,408	857,008
Purchases of property and equipment	<u>(11,434)</u>	<u>(34,534)</u>
Net cash provided by (used in) investing activities	<u>162,916</u>	<u>(34,140)</u>
 Net increase (decrease) in cash and cash equivalents	43,194	(81,758)
 Cash & cash equivalents, beginning of year	<u>91,914</u>	<u>173,672</u>
Cash & cash equivalents, end of year	<u>\$ 135,108</u>	<u>\$ 91,914</u>

The accompanying notes are an integral part  
of these financial statements.

## **SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH – MISSOURI SYNOD**

### **NOTES TO FINANCIAL STATEMENTS JANUARY 14, 2024**

#### **1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Nature of Business**

South Dakota District of the Lutheran Church – Missouri Synod (the Church) is a non-profit organization responsible for uniting in a corporate body, the congregations, pastors, and teachers, who are members of the Church, situated or residing within the geographical boundaries of the South Dakota District; and for perpetuating the good work of disseminating the Gospel of Jesus Christ throughout the world.

##### **Summary of Significant Accounting Principles**

This summary of significant accounting policies of the Church is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Church's management who is responsible for their integrity and objectivity. These accounting principles conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

##### **Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). The FASB requires the Church to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

##### **Summarized Comparative Financial Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Church's audited financial statements for the year ended January 14, 2023, from which the summarized information was derived.

##### **Cash and Cash Equivalents**

For financial statement reporting purposes, the Church includes all cash accounts not subject to withdrawal restrictions or penalties to be cash equivalents.

## **SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH – MISSOURI SYNOD**

### **NOTES TO FINANCIAL STATEMENTS JANUARY 14, 2024**

#### **1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

##### **Lease Receivable**

The Church is a lessor for a farmland lease. The Church recognizes a lease receivable and unearned lease revenue.

At the commencement of the lease, the Church initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principle portion of lease payments received. The unearned lease revenue is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. The unearned lease revenue is recognized as revenue over the life of the lease term.

Key estimated and judgements how the Church determines (1) the discount rate it uses to discount the expected lease receipts to present value (2) lease term, and (3) lease receipts.

- The Church uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Church monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and unearned lease revenue if certain changes occur that are expected to significantly affect the amount of the lease receivable.

##### **Receivables and Credit Policies**

Trade receivables are uncollateralized obligations due under normal trade terms requiring payment within 30 days from the invoice date. Loan receivables are stated at principal amounts and are collateralized if an asset is acquired with the loan proceeds. Personal loans do not require collateral. Any loan payment that is 30 or more days past due, the borrower will be charged a late payment fee for each month the payment is past due. The business office will send a delinquency notice to the borrower reporting the actions taken with a copy of notice to the Church president. Due to the uncertainty regarding collection of fees, delinquency fees are recognized as income when received.

## **SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH – MISSOURI SYNOD**

### **NOTES TO FINANCIAL STATEMENTS JANUARY 14, 2024**

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### **Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the statement of activities.

#### **Property and Equipment**

Property and Equipment consists of furniture and equipment stated at original cost or, if donated, at the fair market value of the asset at the date of gift if the useful life is more than a year. Expenditures for maintenance and repairs which do not improve or extend the life of an asset are charged to expense as incurred. Expenditures for maintenance which do improve or extend the life of an asset is charged to the property accounts.

#### **Fair Value Measurements**

The Church defined fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Church required that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

## SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH – MISSOURI SYNOD

### NOTES TO FINANCIAL STATEMENTS JANUARY 14, 2024

#### 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

##### **Fair Value Measurements, continued**

The Church also adopted a fair value hierarchy, which prioritizes inputs into three broad levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset either directly or indirectly. Level 2 inputs include the following:

- Quoted prices for similar Assets or Liabilities in active markets;
- Quoted prices for similar Assets or Liabilities in markets that are not active;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

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

Level 3: Inputs are unobservable inputs for the asset or liability.

##### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absences of donor or grantor-imposed restriction. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operation and not subject to donor (or certain grantor) restrictions.

## SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH – MISSOURI SYNOD

### NOTES TO FINANCIAL STATEMENTS JANUARY 14, 2024

#### 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

##### **Net Assets, continued**

- *Net Assets With Donor Restrictions* – Net assets subject to donor or certain grantor-imposed restrictions. Some donor or grantor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other donor or grantor-imposed restrictions are perpetual in nature where the donor stipulates that resourced be maintained in perpetuity. Gifts of long-lived assets or gifts of cash restricted of the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor or grantor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resourced was restricted has been fulfilled, or both.

##### **Public Support and Revenue**

The Church's public support and revenue is recognized when received or unconditionally pledged and is recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and nature of any donor-imposed restrictions. Support and revenue that are restricted by the donor are reported as increases in net assets with donor restrictions in the reporting period in which the support and revenue are recognized and are reclassified as net assets without donor restrictions upon satisfaction of the time or purpose restrictions.

##### **Donated and Contributed Services**

US GAAP requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Most of the services received by the Church do not meet these criteria. Contributions of tangible assets are recognized at fair value when received.

For the year ended January 14, 2024, no donated services were recognized as revenue. Board members and other volunteers have contributed a significant amount of time to the activities of the Church without compensation. The financial statements do not reflect the value of those contributed services since they do not meet the criteria for recognition.

## **SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH – MISSOURI SYNOD**

### **NOTES TO FINANCIAL STATEMENTS JANUARY 14, 2024**

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### **Donated and Contributed Services, continued**

Pastors and lay people contribute a significant amount of time to the activities of the Church without compensation. However, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by generally accepted accounting policies.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

#### **Functional Allocation Expenses**

The costs of providing the various program activities and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs, have been allocated among the programs and supporting services benefitted.

#### **Income Taxes**

The Church is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Form 990, Return of Organization Exempt from Income Taxes, is not required to be filed. In addition, the Church qualifies for the charitable contribution deduction under 170(c)(2).

#### **Implementation of New Accounting Standard and Restatement**

During the year ended January 14, 2024, the Church implemented the provisions of FASB ASU 2016-02, Leases (Topic 842). ASU 2016-02 affects any entity that enters into a lease. The main difference between previous US GAAP and ASU 2016-02 is the recognition of an intangible lease asset and lease liability for the lessee and the recognition of a lease receivable and an unearned revenue for the lessor. There was no effect on the beginning net assets because of implementation of the standard.

## SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH – MISSOURI SYNOD

### NOTES TO FINANCIAL STATEMENTS JANUARY 14, 2024

#### 2. LIQUIDITY AND AVAILABILITY

Financial assets are available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet includes:

Cash	\$ 135,108
Accounts receivable	684
Lease receivable	53,925
Contributions receivable	83,650
Investments	<u>62,731</u>
	<u>\$ 336,098</u>

#### 3. DEPOSIT CREDIT RISK

The Church maintains cash and cash equivalents balances in several local financial institutions. The accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At times throughout the year, the Church's balance may exceed the FDIC limit. As of January 14, 2024, the Church had no uninsured cash balance.

#### 4. CONTRIBUTIONS RECEIVABLE AND DEFERRED GIFTS

Contributions receivable consist of unconditional promises to give that are due within one year and represent congregations commitments to the Church for the year ended January 14, 2024. The contributions receivable is recorded at net realizable value of \$706,437 as of January 14, 2024. Management considers all unconditional promises to give to be collectible and has determined that no allowance is necessary.

Irrevocable deferred gifts, including charitable remainder trusts, identify the Church as a beneficiary and are held in trust for the Church by the Lutheran Church-Missouri Synod Foundation or other third-party trustee. Upon receiving notification of a deferred gift, the Church records the present value of the gift as a donor-imposed time or purpose restricted support. The present value of each gift is derived by applying a present value and actuarial formula to the current value. Increases or decreases in the present value of deferred gifts is recorded as changes in donor-imposed restricted net assets in the statements of activities and change in net assets. The value of these irrevocable deferred gifts is presented as gifts receivable on the statement of financial position.



**SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH – MISSOURI SYNOD**

NOTES TO FINANCIAL STATEMENTS

JANUARY 14, 2024

4. CONTRIBUTIONS RECEIVABLE AND DEFERRED GIFTS, continued

As of January 14, 2024, the present value of irrevocable deferred gifts is as follows:

One to five years	\$ 54,870
More than five years	<u>137,174</u>
	<u>\$ 192,044</u>

5. LOANS RECEIVABLE

The Church provides financial assistance to members of the congregation by offering loans intended to alleviate unexpected financial hardships and support individuals facing unforeseen challenges.

As of January 14, 2024 loans receivable consist of loans at a rate between 2.5% and 4.0% as follows:

<b><u>Assistance Loans</u></b>	
Number of loans	<u>10</u>
Total loan value	<u>\$ 60,296</u>

Annual maturities of loans receivable are as follows:

Current	\$ 22,523
Non-Current	<u>37,773</u>
	<u>\$ 60,296</u>

**SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH – MISSOURI SYNOD**

NOTES TO FINANCIAL STATEMENTS  
JANUARY 14, 2024

6. INVESTMENTS

At January 14, 2024, the fair value of the Church’s investments are as follows:

	Assets at Fair Value as of January 14, 2024			
	Level 1	Level 2	Level 3	Total
Edward Jones - Certificates of deposit	\$ -	\$1,032,574	\$ -	\$ 1,032,574
Edward Jones - Annuities	-	363,426	-	363,426
LCMS Foundation - Mutual funds	-	795,522	-	795,522
Luthern Church Extension Fund - Certificates of deposit		873,194		873,194
Luthern Church Extension Fund - Savings	-	690,819	-	690,819
Total investments accounted for at fair value	\$ -	\$3,755,535	\$ -	\$ 3,755,535

7. PROPERTY AND EQUIPMENT

As of January 14, 2024, property and equipment consist of the following:

Land and Building	\$ 585,346
Machinery and Equipment	4,955
Furniture and Fixtures	120,426
Vehicles	<u>21,063</u>
	731,790
Less: accumulated depreciation	<u>(562,940)</u>
Net property and equipment	<u>\$ 168,850</u>

8. REAL ESTATE

The Church holds 344 acres of farmland, the income from which is disbursed according to the donor’s wishes. The farmland is classified in the financial statements as donor restricted, and the carrying value of \$25,000 reflects its fair value as of the date of transfer to the Church. This property is being leased for the year ended 2024.

**SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH – MISSOURI SYNOD**

NOTES TO FINANCIAL STATEMENTS  
JANUARY 14, 2024

9. NET ASSETS

Net assets at January 14, 2024, consist of the following:

Without Donor Restrictions:	
Undesignated	\$ 1,084,219
Designated by board	<u>1,609,325</u>
Total net assets without donor restrictions	<u>2,693,544</u>
With Donor Restrictions:	
Purpose restrictions:	
Grant support for deaf interpreter program	4,555
Support for professional church workers health	225
Mercy fund for professional church workers health	52,006
Short term international mission trips travel	491
Circuit rider ministry	21,110
New mission starts	24,920
New mission site purchase	10,500
Rosebud mission - special ministry need	10,000
Indian ministry - VBS program	468
Pine ridge - special ministry needs	29,543
Pine ridge - rent facilities	1,541
Pine ridge - schlenjerman bequest	366,239
Aberdeen circuit "1" fund	3,244
Black hills circuit "4" fund	8,083
Mitchell circuit "5" fund	3,413
Freeman circuit "6" fund	811
Sioux falls circuit "7" fund	107
International friends of sioux falls	704
General student aid funding	171,162
Seminary student aid funding	23,256
C.W.E.D.A grant finding	36
Special district office need fund	908
Camp Minneboji	10,828
Lutheran family service	43,559
Disaster relief, South Dakota	3,270
Orphan housing funding	2,739
Congregational pledge - current year	622,787
Irrevocable deferred gifts - LCMS foundation	<u>64,266</u>
Subtotal purpose restrictions	<u>1,480,771</u>

**SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH – MISSOURI SYNOD**

NOTES TO FINANCIAL STATEMENTS  
JANUARY 14, 2024

9. NET ASSETS, continued

Time restrictions:

General student aid funding	523,615
Seminary student aid funding	532
Schamber Scholarship	54,141
CWEDA Grant endowment	28,080
Barnabus endowment	500
Deferred gifts	106,597
Orphan asylym trust	35,839
Investment	4,414
Synod Entities	<u>11,000</u>
Subtotal time restrictions	<u>764,718</u>
Total net assets with donor restrictions	<u>2,245,489</u>
Total net assets	<u>\$ 4,939,033</u>

**SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH – MISSOURI SYNOD**

NOTES TO FINANCIAL STATEMENTS

JANUARY 14, 2024

10. BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

As of January 14, 2024, the Board of Directors designated net assets without donor restrictions as follows:

General:

CEF Balance remaining after consolidation	\$	841,299
Gain on Sale of Rapid City Property		227,993
Special fund - Lilly Smith Estate		209,989
Assistance loan fund		186,781
Sale of Tea property/future church plant		106,912
Synodical convention		17,835
Special fund - Kurt Huber Trust		10,000
Lay institute training		3,799
Master work comp policy dividend		2,010
Rural ministry workshops		1,375
District/national youth gatherings		<u>1,332</u>
Subtotal board designated		<u>1,609,325</u>
Current operating		1,012,908
Property		<u>71,311</u>
Subtotal undesignated		<u>1,084,219</u>
Total	\$	<u>2,693,544</u>

**SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH – MISSOURI SYNOD**

NOTES TO FINANCIAL STATEMENTS  
JANUARY 14, 2024

11. NET ASSETS WITH DONOR RESTRICTIONS RELEASED

Net assets were released from donor restrictions during the year ended January 14, 2024, by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors were released as follows:

Program Restrictions Accomplished	
General student aid	\$ 89,835
Together in Mission (T.I.M)	76,254
Lutheran Family Services of Iowa	68,383
Rosebud Mission	54,818
Seminary student aid funding	42,888
Pine Ridge	40,000
New mission starts	12,000
Circuit pastor meetings or forums	6,378
C.W.E.D.A grant funding	2,020
Mery Fund for professional church workers	1,344
International friends of Sioux Falls	797
Chalaincy ministry	426
Protect my ministry	222
Deaf ministry	<u>100</u>
Subtotal purpose restrictions released	<u>395,465</u>
Time Restrictions	
Passage of specified time - congregation pledge	<u>642,749</u>
Total	<u>\$ 1,038,214</u>

12. LEASE RECEIVABLE

The Church entered into a farmland lease agreement effective December 21, 2022, through December 20, 2025, the lease calls for semi-annual payments of \$28,625 for three years at a discount rate of 5%.

**SOUTH DAKOTA DISTRICT OF THE LUTHERAN CHURCH – MISSOURI SYNOD**

NOTES TO FINANCIAL STATEMENTS  
JANUARY 14, 2024

13. BENEFITS PLANS

The Church participates in various Concordia Plan Services of the Lutheran Church – Missouri Synod. Contributions paid for those plans were as follows:

Concordia Health plan	\$	119,171
Concordia Retirement Plan		32,586
Concordia Disability and Survivor Plan		8,428
Concordia Travel Accident Insurance Plan		188
Concordia Life Insurance and Accident Plan		<u>94</u>
	\$	<u>160,467</u>

14. RELATED PARTY TRANSACTIONS

*Lutheran Church – Missouri Synod Transactions*

Annually, the Church budgets an amount to support the Synod’s budget based on the commitments from congregations and the Church’s needs for mission and ministry work in South Dakota. The Church remits monthly payments to the Synod and then, at year-end, any amount over the year-end reserve set by the District’s Board of Directors is forwarded to the Synod. The Church contributed a total of \$377,085 to the Synod for the year ended January 14, 2024. As of January 14, 2024, \$54,750 was included in accounts payable in the accompanying statements of financial position for this purpose.

15. SUBSEQUENT EVENTS

Events, occurring after January 14, 2024, were evaluated by management on August 31, 2024, the date the financial statements were available to be issued, to ensure that any subsequent events that met the criteria for recognition and/or disclosure in these financial statements have been included. There are no significant subsequent events needing disclosure.