

**METROPOLITAN WASHINGTON, D.C.  
SYNOD OF THE EVANGELICAL  
LUTHERAN CHURCH IN AMERICA**

**Washington, D.C.**

**FINANCIAL REPORT**

**JANUARY 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

To the Synod Executive Committee  
Metropolitan Washington, D.C. Synod of the  
Evangelical Lutheran Church in America  
Washington, D.C.

### Report on the Financial Statements

We have audited the accompanying statements of financial position of Metropolitan Washington, D.C. Synod of the Evangelical Lutheran Church in America as of January 31, 2014 and 2013 and the related statements of activities and cash flows for the years then ended.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Synod's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metropolitan Washington, D.C. Synod of the Evangelical Lutheran Church in America as of January 31, 2014 and 2013, and the statements of activities and changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Gount, Hyde & Barbour, P.C.*

Winchester, Virginia  
June 16, 2014

**METROPOLITAN WASHINGTON, D.C. SYNOD  
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

**Statements of Financial Position**  
January 31, 2014 and 2013

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Cash - unrestricted	\$ 245,060	\$ 332,410
Cash - restricted	1,658,987	1,791,957
Accounts receivable	169,538	28,765
Prepaid expenses	17,931	43,883
Deposits	6,500	6,500
Investments	1,314,465	1,214,082
Property and equipment, net	11,707	20,140
Other assets	<u>808</u>	<u>--</u>
 Total assets	 <u>\$ 3,424,996</u>	 <u>\$ 3,437,737</u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 119,701	\$ 111,466
Accrued expenses	47	2,997
Funds held for others	<u>161,028</u>	<u>169,533</u>
Total liabilities	<u>280,776</u>	<u>283,996</u>
 <b>Net Assets</b>		
Unrestricted, undesignated	132,142	81,043
Unrestricted, designated	42,073	73,455
Temporarily restricted	1,658,987	1,762,266
Permanently restricted	<u>1,311,018</u>	<u>1,236,977</u>
Total net assets	<u>3,144,220</u>	<u>3,153,741</u>
 Total liabilities and net assets	 <u>\$ 3,424,996</u>	 <u>\$ 3,437,737</u>

See Notes to Financial Statements.

**METROPOLITAN WASHINGTON, D.C. SYNOD  
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

**Statement of Activities**  
For the Year Ended January 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014 Total</u>
<b>Revenue and support:</b>				
Congregations	\$ 1,745,717	\$ --	\$ --	\$ 1,745,717
Interest and dividends	5,504	1,677	--	7,181
Endowment fund income	--	25,898	--	25,898
Net realized and unrealized gains (losses)	(5,974)	23,482	74,041	91,549
Designated gifts and contributions	--	198,480	--	198,480
Undesignated gifts and contributions	6,451	--	--	6,451
Other programs and support	<u>190,393</u>	<u>--</u>	<u>--</u>	<u>190,393</u>
	1,942,091	249,537	74,041	2,265,669
Net assets released from restrictions	<u>352,816</u>	<u>(352,816)</u>	<u>--</u>	<u>--</u>
Total revenue and support	<u>2,294,907</u>	<u>(103,279)</u>	<u>74,041</u>	<u>2,265,669</u>
<b>Expenses:</b>				
Program services	1,543,780	--	--	1,543,780
General and administrative	<u>731,410</u>	<u>--</u>	<u>--</u>	<u>731,410</u>
Total expenses	<u>2,275,190</u>	<u>--</u>	<u>--</u>	<u>2,275,190</u>
Increase (decrease) in net assets	19,717	(103,279)	74,041	(9,521)
<b>Net Assets at Beginning of Year</b>	<u>154,498</u>	<u>1,762,266</u>	<u>1,236,977</u>	<u>3,153,741</u>
<b>Net Assets at End of Year</b>	<u>\$ 174,215</u>	<u>\$ 1,658,987</u>	<u>\$ 1,311,018</u>	<u>\$ 3,144,220</u>

See Notes to Financial Statements.

**METROPOLITAN WASHINGTON, D.C. SYNOD  
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

**Statement of Activities**  
For the Year Ended January 31, 2013

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>2013 Total</b>
<b>Revenue and support:</b>				
Congregations	\$ 1,824,374	\$ --	\$ --	\$ 1,824,374
Interest and dividends	6,977	1,248	--	8,225
Endowment fund income	--	24,618	--	24,618
Net realized and unrealized gains (losses)	(455)	34,243	65,389	99,177
Designated gifts and contributions	--	2,139,296	--	2,139,296
Undesignated gifts and contributions	35,031	--	--	35,031
Other programs and support	191,931	--	--	191,931
	2,057,858	2,199,405	65,389	4,322,652
Net assets released from restrictions	772,854	(772,854)	--	--
Total revenue and support	2,830,712	1,426,551	65,389	4,322,652
<b>Expenses:</b>				
Program services	1,993,447	--	--	1,993,447
General and administrative	818,082	--	--	818,082
Total expenses	2,811,529	--	--	2,811,529
Increase (decrease) in net assets	19,183	1,426,551	65,389	1,511,123
<b>Net Assets at Beginning of Year</b>	135,315	335,715	1,171,588	1,642,618
<b>Net Assets at End of Year</b>	\$ 154,498	\$ 1,762,266	\$ 1,236,977	\$ 3,153,741

See Notes to Financial Statements.

**METROPOLITAN WASHINGTON, D.C. SYNOD  
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

**Statements of Cash Flows**  
For the Years Ended January 31, 2014 and 2013

	<b>2014</b>	<b>2013</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (9,521)	\$ 1,511,123
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,859	5,918
Loss on disposal of equipment	5,974	455
Unrealized loss (gain) on investments	83,805	(80,113)
Realized (gain) on investments	(181,328)	(19,064)
(Increase) decrease in assets:		
Accounts receivable	(140,773)	87,956
Prepaid expenses	25,952	(29,085)
Deposits	- -	7,600
Other assets	(808)	- -
Increase (decrease) in liabilities:		
Accounts payable	8,235	(45,782)
Accrued expenses	(2,950)	2,399
Funds held for others	(8,505)	(14,725)
Net cash provided by (used in) operating activities	(215,060)	1,426,682
 <b>Cash Flows From Investing Activities</b>		
Proceeds of sales of long-term investments	686,053	96,201
Purchases of equipment	(2,400)	(1,859)
Purchases of long-term investments	(688,913)	(49,585)
Net cash (used in) provided by investing activities	(5,260)	44,757
 Net (decrease) increase in cash	(220,320)	1,471,439
 <b>Cash and Cash Equivalents</b>		
Beginning of year	2,124,367	652,928
End of year	\$ 1,904,047	\$ 2,124,367

See Notes to Financial Statements.



**METROPOLITAN WASHINGTON, D.C. SYNOD OF THE  
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

**Notes to Financial Statements**

**Note 1. Nature of Organization**

The Metropolitan Washington, D.C. Synod of the Evangelical Lutheran Church in America (the Synod) was incorporated in the Commonwealth of Pennsylvania on June 10, 1987.

The territory of the Synod, as determined by the church wide assembly of the Evangelical Lutheran Church in America (ELCA), shall be the District of Columbia, designated counties and cities in the states of Maryland and Virginia and Bermuda.

The Synod, in partnership with the church wide organization, bears the primary responsibility for the oversight of the life and mission of the ELCA on the territory of this Synod. The methods in which this oversight is to be carried out are detailed in the Synod's constitution and bylaws.

**Note 2. Significant Accounting Policies**

**Method of Accounting**

The financial statements of the Synod have been prepared utilizing the accrual basis of accounting.

**Financial Statement Presentation**

The Synod reports information regarding its financial position and activities according to three classes of net assets:

**Unrestricted Net Assets**

To be used for continuing operations of the Synod.

**Temporarily Restricted Net Assets**

Represent resources currently available for use, but expendable only for those operating purposes specified by the donor. Donated long-lived assets are included in this category as it is the Synod's policy to imply a time restriction that expires over the useful life of the donated assets.

## **Notes to Financial Statements**

### **Permanently Restricted Net Assets**

Represent funds distributed by former judicatories as well as designated contributions to a Mission Endowment fund, a Mission Development fund and a Campus Ministry Capital fund. Presently the income from these funds may be used to provide financial assistance to mission congregations in the form of loans or grants for purchase or development of church building sites or, in the case of the Campus Ministry Capital fund, to assist in paying the assessment for the capital improvement of established campus ministry facilities in Region 8. The corpus of the Mission Development fund may also be used to provide loans to mission congregations.

The Synod received funding for a restricted fund, the Faith Church Mission Endowment Fund, on February 15, 2005 from Faith Evangelical Lutheran Church of Oxen Hill, Maryland. Three percent of the fair market value at calendar year is available for distribution unless there has been a significant decline in value at which point there will be no distribution. Two-thirds of the distribution each year should be for the ministry of the Metropolitan Washington DC Synod to assist new congregations. One-third of the distribution should be for tuition assistance for candidates to become ministers of the church.

### **Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. Donor-restricted contributions whose restriction is met in the same year as received are clarified as an unrestricted contribution in the accompanying financial statements.

### **Cash and Cash Equivalents**

For financial statement purposes, the Synod considers all checking and money market accounts to be cash. Certificates of deposit, regardless of their time to maturity are considered investments.

### **Accounts Receivable**

Accounts receivable principally consist of congregational benevolence received after the Synod's year-end. Accounts receivable are stated at full value and management estimates that no allowance for doubtful accounts is required. Accounts are charged to expense in the year they become uncollectible. There was no bad debt expense in January 31, 2014 and for the year ended January 31, 2013.

## **Notes to Financial Statements**

### **Property and Equipment**

Expenditures greater than \$500 for furniture, equipment and vehicles are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets.

### **Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the change in unrestricted net assets. In the case of permanently restricted net assets, the income or loss is used for its purpose as restricted by donor or law.

### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Income Taxes**

The Synod has been determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

### **Funds Held for Others**

Money held for other organizations or persons is separately accounted for as funds held for others.

### **Fair Value Disclosures**

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under the standards are described as follows:

Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

## Notes to Financial Statements

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

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

For the fiscal years ended January 31, 2014 and 2013, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

### *Mutual funds and equities*

The fair value of available for sale securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

### *Pooled separate accounts*

Valued at the net asset value (NAV) of the underlying securities held in the account at year end.

### *Cash equivalents*

Valued at cost which approximates fair value.

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

## Notes to Financial Statements

### Note 3. Cash Concentrations

The Synod maintains its cash accounts at different financial institutions. The amount on deposit at January 31, 2014 and 2013, in these institutions exceeds the insurance limits of the Federal Deposit Insurance Corporation by \$765,314 and \$966,196, respectively.

The Synod maintains funds in various broker's accounts. As of January 31, 2014 and 2013, there was \$638,733 and \$658,169, respectively, invested in money market accounts held by brokers. These amounts are not collateralized or insured by brokers.

### Note 4. Lease Commitments and Total Rental Expense

The Synod leases office space in Washington, D.C. The future minimum lease payments required under the lease that expires November 30, 2016 are as follows for the years ending January 31:

2015		\$	83,373
2016			85,875
2017			65,844
2018			--

Total rent expense included in the statements of activities is \$96,475 and \$89,839 for the years ended January 31, 2014 and 2013, respectively.

### Note 5. Investments

Investments are stated at fair value and are summarized as follows as of January 31, 2014 and 2013:

	2014		2013	
	Cost	Fair Value	Cost	Fair Value
ELCA Mission Endowment Trust	\$ 395,223	\$ 426,765	\$ 395,761	\$ 403,826
ELCA Mission Investment Fund - certificates of deposit	14,140	14,140	14,140	14,140
Faith Church Endowment	982,026	873,560	796,727	796,116
	\$ 1,391,389	\$ 1,314,465	\$ 1,206,628	\$ 1,214,082

## Notes to Financial Statements

### Note 6. Fair Value

The following table sets forth by level, within the fair value hierarchy, the Synod's assets at fair value as of January 31, 2014 and 2013:

	<b>January 31, 2014</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash equivalents	\$ 64,887	\$ 50,747	\$ 14,140	\$ --
Mutual funds and equities				
Growth	196,966	196,966	--	--
Fixed	321,855	321,855	--	--
Index	99,891	99,891	--	--
Value	165,223	165,223	--	--
Real estate	<u>38,878</u>	<u>38,878</u>	--	--
Total mutual funds and equities	822,813	822,813	--	--
Pooled separate accounts	<u>426,765</u>	--	<u>426,765</u>	--
Total assets	<u>\$ 1,314,465</u>	<u>\$ 873,560</u>	<u>\$ 440,905</u>	<u>\$ --</u>
	<b>January 31, 2013</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash equivalents	\$ 49,933	\$ 35,793	\$ 14,140	\$ --
Mutual funds and equities				
Growth	205,589	205,589	--	--
Fixed	303,497	303,497	--	--
Value	34,244	34,244	--	--
Real estate	179,287	179,287	--	--
Total mutual funds and equities	<u>37,706</u>	<u>37,706</u>	--	--
Pooled separate accounts	760,323	760,323	--	--
Total assets	<u>403,826</u>	--	<u>403,826</u>	--
	<u>\$ 1,214,082</u>	<u>\$ 796,116</u>	<u>\$ 417,966</u>	<u>\$ --</u>

### Note 7. Property and Equipment

Property and equipment as of January 31, 2014 and 2013 consist of the following:

	<b>2014</b>	<b>2013</b>
Automobile	\$ 19,478	\$ 19,478
Computer equipment	20,238	20,030
Leasehold improvements	7,743	7,743
Other equipment and furnishings	<u>3,228</u>	<u>9,232</u>
	50,687	56,483
Less accumulated depreciation	<u>38,980</u>	<u>36,343</u>
	<u>\$ 11,707</u>	<u>\$ 20,140</u>

## Notes to Financial Statements

Depreciation expense for the years ending January 31, 2014 and 2013 was \$4,859 and \$5,918, respectively.

### Note 8. Pension Plan

The Synod has a pension plan with the ELCA Board of Pensions which covers all eligible employees. Contributions to the plan are based on a percentage of salary. Contributions were approximately \$30,023 and \$33,029 for the years ended January 31, 2014 and 2013, respectively.

### Note 9. Funds Held for Others

The Synod acts as a receipt and disbursement agent for various organizations. As of January 31, 2014 and 2013, the Synod held the following funds:

	<u>2014</u>	<u>2013</u>
Gifts of Hope	\$ 123,678	\$ 134,012
ELCA World Hunger	7,914	11,724
Various other organizations	<u>29,436</u>	<u>23,797</u>
	<u>\$ 161,028</u>	<u>\$ 169,533</u>

### Note 10. Net Assets Released From Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by donors. The following expenses were incurred for restricted purposes during the years ended:

	<u>2014</u>	<u>2013</u>
New & Renewing Missions	\$ 208,547	\$ 166,200
Faith Fund	25,898	27,807
ELCA Grants	6,700	7,880
Other designated gifts and grants	<u>111,671</u>	<u>570,967</u>
	<u>\$ 352,816</u>	<u>\$ 772,854</u>

## Notes to Financial Statements

### Note 11. Temporarily Restricted Net Assets

At January 31, 2014 and 2013, temporarily restricted net assets consisted of the following:

	<b>2014</b>	<b>2013</b>
ELCA Grants	\$ 8,524	\$ 8,200
Campus Ministry capital projects	15,747	15,499
Faith Church endowment fund	51,166	32,768
Mission development	129,020	104,109
New & Renewing Missions	659,710	715,330
Other designated gifts	794,820	886,360
	\$ 1,658,987	\$ 1,762,266

### Note 12. Permanently Restricted Net Assets

Permanently restricted net assets are restricted to investment in perpetuity; the income is expendable to support the named activity, except for the Faith Church fund for which a portion of the income is added to corpus. See Note 2 for further description. The permanently restricted investments are to benefit the following:

	<b>2014</b>	<b>2013</b>
Mission development	\$ 134,848	\$ 134,848
Mission endowment fund	295,150	280,151
Faith Church endowment fund	866,880	807,838
Campus Ministry capital projects	14,140	14,140
	\$ 1,311,018	\$ 1,236,977

### Note 13. Unrestricted Designated Net Assets

Unrestricted designated net assets contain balances designated by the Synod Council for specific future expenditures. The designated balances at January 31, 2014 and 2013 are as follows:

	<b>2014</b>	<b>2013</b>
Baker Trust	\$ 22,691	\$ 31,000
Bishop's emergency fund	862	6,562
Capital equipment replacement reserve	11,737	12,668
Horizon internship reserve fund	--	8,000
Howard University reserve fund	--	8,000
Youth Event reserve fund	6,783	7,225
	\$ 42,073	\$ 73,455



## Notes to Financial Statements

### Note 14. Endowment

The Synod's endowment consists of funds established for financial assistance to mission congregations, tuition assistance for candidates to become ministers, and capital improvements for campus ministries. Its endowment is comprised of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor imposed restrictions.

The Synod has interpreted state law as allowing the investment income and appreciation/depreciation (unrealized and realized gains and losses) to be accumulated or depreciated from the respective funds. As a result of this interpretation, the Synod classifies as permanently restricted net assets the original value of the gifts donated to the permanent endowment and the accumulations to the permanent endowment.

The Synod has developed a written investment policy on handling funds over \$100,000.

The Synod has a spending policy that three percent of the fair market value at calendar year is available for distribution unless there has been a significant decline in value at which point there will be no distribution.

Changes in endowment net assets for the year ending January 31, 2014 were as follows:

	<b>January 31, 2014</b>	
	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
Endowment net assets, beginning of the year	\$ 32,768	\$ 1,236,977
Investment return:		
Investment income, net of expenses	1,658	27,344
Net appreciation (realized and unrealized gain)	24,240	46,697
	25,898	74,041
Appropriation of endowment assets for expenditure	(7,500)	--
Endowment net assets, end of year	\$ 51,166	\$ 1,311,018

## Notes to Financial Statements

### Note 15. Natural Expenses

The classification of natural expenses for the Synod for the years ended January 31, 2014 and 2013 are as follows:

	January 31,	
	2014	2013
National church benevolence	\$ 846,275	\$ 883,235
Designated gifts	352,816	772,854
Salaries, wages and benefits	377,093	403,384
Synod operations	64,389	77,233
Ministry	109,487	118,645
Synod assembly	115,620	107,248
Outreach and global mission	89,147	96,000
Rent	96,475	89,839
Higher education and schools	68,340	86,807
Congregational life	60,344	74,706
Professional fees	42,920	41,282
Travel and transportation	13,130	16,859
Region 8 expense	9,823	9,700
Telephone	7,736	8,222
Insurance	6,069	6,658
Offices and committees	4,020	6,248
Depreciation	4,859	5,918
Training	2,940	3,000
Church in society - leadership	2,000	2,000
Licenses and taxes	179	943
Miscellaneous	1,528	748
Total expenses	\$ 2,275,190	\$ 2,811,529

## Notes to Financial Statements

### **Note 16. Commitments and Contingencies**

From time to time, the Synod offers financial and managerial assistance to congregations based on need. The Synod has agreed to help one of its congregations purchase a building for a church. The congregation is obtaining a mortgage and the Synod has agreed, starting July 1, 2008, to guarantee the loan and fund \$3,000 of the monthly mortgage payment for the first year, \$2,000 of the monthly mortgage for the second year and assistance if necessary in the third year based on need. The Synod has continued to provide the \$500 a month in assistance past the initial commitment period.

The Synod co-signed a \$950,000 mortgage for a congregation to build a church in Haymarket, Virginia. Construction began in 2012. The Synod will also maintain deposits of \$300,000 in the congregation's financial institution to collateralize the mortgage. If the congregation is unable to make payments on the mortgage, the Synod is liable for the full amount. The balance of the mortgage at January 31, 2014 is \$945,519.

### **Note 17. Subsequent Events**

In preparing these financial statements, the Synod has evaluated events and transactions for potential recognition or disclosure through June 16, 2014, the date the financial statements were available to be issued.