

***NORTH AMERICAN LUTHERAN CHURCH  
NEW BRIGHTON, MINNESOTA***

***FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016***

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## INDEPENDENT AUDITOR'S REPORT

Executive Council  
North American Lutheran Church  
New Brighton, Minnesota

We have audited the accompanying financial statements of the North American Lutheran Church (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **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 control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a reasonable 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 North American Lutheran Church as of December 31, 2016, 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.

**Report of Summarized Comparative Information**

We have previously audited the North American Lutheran Church's 2015 financial statements, and our report dated January 16, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Shidell Mair & Richardson PLLP*

May 4, 2017  
St. Paul, Minnesota

**NORTH AMERICAN LUTHERAN CHURCH  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016**

(With summarized information for the year ended December 31, 2015)

	<b>ASSETS</b>	<u><b>2016</b></u>	<u><b>2015</b></u>
Cash and cash equivalents		\$ 2,023,522	\$ 1,926,471
Cerificates of deposits		405,260	403,158
Accounts receivable		12,166	1,711
Prepaid expenses		48,868	50,929
Furniture, equipment and computers, net		<u>9,667</u>	<u>22,892</u>
Total assets		<u><u>\$ 2,499,483</u></u>	<u><u>\$ 2,405,161</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts payable		\$ 18,698	\$ 83,896
Accrued compensation		58,290	54,518
Grants payable		12,000	
Registration deposits		12,783	2,900
Due to others		<u>8,571</u>	<u>14,145</u>
Total liabilities		<u>110,342</u>	<u>155,459</u>
<b>Net Assets</b>			
Unrestricted			
Designated		990,800	990,800
Undesignated		<u>468,563</u>	<u>532,677</u>
Total unrestricted net assets		1,459,363	1,523,477
Temporarily restricted		<u>929,778</u>	<u>726,225</u>
Total net assets		<u>2,389,141</u>	<u>2,249,702</u>
Total liabilities and net assets		<u><u>\$ 2,499,483</u></u>	<u><u>\$ 2,405,161</u></u>

See notes to the financial statements

**NORTH AMERICAN LUTHERAN CHURCH**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(With summarized information of the year ended December 31, 2015)

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
<b>Revenue, gains and other support:</b>				
<b>Contributions</b>				
Individuals	\$ 202,464	\$ 209,808	\$ 412,272	\$ 94,827
Congregations	1,501,690	704,278	2,205,968	2,235,466
Other	16,957		16,957	1,902
Total public support and revenue	<u>1,721,111</u>	<u>914,086</u>	<u>2,635,197</u>	<u>2,332,195</u>
<b>Other Revenue</b>				
Service fees	12,920		12,920	10,282
Investment revenue	3,844		3,844	3,324
Other	7,155		7,155	3,137
Registrations	101,715		101,715	176,550
Total other revenue	<u>125,634</u>		<u>125,634</u>	<u>193,293</u>
Total revenue, gains and other support	1,846,745	914,086	2,760,831	2,525,488
Net assets released from restrictions	<u>710,533</u>	<u>(710,533)</u>		
Total revenue and reclassifications	<u>2,557,278</u>	<u>203,553</u>	<u>2,760,831</u>	<u>2,525,488</u>
<b>Expenses:</b>				
<b>Program Activities:</b>				
Missions and Evangelism	221,056		221,056	529,585
Theological Education and Clergy	743,475		743,475	856,057
Congregational Services	388,927		388,927	287,827
Ecumenical and Inter-Lutheran	206,225		206,225	125,067
Convocation / Conferences	348,694		348,694	389,698
Communications	256,306		256,306	163,559
Mission Districts	201,188		201,188	150,746
Total Program activities	<u>2,365,871</u>		<u>2,365,871</u>	<u>2,502,539</u>
<b>Support Activities:</b>				
Fund raising	11,539		11,539	15,345
Management and general	243,982		243,982	246,260
Total support activities	<u>255,521</u>		<u>255,521</u>	<u>261,605</u>
Total program and support activities	<u>2,621,392</u>		<u>2,621,392</u>	<u>2,764,144</u>
<b>Change in net assets</b>	(64,114)	203,553	139,439	(238,656)
<b>Net Assets, beginning of year</b>	<u>1,523,477</u>	<u>726,225</u>	<u>2,249,702</u>	<u>2,488,358</u>
<b>Net Assets, end of year</b>	<u>\$ 1,459,363</u>	<u>\$ 929,778</u>	<u>\$ 2,389,141</u>	<u>\$ 2,249,702</u>

See notes to the financial statements

**NORTH AMERICAN LUTHERAN CHURCH  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(With summarized information for the year ended December 31, 2015)**

Functional expenses	2016												2015	
	Missions and Evangelism	Theological Education and Clergy	Congregational Services	Ecumenical and Inter-Lutheran	Convocation / Conferences	Communications	Mission Districts	Total Program Expenses	Fund Raising Expenses	Management and General	Total Support Expenses	Total Functional Expenses	Total Functional Expenses	Total Functional Expenses
Salaries	\$ 88,165	\$ 92,832	\$ 103,447	\$ 67,761	\$ 108,500	\$ 101,749	\$ 63,235	\$ 625,689	\$ 3,138	\$ 114,301	\$ 117,439	\$ 743,128	\$ 664,641	
Contract salaries	26,614	500	39,000	19,050	805	13,286	18,421	53,591	3,222	3,222	3,222	56,813	40,742	
Employee benefits	1,846	25,893	29,264	405	30,553	30,993	758	180,788	802	31,892	32,694	213,482	193,720	
Payroll taxes		1,660	1,405		3,068	1,299		10,441	223	4,293	4,516	14,957	15,539	
<b>Total salaries and related expenses</b>	<b>116,625</b>	<b>120,885</b>	<b>173,116</b>	<b>87,216</b>	<b>142,926</b>	<b>147,327</b>	<b>82,414</b>	<b>870,509</b>	<b>4,163</b>	<b>153,708</b>	<b>157,871</b>	<b>1,028,380</b>	<b>914,662</b>	
Professional services		17,262	14,140					31,402	88	8,129	8,129	39,531	43,504	
Telephone	2,472	2,562	3,669	1,849	3,029	3,123	1,747	18,451	100	3,258	3,346	21,797	20,667	
Occupancy	2,812	2,914	4,173	2,103	3,445	3,552	1,987	20,986	3,900	3,705	3,805	24,791	30,016	
Computer/website expense			6,250			49,395		55,645	14	14,342	18,242	73,887	46,631	
Postage	394	710	867	446	494	497	285	3,693	524	524	538	4,231	5,993	
Office expenses	606	5,027	1,733	453	769	766	428	9,782	22	12,025	12,047	21,829	21,720	
Convocation/Conference expenses		27,918			176,895		500	205,313		20,687	20,687	205,313	276,936	
Executive Council travel													30,581	
Task Force travel		92,892				7,702	44,682	145,276	2,640	20,687	2,640	147,916	184,157	
Staff travel	15,439	91,716	45,465	28,526	19,041	21,177	29,689	251,053	550	20,353	20,903	271,956	164,461	
Insurance	535	555	795	400	657	676	378	3,996	20	705	725	4,721	5,199	
Seminarian scholarships								83,731				83,731	92,295	
Ministry gifts	80,000							80,000				80,000	90,000	
Educational expenses		296,087						296,087		5,000	5,000	296,087	470,965	
Other grants	1,000		136,977	84,355		20,609	38,249	260,581		5,000	5,000	265,581	327,832	
Printing								20,609				20,609	19,891	
<b>Total before depreciation</b>	<b>219,883</b>	<b>742,259</b>	<b>387,185</b>	<b>205,348</b>	<b>347,256</b>	<b>254,824</b>	<b>200,359</b>	<b>2,357,114</b>	<b>11,497</b>	<b>242,436</b>	<b>253,933</b>	<b>2,611,047</b>	<b>2,745,510</b>	
Depreciation	1,173	1,216	1,742	877	1,438	1,482	829	8,757	42	1,546	1,588	10,345	18,634	
<b>Total expenses</b>	<b>\$ 221,056</b>	<b>\$ 743,475</b>	<b>\$ 388,927</b>	<b>\$ 206,225</b>	<b>\$ 348,694</b>	<b>\$ 256,306</b>	<b>\$ 201,188</b>	<b>\$ 2,365,871</b>	<b>\$ 11,539</b>	<b>\$ 243,982</b>	<b>\$ 255,521</b>	<b>\$ 2,621,392</b>	<b>\$ 2,764,144</b>	

**NORTH AMERICAN LUTHERAN CHURCH  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

(With summarized information for the year ended December 31, 2015)

	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 139,439	\$ (238,656)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,345	18,634
(Gain) on disposal of equipment	(2,120)	(810)
(Increase) decrease in operating assets:		
Accounts receivable	(10,455)	884
Due from related organization		25,297
Prepaid expenses	2,061	(16,719)
Increase (decrease) in operating liabilities:		
Accounts payable	(65,198)	82,320
Grants payable	12,000	
Registration deposits	9,883	
Due to others	(5,574)	6,264
Accrued compensation	3,772	9,345
Net cash provided by operating activities	94,153	(113,441)
<b>Cash flows from investing activities:</b>		
Purchase of certificates of deposits	(2,102)	(1,638)
Proceeds from sale of equipment	5,000	1,560
Purchase of equipment		(1,290)
Net cash provided (used) by investing activities	2,898	(1,368)
Net increase in cash and cash equivalents	97,051	(114,809)
<b>Cash and cash equivalents - beginning of period</b>	1,926,471	2,041,280
<b>Cash and cash equivalents - end of period</b>	<b>\$ 2,023,522</b>	<b>\$ 1,926,471</b>

See notes to the financial statements

## **NORTH AMERICAN LUTHERAN CHURCH NOTES TO THE FINANCIAL STATEMENTS**

### **NOTE 1. NATURE OF THE ORGANIZATION**

The North American Lutheran Church (NALC) is a Christian denominational church body whose membership is comprised of Lutheran congregations and Lutheran ordained ministers. The NALC is a church body committed to the authority of the Bible as the inspired Word of God and the authoritative source and norm of its proclamation, faith, and life, according to the teachings of the Lutheran Confessions. The NALC is governed by an annual Convocation comprised of its ordained clergy and delegates from each of its congregations. The NALC is led by a Bishop elected by the Convocation. An Executive Council elected by the Convocation holds governance authority between Convocations.

The NALC has committed to organize its common life around four core values:

- 1) **Christ Centered:** The NALC confesses the apostolic faith in Jesus Christ according to the Holy Scriptures. The NALC affirms the authority of the Scriptures as the authoritative source and norm, “according to which all doctrines should and must be judged” (Formula of Concord). The NALC accepts the ecumenical creeds and the Lutheran Confessions as true witnesses to the Word of God.
- 2) **Mission Driven:** The NALC believes that the mission of the Church is to preach the Gospel and to make disciples for Christ. The NALC believes that making disciples - in its congregations, in its communities and nations, and around the world - must be a priority of the Church in the present age.
- 3) **Traditionally Grounded:** The NALC affirms the faithful witness of the Church across time and space. The NALC endorses the form and practices of the universal Church that are consistent with Scripture, particularly the office of the ministry and the tradition of worship under Word and Sacrament. The NALC seeks dialogue and fellowship with other Lutheran churches and with faithful Christians of other confessions.
- 4) **Congregationally Focused:** The NALC strives to be a church body that is organized to facilitate the ministries of local congregations in a posture of servanthood and a spirit of partnership, through the provision of resources, connections and information.

**NORTH AMERICAN LUTHERAN CHURCH  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF THE ORGANIZATION - (Continued)**

**The NALC's key programs and activities include the following:**

**Missions and Evangelism**

The NALC provides organizational and financial assistance to newly formed and/or small member congregations. The NALC also provides training programs for clergy and lay leaders of mission start congregations. The NALC further provides financial and other assistance to mission congregations, missionaries and partner church bodies in countries outside of North America. To these ends, the NALC has established a Great Commission Fund to support special mission projects including new congregation starts and missionaries.

**Theological Education, Ordination and Clergy Roster**

The NALC operates a joint venture in seminary education, the North American Lutheran Seminary (NALS), in partnership with Trinity School for Ministry in Ambridge, PA. The NALC also provides advice and assistance to seminarians at the NALS and elsewhere considering ordination in the NALC, and offers an annual retreat for such seminarians. The NALC has established a Theological Education Fund to support the training and continuing education of NALC pastors.

A committee of the NALC examines candidates for ordination in the NALC and makes recommendations to the Executive Council for ordination. The NALC maintains a clergy roster of pastors who have been examined, credentialed and approved for ministry in the NALC, and provides assistance to pastors seeking new congregational calls.

**Congregational Services**

The NALC provides a variety of services to its member congregations, including in particular, assistance in the process of calling a new pastor. The NALC also provides recommendations to congregations of resources and ministries which can be helpful in parish life and programs.

The NALC has established a Disaster Response Fund to provide emergency assistance to congregations and individuals, both inside and outside of the NALC, who are affected by natural disasters.

**Ecumenical and Inter-Lutheran Relations**

The NALC is committed to dialogue and cooperation with other faithful Lutheran and Christian church bodies, both in North America and elsewhere in the world.

**NORTH AMERICAN LUTHERAN CHURCH  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF THE ORGANIZATION - (Continued)**

**Convocation/Conferences**

The Annual Convocation elects the Bishop, Executive Council, Court of Adjudication and Nominating Committee. The Convocation adopts an annual budget, considers significant resolutions and teaching statements, and receives reports from the staff and committees. An annual theological conference provides presentations by theologians on significant theological issues for the education of Lutherans. A mission festival is held concurrently with the Convocation for mission planters, mission congregations and those seeking to revitalize existing congregations. A pastor's conference is offered annually for professional growth, community building and sharing of best practices among the clergy of the NALC.

**Communications**

The Communications team reviews the NALC newsletter, website, social media and videos and works with the NALC staff for the purpose of developing the strategy and improving the effectiveness of NALC communications.

**Mission Districts**

Mission districts are congregations that join in collaboration to fulfill most effectively the ministry and mission of the NALC. The Mission districts are normally based on common geographic boundaries.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared on the accrual basis of accounting. The significant accounting policies are described as follows:

The NALC reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets, based on the existence or absence of donor-imposed restrictions. These classes of net assets are summarized as follows:

- a) Unrestricted amounts are those currently available at the discretion of the Executive Council for use in the NALC's ministries, and those resources invested in land, buildings, and equipment.
- b) Temporarily restricted amounts are those which are restricted by donors for specific operating purposes or for the acquisition of land, buildings, and equipment.
- c) Permanently restricted amounts are those restricted by donors in perpetuity as endowments or irrevocable trusts. The NALC has no permanently restricted net assets.

**NORTH AMERICAN LUTHERAN CHURCH  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the NALC considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The NALC maintains their cash balances at four financial institutions in Minnesota. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation.

**Financial Statement Presentation**

Management of the NALC uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

**Comparative Information**

The financial statements include 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

**Equipment and Leasehold Improvements**

All major expenditures for equipment and leasehold improvements are capitalized at cost. Contributed equipment is recorded at fair market value at the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, ranging from three to ten years.

**Functional Allocation of Expenses**

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting activity, are allocated based on the best estimates of management.

**Reclassification**

Certain prior year amounts have been reclassified to conform with the current year presentation.

**NORTH AMERICAN LUTHERAN CHURCH  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Public Support, Revenue, and Expenses**

Contributions are recognized when the donor makes a promise to give to the NALC that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Bequests are recorded as income at the time the NALC has an established right to the bequest and the proceeds are measurable.

**Income Tax**

The NALC is an “association of churches” within the meaning of Section 508(c)(1)(a) of the Internal Revenue Code (the “IRC”), and consequently is exempt from taxes under Section 501(c)(3) of the IRC without obligation to seek such recognition affirmatively from the Internal Revenue Service. Nonetheless, by the letter dated March 7, 2012, the NALC has been affirmatively determined by the Internal Revenue Service to be exempt from Federal income taxes under Section 501(c)(3) of the IRC. Therefore, no provision for income taxes is made in the accompanying financial statements. In addition, pursuant to Section 6033(a)(3)(a)(i) of the IRC, as an “association of churches” the NALC is not required to file information returns with the Internal Revenue Service. The NALC would be required to pay Federal and State income taxes on unrelated business income within the meaning of the IRC.

The NALC records a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated. Interest related to unrecognized tax positions is recognized in interest expense and penalties in management and general expenses. The NALC has not recorded any liabilities for unrecognized tax positions. The NALC has not generated any unrelated business income and therefore has no income tax return subject to examination by U.S. Federal, state or local taxing authorities.

**Donated Services**

The NALC records donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. The value of donated services is determined based on the fair value of the services received or the increase in the fair value of the assets attributable to the donated services.

**NORTH AMERICAN LUTHERAN CHURCH  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Subsequent Events**

The NALC recognizes, in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements.

The management of the NALC evaluated subsequent events for financial reporting through May 04, 2017, the date the financial statements were available to be issued.

**NOTE 3. CERTIFICATES OF DEPOSITS**

Certificates of deposits approximate market value and consist of investments with original maturities of twelve to eighteen months with interest rates varying from .25% to .56%. Certificates of deposit with maturities of three months or less from the original date of purchase are included in cash and cash equivalents.

**NOTE 4. LEASING ACTIVITIES**

The NALC leased office space in Ohio on a one year lease agreement effective January 1, 2013. The lease called for minimum monthly payments of \$1,000. The lease was terminated effective July 1, 2016.

In November 2014, the NALC started leasing office space in Minnesota under a lease agreement terminating October 31, 2017. The lease calls for minimum monthly payments of \$1,513 increasing to \$1,605 in 2017. The lease maybe terminated by either party with a 60 day notice.

Total rent expense for the year ended December 31, 2016 was:

Ohio office	\$	6,000
Minnesota office		18,791
	\$	<u>24,791</u>

**NORTH AMERICAN LUTHERAN CHURCH  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5. EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

The NALC owns the following as of December 31, 2016:

Equipment	\$ 37,275
Leasehold Improvements	3,888
Website	15,000
	<u>56,163</u>
Less accumulated depreciation	(46,496)
	<u><u>\$ 9,667</u></u>

**NOTE 6. PENSION PLAN**

The NALC has a 403(b) pension plan. The plan is a voluntary retirement plan that is offered to all eligible employees. The plan is an employer funded tax deferred annuity plan. Employees are fully vested in their contributions. Total pension expense for the year ended December 31, 2016 was \$77,947.

**NOTE 7. NET ASSETS**

**Temporarily Restricted Net Assets**

The temporarily restricted net assets as of December 31, 2016 were restricted for use in the NALC's programs as follows:

Theological Education Fund	\$ 652,553
Great Commission Fund	28,249
Disaster Response Fund	183,730
Ethiopian Church Relief Fund	12,729
Other	52,517
	<u>\$ 929,778</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by the occurrence of other events specified by the donors, or by the passage of time. Net assets released from restrictions for the year ended December 31, 2016 are as follows:

Theological Education Fund	\$ 422,231
Great Commission Fund	117,277
Ethiopian Church Relief Fund	81,515
Disaster Response Fund	49,327
Other	40,183
	<u><u>\$ 710,533</u></u>

**NORTH AMERICAN LUTHERAN CHURCH  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7. NET ASSETS - (Continued)**

**Designated Net Assets**

The Executive Council of the North American Lutheran Church has established three designated funds as follows:

**Great Commission Fund**

The Great Commission Fund is a dedicated fund that is used in support of new mission starts, mission congregations and missionaries. Individuals and congregations may contribute to the fund.

**Theological Education Fund**

The Theological Education Fund is a dedicated fund that is used to support seminarians who are candidates for ordained ministry in the NALC, to support the operations of the NALS, and for other purposes related to Theological Education. Individuals and congregations may contribute to the fund.

**Strategic Development Fund**

The Strategic Development fund is a dedicated fund that can be used for strategic planning and development for the organization.

Activity in the designated net assets for the year ended December 31, 2016, is as follows:

Designated net assets - beginning of year	\$ 990,800
Designated expenditures - during the year	-
Designated net assets - end of year	<u>\$ 990,800</u>

Designated net assets as of December 31, 2016, consists of:

Great Commission Fund	\$ 215,800
Theological Education Fund	375,000
Strategic Development Fund	400,000
	<u>\$ 990,800</u>