

**LUTHERAN MEN IN MISSION**  
Chicago, Illinois

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**  
January 31, 2013 and 2012

**Together with Independent Accountant's Review Report**

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>INDEPENDENT ACCOUNTANT'S REVIEW REPORT .....</b>	<b>1</b>
 <b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position .....	2
Statement of Activities - Year Ended January 31, 2013.....	3
Statement of Activities - Year Ended January 31, 2012.....	4
Statements of Cash Flows .....	5
 Notes to Financial Statements .....	 6
 <b>SUPPLEMENTARY INFORMATION .....</b>	 <b>15</b>
Schedule of Spending Plan - Years Ended January 31, 2013 and 2012 .....	16

## Independent Accountant's Review Report

Board of Directors  
Lutheran Men in Mission  
Chicago, Illinois

We have reviewed the accompanying statement of financial position of Lutheran Men in Mission (LMM) as of January 31, 2013 and the related statements of activities and cash flows for the year then ended. The 2012 financial statements of LMM before the adjustment described in Note 5 that was applied to restate the 2012 financial statements were reviewed by other accountants whose report dated October 17, 2012 stated that they were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for the year ended January 31, 2013 in order for them to be in conformity with accounting principles generally accepted in the United States of America.

We also reviewed the adjustment as described in Note 5 that was applied to restate the 2012 financial statements. Based on our review, nothing came to our attention to indicate that the adjustment is not appropriate and properly applied.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the basic financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying schedule is presented only for purposes of additional analysis and is not a required part of the basic financial statements. Such data has been subjected to the inquiry and analytical procedures applied in the reviews of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

*Seim Johnson, LLP*

Omaha, Nebraska,  
June 11, 2013.

**LUTHERAN MEN IN MISSION  
STATEMENTS OF FINANCIAL POSITION  
Years Ended January 31, 2013 and 2012**

**ASSETS**

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 78,159	\$ 74,365
Accounts receivable	-	1,583
Contributions receivable	10,410	-
Prepaid expenses	3,500	4,378
Consigned inventories	61,452	5,970
Due from Evangelical Lutheran Church in America	22,660	55,286
Investments	1,087,619	998,962
Beneficial interest in perpetual trusts	<u>295,967</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,559,767</u>	<u>\$ 1,140,544</u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accrued expenses and other liabilities	<u>\$ 12,308</u>	<u>\$ 15,231</u>
--	------------------	------------------

**NET ASSETS**

Unrestricted	500,170	379,629
Permanently restricted	<u>1,047,289</u>	<u>745,684</u>

Total net assets	<u>1,547,459</u>	<u>1,125,313</u>
------------------	------------------	------------------

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,559,767</u>	<u>\$ 1,140,544</u>
---	---------------------	---------------------

See independent accountant's review report and accompanying notes.

**LUTHERAN MEN IN MISSION  
STATEMENTS OF ACTIVITIES  
Year Ended January 31, 2013**

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
<b>REVENUES, GAINS, AND PUBLIC SUPPORT</b>			
Contributions	\$ 309,569	\$ 286,707	\$ 596,276
Program service revenue - events	9,728	-	9,728
Bible and materials sales	24,100	-	24,100
Investment income	56,831	-	56,831
Realized and unrealized gains on investments, net	83,019	-	83,019
Change in value of beneficial interest in perpetual trusts	<u>-</u>	<u>14,898</u>	<u>14,898</u>
Total revenues, gains, and public support	<u>483,247</u>	<u>301,605</u>	<u>784,852</u>
<b>EXPENSES</b>			
Cost of bibles and materials sold and distributed	35,588	-	35,588
Events	5,730	-	5,730
General and administrative	<u>321,388</u>	<u>-</u>	<u>321,388</u>
Total expenses	<u>362,706</u>	<u>-</u>	<u>362,706</u>
<b>CHANGE IN NET ASSETS</b>	120,541	301,605	422,146
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>379,629</u>	<u>745,684</u>	<u>1,125,313</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 500,170</u>	<u>\$ 1,047,289</u>	<u>\$ 1,547,459</u>

See independent accountant's review report and accompanying notes.

**LUTHERAN MEN IN MISSION  
STATEMENTS OF ACTIVITIES  
Year Ended January 31, 2012**

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
<b>REVENUES, GAINS, AND PUBLIC SUPPORT</b>			
Contributions	\$ 224,194	\$ 14,283	\$ 238,477
Program service revenue - events	78,872	-	78,872
Bible and materials sales	24,343	-	24,343
Investment income	<u>58,247</u>	<u>-</u>	<u>58,247</u>
Total revenues, gains, and public support	<u>385,656</u>	<u>14,283</u>	<u>399,939</u>
<b>EXPENSES AND LOSSES</b>			
Cost of bibles and materials sold or distributed	28,909	-	28,909
Events	84,027	-	84,027
General and administrative	323,664	-	323,664
Realized and unrealized losses on investments, net	<u>42,557</u>	<u>-</u>	<u>42,557</u>
Total expenses and losses	<u>479,157</u>	<u>-</u>	<u>479,157</u>
<b>CHANGE IN NET ASSETS</b>	<u>(93,501)</u>	<u>14,283</u>	<u>(79,218)</u>
<b>NET ASSETS, BEGINNING OF YEAR AS ORIGINALLY REPORTED</b>	482,095	731,401	1,213,496
<b>PRIOR PERIOD ADJUSTMENT - CORRECT ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<u>(8,965)</u>	<u>-</u>	<u>(8,965)</u>
<b>NET ASSETS, BEGINNING OF YEAR, AS RESTATED</b>	<u>473,130</u>	<u>731,401</u>	<u>1,204,531</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 379,629</u>	<u>\$ 745,684</u>	<u>\$ 1,125,313</u>

See independent accountant's review report and accompanying notes.

**LUTHERAN MEN IN MISSION  
STATEMENTS OF CASH FLOWS  
Years Ended January 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 422,146	\$ (79,218)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Proceeds from contributions restricted for investment in endowment	(5,638)	(14,283)
Net realized and unrealized (gains) and losses on investments, net	(83,019)	42,557
Contribution of perpetual trust	(281,069)	-
Change in value of beneficial interest in perpetual trusts	(14,898)	-
Effects of changes in operating assets and liabilities:		
Accounts receivable	1,583	(1,583)
Contributions receivable	(10,410)	-
Prepaid expenses	878	(4,378)
Consigned inventories	(55,482)	28,909
Due from Evangelical Lutheran Church in America	32,626	30,253
Accrued expenses and other liabilities	<u>(2,923)</u>	<u>1,559</u>
Net cash provided by operating activities	3,794	3,816
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of endowment investments	(5,638)	(14,283)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from permanently restricted contributions	<u>5,638</u>	<u>14,283</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	3,794	3,816
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>74,365</u>	<u>70,549</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 78,159</u>	<u>\$ 74,365</u>

See independent accountant's review report and accompanying notes.

**LUTHERAN MEN IN MISSION  
NOTES TO FINANCIAL STATEMENTS  
January 31, 2013 and 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lutheran Men in Mission (LMM) is a not-for-profit evangelical organization formed to build men's faith, relationships and ministry through the men's events they produce, the resources they publish and the leaders they develop. LMM's purpose is to further the kingdom of God, to enrich the faith journey of the men of Evangelical Lutheran Church in America (ELCA) and to live out their faith in the Lord Jesus Christ. LMM was also formed to afford men opportunities for spiritual growth and development of an evangelical attitude through prayer and study of the Word, to invite men to faith in Christ and fuller involvement and participation in the life of the congregation, synod and the church-wide organization, and to enable men of the church to support the mission and ministries of ELCA through leadership development and an active organization of service and fellowship. LMM's fiscal year ends on January 31. Significant accounting policies are as follows.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

**Method of Accounting**

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

**Basis of Presentation**

Financial statement presentation follows GAAP for not-for-profit organizations. GAAP requires LMM to report 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. Net assets are generally reported as unrestricted unless assets are received from donors with explicit stipulations that limit the use of the asset. LMM has no temporarily restricted net assets.

**Cash and Cash Equivalents**

LMM considers all highly liquid investments including certificates of deposit with a maturity of three months or less when purchased to be cash equivalents. LMM cash balances are invested in the Mission Investment Fund, an entity affiliated with ELCA.

**Accounts Receivable**

Accounts receivable consist primarily of amounts due from the sale of bibles and other publications and are non-interest bearing. There is no allowance for doubtful accounts recorded against the receivables for the years ended January 31, 2013 and 2012.



**LUTHERAN MEN IN MISSION  
NOTES TO FINANCIAL STATEMENTS  
January 31, 2013 and 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Consigned Inventories**

Consigned inventories consist of bibles and other publications located at a warehouse operated by an independent third party. Inventories are valued at the lower of cost or market. Cost is determined on the first-in, first-out method.

**Investments**

Investments consist of shares of ELCA Endowment Fund Pooled Trust, which are carried at fair value. LMM has adopted investment policies which strive to provide a stable, quarterly stream of distributable investment income (comprised of interest, dividends and capital gains) that grows over time approximately in line with the expected long-term rate of inflation. To the extent consistent with this objective, LMM also seeks to provide long-term capital appreciation. Under this policy, the endowment assets are invested in a diversified portfolio consisting principally of domestic and foreign fixed income and equity securities, selected where feasible in accordance with criteria of social responsibility that are consistent with the values and programs of LMM. The mix of investments in the endowment portfolio will approximately reflect target asset allocations determined from time to time by LMM.

Investment income and realized and unrealized gains/losses resulting from investments are reported as unrestricted or temporarily restricted net assets, as designated by the donor.

**Beneficial Interest in Perpetual Trusts**

LMM has a beneficial interest in two perpetual trusts and annually receives income from these trusts. The beneficial interest is recorded at fair value and the income from the trusts is reported as investment income in the statement of activities and changes in net assets (see Note 3). Changes in the value of the beneficial interest in the perpetual trusts are included in permanently restricted net assets.

**LUTHERAN MEN IN MISSION  
NOTES TO FINANCIAL STATEMENTS  
January 31, 2013 and 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Net Assets**

Permanently restricted net assets include contributions that donors have specified must be maintained in perpetuity, and, if directed, a portion of investment returns based on instructions in the gift instrument.

Permanently restricted net assets of LMM are made up of the following at January 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Endowments	\$ 751,322	\$ 745,684
Perpetual trusts	<u>295,967</u>	<u>-</u>
Total	<u>\$ 1,047,289</u>	<u>\$ 745,684</u>

Unrestricted net assets represent funds that are fully available at the discretion of the Board of Directors for LMM to utilize in any of its programs or supporting services. Investment income distributed from the permanently restricted net assets and net unrealized gains and losses on permanently restricted net assets are included in the unrestricted net asset funds unless otherwise restricted by donors.

**Contributions**

LMM receives a significant portion of its operating funds from grants and contributions.

Unconditional promises to give cash and other assets to LMM are reported at fair value at the date the promise is received or given. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

**LUTHERAN MEN IN MISSION  
NOTES TO FINANCIAL STATEMENTS  
January 31, 2013 and 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using an interest rate commensurate with risk applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Donated property is recorded at fair market value on the date it is received or pledged. It is then carried at the lower of donated or current market value.

Unrestricted contributions are included in revenue of unrestricted net assets at the time they are received or pledged. Donated property is recorded at fair market value on the date it is received or pledged. It is then carried at the lower of donated or current market value.

**Contributed Services**

A number of volunteers have donated various amounts of their time to LLM and its programs; however, these donated services are not reflected in the consolidated financial statements since these services do not meet the criteria for recognition as contributed services.

**Income Taxes**

LLM is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, LLM qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). There is no obligation for unrelated business income tax for the years ended January 31, 2013 and 2012.

**NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

In determining fair value, LLM uses various valuation approaches within the fair value measurement framework of GAAP. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The measurement framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizing the use of unobservable inputs by requiring that the most observable inputs be used when available. The measurement framework defines levels within the hierarchy based on the reliability of inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

**LUTHERAN MEN IN MISSION  
NOTES TO FINANCIAL STATEMENTS  
January 31, 2013 and 2012**

**NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS** (continued)

- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

*Pooled trust* – The fair value of LMM’s investment in the ELCA Endowment Fund Pooled Trust – Fund A is the reported ownership percentage of the underlying assets within the pooled trust as valued based on observable quoted market prices, and is classified as Level 2.

*Beneficial interest in perpetual trusts* – The fair value of the beneficial interest in perpetual trusts is classified as level 2 as the beneficial interest is valued based on the underlying assets which consist of cash and cash equivalents, taxable and non-taxable bonds, and stocks.

For the fiscal years ended January 31, 2013 and 2012, the application of valuation techniques applied to similar assets and liabilities has been consistent.

*Fair Value on a Recurring Basis*

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis.

	2013			
	Level 1	Level 2	Level 3	Total
Pooled trust	\$ -	1,087,619	-	1,087,619
Beneficial interest in perpetual trusts	-	295,967	-	295,967
	<u>\$ -</u>	<u>1,383,586</u>	<u>-</u>	<u>1,383,586</u>
	2012			
	Level 1	Level 2	Level 3	Total
Pooled trust	<u>\$ -</u>	<u>998,962</u>	<u>-</u>	<u>998,962</u>

**LUTHERAN MEN IN MISSION  
NOTES TO FINANCIAL STATEMENTS  
January 31, 2013 and 2012**

**NOTE 3 – INVESTMENTS AND ENDOWMENTS**

Investments consist of shares of ELCA Endowment Fund Pooled Trust. The fair value of these shares totaled \$1,087,619 and \$998,962 and as of January 31, 2013 and 2012, respectively. Cost information is not available.

The net unrestricted unrealized gain for the year ended January 31, 2013 was \$83,019 and the net unrestricted unrealized loss was \$42,557 for the year ended January 31, 2012.

Quarterly distributions of investment income received totaled \$42,030 and \$43,341 from the ELCA Endowment Fund Pooled Trust during the years ended January 31, 2013 and 2012, respectively.

LMM's endowments consist of funds established to support LMM's mission. As required by GAAP, net assets associated with endowment funds are classified and reported based on existence or absence of donor-imposed restrictions.

LMM's interpretation of the laws governing restrictions on net appreciation of donor-restricted endowments is based on the Uniform Prudent Management of Institutional Funds Act. Consequently, net appreciation is temporarily restricted if investment income is temporarily restricted; permanently restricted if investment income is permanently restricted; and unrestricted if investment income is unrestricted.

LMM has elected to deposit all endowment fund monies into the Endowment Fund "A" (Fund A) of the ELCA Endowment Fund Pooled Trust, administered by the ELCA Foundation with the ELCA Board of Pensions acting as investment advisor.

**LUTHERAN MEN IN MISSION  
NOTES TO FINANCIAL STATEMENTS  
January 31, 2013 and 2012**

**NOTE 3 – INVESTMENTS AND ENDOWMENTS** (continued)

The changes in endowment net assets for the years ended January 31, 2013 and 2012 are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, January 31, 2011	\$ 295,835	\$ 731,401	\$ 1,027,236
Investment return:			
Investment income	43,341	-	43,341
Net unrealized loss	<u>(42,557)</u>	<u>-</u>	<u>(42,557)</u>
Total investment return	<u>784</u>	<u>-</u>	<u>784</u>
Contributions	<u>-</u>	<u>14,283</u>	<u>14,283</u>
Appropriation of endowment assets for expenditure	<u>(43,341)</u>	<u>-</u>	<u>(43,341)</u>
<b>Net assets, January 31, 2012</b>	<b>253,278</b>	<b>745,684</b>	<b>998,962</b>
Investment return:			
Investment income	42,030	-	42,030
Net unrealized gain	<u>83,019</u>	<u>-</u>	<u>83,019</u>
Total investment return	<u>125,049</u>	<u>-</u>	<u>125,049</u>
Contributions	<u>-</u>	<u>5,638</u>	<u>5,638</u>
Appropriation of endowment assets for expenditure	<u>(42,030)</u>	<u>-</u>	<u>(42,030)</u>
<b>Net assets, January 31, 2013</b>	<b><u>\$ 336,297</u></b>	<b><u>\$ 751,322</u></b>	<b><u>\$ 1,087,619</u></b>

LMM has a policy of the board determining when income, if any, will be allocated from the endowment fund, to fund LMM's programs. At the present time, other than the quarterly distributions of investment income, it is the board's policy to grow the endowment fund and not allocate any of the funds. LMM's policy as it relates to the long-term investment fund is to generate income that will remain in the fund. The board may at any time approve other transfers of funds from the endowment account, but no such transfers have been authorized at this time.

**LUTHERAN MEN IN MISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**January 31, 2013 and 2012**

**NOTE 3 – INVESTMENTS AND ENDOWMENTS** (continued)

Return Objectives and Risk Parameters – Fund A is structured to provide participants with a stable, quarterly stream of distributable investment income (comprised of interest, dividends and capital gains realized by the Fund) that grows over time approximately in line with the expected long-term rate of inflation. The Fund also seeks to provide participants with long-term capital appreciation. Fund A's target asset allocation is 50% U.S. equity, 15% non-U.S. equity, 20% investment grade fixed income, 10% high yield fixed income, and 5% real estate securities.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate of return objectives, Fund A relies on a total return strategy in which investment return are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Fund A targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy – Fund A has a policy of appropriating for distribution each year of up to 4.25% of its endowment fund's average fair value over the prior five years through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, Fund A considered the long-term expected return on its endowment. Accordingly, over the long-term, Fund A expects the current spending policy to allow its endowment to grow at an average of 4% annually. This is consistent with Fund A's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**NOTE 4 – BENEFICIAL INTEREST IN PERPETUAL TRUSTS**

LMM has beneficial interests in the Clarence E. Carlson Trust B and the Irene M. Carlson Trust B which are perpetual (Trusts). The Trusts provide income distributions to LMM by the Trusts' executors with no corresponding transfer of trust assets to LMM. Distributions from the Trusts to LMM amounted to \$14,062 and \$14,181 for the years ended January 31, 2013 and 2012, respectively, and are included in investment income in the statements of activities and changes in net assets. The assets of the Trusts, comprised primarily of stocks and bonds, are held in trust in perpetuity. Accordingly, LMM has recorded its beneficial interest in the fair market value of the Trusts in the accompanying consolidated financial statements.

In 2013, sufficient information became available to make a reasonable estimate of the fair value of the beneficial interests. Therefore, a permanently restricted contribution in the amount of \$281,069 is reflected in the statement of activities and changes in net assets during 2013 to properly record the fair value on the statement of financial position.

**LUTHERAN MEN IN MISSION  
NOTES TO FINANCIAL STATEMENTS  
January 31, 2013 and 2012**

**NOTE 5 – RELATED PARTY MANAGEMENT AGREEMENT AND PRIOR PERIOD ADJUSTMENT**

LMM has contracted with ELCA to manage selected operations. ELCA provides reasonable and necessary human resources, accounting processing, information technology and facilities services for a fee to LMM.

A total \$14,000 in fees were paid to ELCA for facilities space, human resources, accounting processing, information technology and facilities services for the year ending January 31, 2013.

A fee of \$2,913 was paid to ELCA for facilities space during the year ended January 31, 2012.

Additional services may also be provided by ELCA at a rate of \$33 per hour. During the years ended January 31, 2012 and 2011, no additional services were provided for a fee.

Amounts due from ELCA of \$22,660 and \$55,286 as of January 31, 2013 and 2012, respectively, represent net amounts resulting from revenues and public support collected by the ELCA and net of expenses paid by ELCA on behalf of LMM.

A prior period adjustment was made to the January 31, 2012 Statement of Financial Position and Statement of Activities for the year then ended in the amount of \$8,965 to increase the amount of accrued expenses and other liabilities as of February 1, 2011.

**NOTE 6 - SUBSEQUENT EVENTS**

Management evaluated subsequent events through June 11, 2013, the date the financial statements were available to be issued. Events or transactions occurring after January 31, 2013, but prior to June 11, 2013 that provided additional evidence about conditions that existed at January 31, 2013, have been recognized in the financial statements for the year ended January 31, 2013. Events or transactions that provided evidence about conditions that did not exist at January 31, 2013, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended January 31, 2013.

This information is an integral part of the accompanying financial statements.



**SUPPLEMENTARY INFORMATION**

**LUTHERAN MEN IN MISSION  
SCHEDULE OF SPENDING PLAN  
Years Ended January 31, 2013 and 2012**

	Year Ending January 31, 2013			Year Ending	Actual Differences
	Actual	Approved	Difference Over (Under)	January 31, 2012 Actual	
<b>REVENUES AND PUBLIC SUPPORT</b>					
Contributions	\$ 306,514	\$ 300,000	\$ 6,514	\$ 221,104	\$ 85,410
Thrivent	3,055	1,000	2,055	3,090	(35)
Investment income:					
Carlson Trust Funds	14,062	10,000	4,062	14,181	(119)
Endowment	42,030	44,000	(1,970)	43,341	(1,311)
Mission Investment Fund	739	500	239	725	14
Bible and materials sales	24,100	24,000	100	24,343	(243)
Ministry Growth Appeal	-	40,000	(40,000)	-	-
<b>Total revenues and public support</b>	<b>390,500</b>	<b>419,500</b>	<b>(29,000)</b>	<b>306,784</b>	<b>83,716</b>
<b>EXPENSES</b>					
Personnel:					
Staff salaries	117,041	116,000	1,041	114,924	2,117
Benefits	46,531	45,820	711	45,095	1,436
Program manager	-	40,000	(40,000)	-	-
HR services-ELCA	3,400	3,400	-	-	3,400
Travel	9,915	3,600	6,315	3,744	6,171
<b>Total personnel</b>	<b>176,887</b>	<b>208,820</b>	<b>(31,933)</b>	<b>163,763</b>	<b>13,124</b>
Office:					
Space rental-ELCA	8,366	8,366	-	2,914	5,452
IT/phone	-	1,440	(1,440)	1,342	(1,342)
Office supplies	4,429	6,000	(1,571)	5,862	(1,433)
Postage	3,186	3,600	(414)	3,725	(539)
Ecumenical relationships	-	200	(200)	-	-
Miscellaneous	982	1,000	(18)	1,083	(101)
<b>Total office</b>	<b>16,963</b>	<b>20,606</b>	<b>(3,643)</b>	<b>14,926</b>	<b>2,037</b>
Financial services:					
Accounting	4,022	4,000	22	14,242	(10,220)
Financial services-ELCA					
Gift processing	834	834	-	-	834
Expense processing	1,400	1,400	-	-	1,400
Legal	-	1,000	(1,000)	975	(975)
Liability insurance	1,178	1,200	(22)	1,050	128
<b>Total financial services</b>	<b>7,434</b>	<b>8,434</b>	<b>(1,000)</b>	<b>16,267</b>	<b>(8,833)</b>
Board:					
Consultant	-	2,000	(2,000)	2,000	(2,000)
Travel	16,812	30,000	(13,188)	27,060	(10,248)
Supplies	1,182	3,000	(1,818)	2,969	(1,787)
<b>Total board</b>	<b>17,994</b>	<b>35,000</b>	<b>(17,006)</b>	<b>32,029</b>	<b>(14,035)</b>
Development council:					
Consultant	12,000	13,700	(1,700)	11,000	1,000
Travel	5,217	3,000	2,217	2,347	2,870
Contributions recognition	237	4,000	(3,763)	-	237
Printing and postage	10,711	5,000	5,711	7,994	2,717
<b>Total development council</b>	<b>28,165</b>	<b>25,700</b>	<b>2,465</b>	<b>21,341</b>	<b>6,824</b>

**LUTHERAN MEN IN MISSION  
SCHEDULE OF SPENDING PLAN  
Years Ended January 31, 2013 and 2012**

	Year Ending January 31, 2013			Year Ending	Actual Differences
	Actual	Approved	Difference Over (Under)	January 31, 2012 Actual	
<b>EXPENSES</b> (continued)					
Young men's ministry:					
Council-travel	3,453	3,000	453	5,541	(2,088)
YMC staff	8,148	10,000	(1,852)	10,000	(1,852)
Postage	-	100	(100)	46	(46)
Resources/events	4,435	5,000	(565)	1,117	3,318
Research	-	5,000	(5,000)	-	-
Total young men's ministry	<u>16,036</u>	<u>23,100</u>	<u>(7,064)</u>	<u>16,704</u>	<u>(668)</u>
Events, retreats, and workshops:					
Events subsidy	-	5,000	(5,000)	-	-
One year to live bibles	1,871	2,200	(329)	-	1,871
Supplies	1,541	-	1,541	-	1,541
Travel	-	1,000	(1,000)	519	(519)
Total events, retreats, and workshops	<u>3,412</u>	<u>8,200</u>	<u>(4,788)</u>	<u>519</u>	<u>2,893</u>
Leadership development:					
Resources/events	12	5,000	(4,988)	-	12
Ministry Specialist program	-	10,000	(10,000)	-	-
Seminary bibles	-	3,000	(3,000)	-	-
Total leadership development	<u>12</u>	<u>18,000</u>	<u>(17,988)</u>	<u>-</u>	<u>12</u>
Resources - printed materials:					
Cost of bibles and materials sold and distributed	35,588	22,500	13,088	28,909	6,679
Printing	1,028	500	528	230	798
Postage/shipping	324	600	(276)	646	(322)
Warehousing/storage	986	500	486	261	725
Total resources - printed materials	<u>37,926</u>	<u>24,100</u>	<u>13,826</u>	<u>30,046</u>	<u>7,880</u>
Communications:					
Newsletter editor	7,700	8,000	(300)	7,451	249
Newsletter design/layout	8,500	10,000	(1,500)	10,000	(1,500)
Printing	19,537	25,000	(5,463)	22,750	(3,213)
Postage/shipping	16,410	20,000	(3,590)	16,777	(367)
Website support	-	2,500	(2,500)	-	-
Total communications	<u>52,147</u>	<u>65,500</u>	<u>(13,353)</u>	<u>56,978</u>	<u>(4,831)</u>
Total expenses	<u>356,976</u>	<u>437,460</u>	<u>(80,484)</u>	<u>352,573</u>	<u>4,403</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES)</b>	<u>\$ 33,524</u>	<u>\$ (17,960)</u>	<u>\$ 51,484</u>	<u>\$ (45,789)</u>	<u>\$ 79,313</u>

See independent accountant's review report.