

LUTHERAN MEN IN MISSION
Chicago, Illinois

Financial Statements and Supplementary Information
January 31, 2017 and 2016

Together with Independent Accountant's Review Report

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Independent Accountant's Review Report

Board of Directors
Lutheran Men in Mission
Chicago, Illinois:

We have reviewed the accompanying financial statements of Lutheran Men in Mission (LMM), which comprise the statements of financial position as of January 31, 2017 and 2016, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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'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 financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

Accountant's Conclusion

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

Other Matter

The accompanying Statements of Unrestricted Activities – Detailed is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Seim Johnson, LLP

Omaha, Nebraska,
May 23, 2017.

**LUTHERAN MEN IN MISSION
STATEMENTS OF FINANCIAL POSITION
January 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 56,730	28,036
Contribution and other receivables	22,968	26,175
Consigned inventories	109,804	125,918
Investments	1,205,163	1,110,014
Beneficial interest in perpetual trusts	<u>271,857</u>	<u>255,804</u>
TOTAL ASSETS	<u>\$ 1,666,522</u>	<u>1,545,947</u>
 LIABILITIES AND NET ASSETS 		
LIABILITIES		
Accounts payable and other accrued expenses	\$ 17,449	16,240
Due to Evangelical Lutheran Church in America	<u>369,053</u>	<u>280,047</u>
Total Liabilities	<u>386,502</u>	<u>296,287</u>
 NET ASSETS		
Unrestricted	54,458	127,842
Temporarily restricted	5,000	5,000
Permanently restricted	<u>1,220,562</u>	<u>1,116,818</u>
Total net assets	<u>1,280,020</u>	<u>1,249,660</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,666,522</u>	<u>1,545,947</u>

See independent accountant's review report and accompanying notes.

**LUTHERAN MEN IN MISSION
STATEMENT OF ACTIVITIES
For the Year Ended January 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
REVENUE AND PUBLIC SUPPORT				
Contributions	\$ 285,920	-	-	285,920
Grant	6,000	-	-	6,000
Program service revenue-events	3,830	-	-	3,830
Bible and materials sales	19,947	-	-	19,947
Distributions from estates	-	-	3,847	3,847
Investment income	58,933	-	-	58,933
	<u>374,630</u>	<u>-</u>	<u>3,847</u>	<u>378,477</u>
EXPENSES				
Cost of bibles and materials sold or distributed	13,327	-	-	13,327
Events	10,083	-	-	10,083
General and administrative	432,062	-	-	432,062
	<u>455,472</u>	<u>-</u>	<u>-</u>	<u>455,472</u>
Net revenue (expense) from operating activities	<u>(80,842)</u>	<u>-</u>	<u>3,847</u>	<u>(76,995)</u>
NET CHANGE IN INVESTMENTS AND BENEFICIAL INTERESTS				
Realized and unrealized gain on investments, net	7,458	-	83,844	91,302
Change in value of beneficial interest in perpetual trusts	-	-	16,053	16,053
	<u>7,458</u>	<u>-</u>	<u>99,897</u>	<u>107,355</u>
CHANGE IN NET ASSETS	<u>(73,384)</u>	<u>-</u>	<u>103,744</u>	<u>30,360</u>
NET ASSETS, beginning of year	<u>127,842</u>	<u>5,000</u>	<u>1,116,818</u>	<u>1,249,660</u>
NET ASSETS, end of year	<u>\$ 54,458</u>	<u>5,000</u>	<u>1,220,562</u>	<u>1,280,020</u>

See independent accountant's review report and accompanying notes.

**LUTHERAN MEN IN MISSION
STATEMENT OF ACTIVITIES
For the Year Ended January 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND PUBLIC SUPPORT				
Contributions	\$ 292,201	-	1,158	293,359
Grants	560	5,000	-	5,560
Program service revenues-events	4,540	-	-	4,540
Bible and materials sales	13,618	-	-	13,618
Distributions from estates	3,423	-	-	3,423
Investment income	61,658	-	-	61,658
	<u>376,000</u>	<u>5,000</u>	<u>1,158</u>	<u>382,158</u>
Total revenue and public support				
EXPENSES				
Cost of bibles and materials sold and distributed	11,958	-	-	11,958
Events	2,464	-	-	2,464
General and administrative	496,630	-	-	496,630
	<u>511,052</u>	<u>-</u>	<u>-</u>	<u>511,052</u>
Total expenses				
Net revenue (expense) from operating activities	<u>(135,052)</u>	<u>5,000</u>	<u>1,158</u>	<u>(128,894)</u>
NET CHANGE IN INVESTMENTS AND BENEFICIAL INTERESTS				
Realized and unrealized loss on investments, net	(107,829)	-	-	(107,829)
Change in value of beneficial interest in perpetual trusts	-	-	(37,175)	(37,175)
	<u>(107,829)</u>	<u>-</u>	<u>(37,175)</u>	<u>(145,004)</u>
Total net change in investments and beneficial interests				
CHANGE IN NET ASSETS BEFORE RECLASSIFICATION	(242,881)	5,000	(36,017)	(273,898)
Reclassification of net assets based on clarification of donor restrictions	<u>(105,670)</u>	<u>-</u>	<u>105,670</u>	<u>-</u>
CHANGE IN NET ASSETS	(348,551)	5,000	69,653	(273,898)
NET ASSETS, beginning of year	<u>476,393</u>	<u>-</u>	<u>1,047,165</u>	<u>1,523,558</u>
NET ASSETS, end of year	<u>\$ 127,842</u>	<u>5,000</u>	<u>1,116,818</u>	<u>1,249,660</u>

See independent accountant's review report and accompanying notes.

**LUTHERAN MEN IN MISSION
STATEMENTS OF CASH FLOWS
For the Years Ended January 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 30,360	(273,898)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Proceeds from contributions restricted for investment in endowment	(3,847)	(1,158)
Net realized and unrealized (gains) and losses on investments, net	(91,302)	107,829
Decrease (increase) in value of beneficial interest in perpetual trusts	(16,053)	37,175
Effects of changes in operating assets and liabilities:		
Contributions receivable	3,207	(26,175)
Prepaid expenses	-	2,342
Consigned inventories	16,114	6,134
Due to ELCA	89,006	153,323
Accrued expenses and other liabilities	<u>1,209</u>	<u>(65,656)</u>
Net cash provided by (used for) operating activities	28,694	(60,084)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of endowment investments	(3,847)	(1,158)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from permanently restricted contributions	<u>3,847</u>	<u>1,158</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28,694	(60,084)
 CASH AND CASH EQUIVALENTS, beginning of year	<u>28,036</u>	<u>88,120</u>
 CASH AND CASH EQUIVALENTS, end of year	<u>\$ 56,730</u>	<u>28,036</u>

See independent accountant's review report and accompanying notes.

LUTHERAN MEN IN MISSION
NOTES TO FINANCIAL STATEMENTS
January 31, 2017 and 2016

NOTE 1 – DESCRIPTION OF THE ORGANIZATION AND 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 help develop. LMM's purpose is to further the kingdom of God, to enrich the faith journey of the men of the Evangelical Lutheran Church in America (ELCA) and other denominations 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 accounting principles generally accepted in the United States of America (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 revenue 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.

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.

Investments

Investments consist of shares of ELCA Endowment Fund Pooled Trust – Fund A, 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.

**LUTHERAN MEN IN MISSION
NOTES TO FINANCIAL STATEMENTS
January 31, 2017 and 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment income and realized and unrealized gains/losses resulting from investments are reported as unrestricted, temporarily, or permanently 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.

Net Assets

Permanently restricted net assets include contributions that donors have specified must be maintained in perpetuity.

Permanently restricted net assets of LMM are made up of the following at January 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Endowments	\$ 948,705	861,014
Perpetual trusts	<u>271,857</u>	<u>255,804</u>
Total	<u>\$ 1,220,562</u>	<u>1,116,818</u>

Temporarily restricted net assets are comprised of funds that are restricted by donors for specific purposes or time periods.

Temporarily restricted net assets of LMM are made up of the following at January 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Men's retreat scholarships	<u>\$ 5,000</u>	<u>5,000</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.

LUTHERAN MEN IN MISSION
NOTES TO FINANCIAL STATEMENTS
January 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Contributed Services

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

Net Revenue (Expense) from Operating Activities

The statements of activities include net revenue (expense) from operating activities as a performance indicator to distinguish between ministry activities and certain investment activities. Changes in unrestricted net assets which are excluded from the performance indicator include realized and unrealized gains and losses on permanently restricted investments and the change in value of beneficial interest in perpetual trust.

Income Taxes

LMM is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, LMM 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, 2017 and 2016. In accordance with IRS regulations, LMM is not required to file an income tax return.

Subsequent Events

LMM considered events occurring through May 23, 2017 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

LUTHERAN MEN IN MISSION
NOTES TO FINANCIAL STATEMENTS
January 31, 2017 and 2016

NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS

In determining fair value, LMM 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
- 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:

ELCA Endowment Fund Pooled Trust – Fund A – The fair value of LMM’s investment in the ELCA Endowment Fund Pooled Trust – Fund A are classified as Level 3 based on the value being by the ELCA investment managers. In determining the fair value LMM utilizes the valuation reflected in financial statements and other financial reports of the ELCA Endowment Fund Pooled Trust – Fund A. The underlying investment entity values securities and other financial instruments at fair value based upon market price.

Beneficial interest in perpetual trusts – The fair value of the beneficial interest in perpetual trusts is classified as Level 3 as the beneficial interests have no active market and LMM will never receive the perpetual trusts’ assets. A majority of the trusts’ underlying assets are cash and cash equivalents, taxable and non-taxable bonds, and stocks.

For the fiscal years ended January 31, 2017 and 2016, 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 measured at fair value on a recurring basis.

	2017			Total
	Level 1	Level 2	Level 3	
Pooled trust	\$ -	-	1,205,163	1,205,163
Beneficial interest in perpetual trusts	-	-	271,857	271,857
	<u>\$ -</u>	<u>-</u>	<u>1,477,020</u>	<u>1,477,020</u>

LUTHERAN MEN IN MISSION
NOTES TO FINANCIAL STATEMENTS
January 31, 2017 and 2016

NOTE 2 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	2016			
	Level 1	Level 2	Level 3	Total
Pooled trust	\$ -	-	1,110,014	1,110,014
Beneficial interest in perpetual trusts	-	-	255,804	255,804
	<u>\$ -</u>	<u>-</u>	<u>1,365,818</u>	<u>1,365,818</u>

The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the years ended January 31, 2017 and 2016:

	Pooled Trusts	Beneficial Interest in Perpetual Trusts
Balance, January 31, 2015	1,216,685	292,979
Purchase of investments	1,158	--
Change in value	<u>(107,829)</u>	<u>(37,175)</u>
Balance, January 31, 2016	1,110,014	255,804
Purchase of investments	3,847	--
Change in value	<u>91,302</u>	<u>16,053</u>
Balance, January 31, 2017	<u>\$ 1,205,163</u>	<u>271,857</u>

NOTE 3 – INVESTMENTS AND ENDOWMENTS

Investments consist of shares of ELCA Endowment Fund Pooled Trust – Fund A. The fair value of these shares totaled \$1,205,163 and \$1,110,014 as of January 31, 2017 and 2016, respectively. Cost information is not available.

Quarterly distributions of investment income received totaled \$45,360 and \$47,028 from the ELCA Endowment Fund Pooled Trust – Fund A during the years ended January 31, 2017 and 2016, 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.

LUTHERAN MEN IN MISSION
NOTES TO FINANCIAL STATEMENTS
January 31, 2017 and 2016

NOTE 3 – INVESTMENTS AND ENDOWMENTS (continued)

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, doing business as Portico Benefit Services, an affiliated corporation of the Church, acting as investment advisor.

The changes in endowment net assets for the years ended January 31, 2017 and 2016 are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, January 31, 2015	\$ 462,499	754,186	1,216,685
Investment return:			
Investment income	47,028	-	47,028
Net unrealized (loss)	<u>(107,829)</u>	<u>-</u>	<u>(107,829)</u>
Total investment return	(60,801)	-	(60,801)
Contributions invested	-	1,158	1,158
Quarterly distributions for expenditure	(47,028)	-	(47,028)
Reclassification based on clarification of donor restriction	<u>(105,670)</u>	<u>105,670</u>	<u>-</u>
	<u>(213,499)</u>	<u>106,828</u>	<u>(106,671)</u>
Net assets, January 31, 2016	<u>249,000</u>	<u>861,014</u>	<u>1,110,014</u>
Investment return:			
Investment income	45,360	-	45,360
Net unrealized gain	<u>7,458</u>	<u>83,844</u>	<u>91,302</u>
Total investment return	52,818	83,844	136,662
Contributions invested	-	3,847	3,847
Quarterly distributions for expenditure	<u>(45,360)</u>	<u>-</u>	<u>(45,360)</u>
	<u>7,458</u>	<u>87,691</u>	<u>95,149</u>
Net assets, January 31, 2017	<u>\$ 256,458</u>	<u>948,705</u>	<u>1,205,163</u>

The ELCA Foundation 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 LMM’s board’s policy to grow the endowment fund and not allocate any of the funds to support LMM programs. LMM’s policy as it relates to the long-term investment fund is to generate income that will remain in the fund.

LUTHERAN MEN IN MISSION
NOTES TO FINANCIAL STATEMENTS
January 31, 2017 and 2016

NOTE 3 – INVESTMENTS AND ENDOWMENTS (continued)

At January 31, 2016, a reclassification was made to move funds between the unrestricted and permanently restricted endowment to clarify a donor's restrictions on contributions made to the endowment fund. This included moving \$249,000 to an unrestricted fund and \$354,670 of unrealized gains and losses previously included in the unrestricted fund to the permanently restricted fund.

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 4.00% 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 \$13,368 and \$14,219 for the years ended January 31, 2017 and 2016, respectively, and are included in investment income in the statements of activities. 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.

NOTE 5 - MANAGEMENT AGREEMENT

LMM has a Service Level Agreement (SLA) with ELCA to manage selected operations. ELCA provides reasonable and necessary human resources, accounting processing, information technology and facilities services to LMM. A total \$17,100 was paid to ELCA relative to this SLA during each of the years ending January 31, 2017 and 2016.

Amounts due to ELCA of \$371,567 and \$280,047 as of January 31, 2017 and 2016, respectively, represent net amounts resulting from revenues and public support received by the ELCA and net of expenses paid by ELCA on behalf of LMM. The LMM Board intends to repay this amount through net excess revenues from operating activities and normal reductions in unrestricted net assets in future years.

SUPPLEMENTARY INFORMATION

LUTHERAN MEN IN MISSION
STATEMENTS OF UNRESTRICTED ACTIVITIES – DETAILED
Years Ended January 31, 2017 and 2016

	<u>Year Ended January 31, 2017</u>			<u>Year Ended January 31, 2016</u>	
	<u>Actual</u>	<u>Approved</u>	<u>Difference Over(Under)</u>	<u>Actual</u>	<u>Difference Over(Under)</u>
REVENUE AND PUBLIC SUPPORT					
Contributions	\$ 283,447	\$ 350,000	\$ (66,553)	\$ 287,745	\$ (4,298)
Thrivent Choice	2,473	5,000	(2,527)	4,456	(1,983)
Grant	6,000	-	6,000	560	5,440
Bible and materials sales	19,947	24,000	(4,053)	13,618	6,329
Program events-Ragbrai and BMFC	3,830	3,000	830	4,540	(710)
Distribution from estate	-	-	-	3,423	(3,423)
Investment income					
Carlson Trust Funds	13,368	14,000	(632)	14,219	(851)
Endowment	45,360	42,000	3,360	47,028	(1,668)
Mission Investment Fund	205	600	(395)	411	(206)
	<u>374,630</u>	<u>438,600</u>	<u>(63,970)</u>	<u>376,000</u>	<u>(1,370)</u>
EXPENSES					
Personnel					
Staff salaries	112,779	111,858	921	125,785	(13,006)
Benefits	53,678	40,184	13,494	53,009	669
HR services-ELCA	3,278	3,283	(5)	4,456	(1,178)
Travel	4,217	10,000	(5,783)	10,392	(6,175)
	<u>173,952</u>	<u>165,325</u>	<u>8,627</u>	<u>193,642</u>	<u>(19,690)</u>
Office					
Space rental and IT services-ELCA	10,196	835	9,361	8,913	1,283
Office supplies	1,822	500	1,322	382	1,440
Postage	880	2,000	(1,120)	1,976	(1,096)
Miscellaneous	1,080	1,000	80	1,496	(416)
	<u>13,978</u>	<u>4,335</u>	<u>9,643</u>	<u>12,767</u>	<u>1,211</u>
Financial Services					
Accounting review	5,240	4,200	1,040	5,470	(230)
Financial services-ELCA					
Gift processing	1,600	1,600	-	1,658	(58)
Expense processing	2,000	2,000	-	2,073	(73)
Legal	580	-	580	-	580
Liability insurance	1,405	1,500	(95)	1,471	(66)
	<u>10,825</u>	<u>9,300</u>	<u>1,525</u>	<u>10,672</u>	<u>153</u>
Board					
Regional development	1,009	2,500	(1,491)	1,107	(98)
Consultant	3,600	3,600	-	-	3,600
Travel, meals, and lodging	19,924	13,500	6,424	25,271	(5,347)
Supplies	-	1,000	(1,000)	1,648	(1,648)
	<u>24,533</u>	<u>20,600</u>	<u>3,933</u>	<u>28,026</u>	<u>(3,493)</u>

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LUTHERAN MEN IN MISSION
STATEMENTS OF UNRESTRICTED ACTIVITIES – DETAILED (CONTINUED)
Years Ended January 31, 2017 and 2016

	Year Ended January 31, 2017			Year Ended January 31, 2016	
	Actual	Approved	Difference Over(Under)	Actual	Difference Over(Under)
EXPENSES-continued					
Development Council					
Consultant	6,000	6,000	-	12,000	(6,000)
Director of Development	50,004	50,000	4	50,004	-
Travel, meals, and lodging	17,047	10,000	7,047	18,945	(1,898)
Printing and postage	7,910	8,000	(90)	16,724	(8,814)
Vanco Credit card and direct deposit system fees	1,872	1,000	872	960	912
Donor contact software	4,400	3,600	800	3,600	800
ALDE registration and other costs	-	1,000	(1,000)	-	-
Total Development Council	87,233	79,600	7,633	102,233	(15,000)
Young Men's Ministry					
Council-Travel	-	-	-	2,505	(2,505)
Resources and events	-	-	-	45	(45)
Total Young Men's Ministry	-	-	-	2,550	(2,550)
Events, Retreats, Workshops					
Colorado backpacking and other	3,691	-	3,691	973	2,718
Gathering expenses	807	-	807	-	807
One Year to Live	3,036	1,500	1,536	-	3,036
Building Men for Christ workshops	-	500	(500)	561	(561)
Ragbrai bike event	2,549	-	2,549	930	1,619
Total Events, Retreats, and Workshops	10,083	2,000	8,083	2,464	7,619
Leadership Development					
Personnel salaries and benefits	75,810	75,698	112	70,756	5,054
Staff consultant	15,000	15,000	-	15,000	-
Consultant	-	-	-	3,600	(3,600)
Ministry Advancement Leadership Team	7,366	15,000	(7,634)	14,320	(6,954)
Ministry specialist program	-	2,000	(2,000)	1,633	(1,633)
Total Leadership Development	98,176	107,698	(9,522)	105,309	(7,133)
Resources-Printed Materials					
Cost of Bibles and materials sold and distributed	13,327	24,000	(10,673)	11,958	1,369
Printing and postage	2,021	2,000	21	611	1,410
Warehousing and storage	732	1,000	(268)	783	(51)
Total Resources-Printed Materials	16,080	27,000	(10,920)	13,352	2,728
Communications					
Newsletter editor	7,200	7,200	-	7,200	-
Newsletter design and layout	8,000	8,000	-	6,500	1,500
Printing	-	1,200	(1,200)	12,381	(12,381)
Postage and shipping	711	1,000	(289)	9,256	(8,545)
Communication infrastructure	4,701	5,000	(299)	4,700	1
Total Communications	20,612	22,400	(1,788)	40,037	(19,425)
Total Expenses	455,472	438,258	17,214	511,052	(55,580)
Net Excess Revenue (Expense) from Operating Activities	\$ (80,842)	\$ 342	\$ (81,184)	\$ (135,052)	\$ 54,210

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