

**ASSOCIATION OF LUTHERAN
DEVELOPMENT EXECUTIVES, INC.**

**FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

June 30, 2015 and 2014

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	3
Statements of Activities.....	5
Statements of Cash Flows	7
Notes to Financial Statements	8
Schedules of Functional Expenses.....	14



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Association of Lutheran Development Executives, Inc.
Verona, Wisconsin

We have audited the accompanying financial statements of Association of Lutheran Development Executives, Inc., which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Association of Lutheran Development Executives, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are

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not a required part of the 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
October 12, 2015

ASSOCIATION OF LUTHERAN DEVELOPMENT EXECUTIVES, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2015

	ALDE	ALDE Chapters	Total
ASSETS			
Cash	\$ 20,791	\$ 30,451	\$ 51,242
Accounts receivable	940	-	940
Promises to give	2,937	-	2,937
Prepaid expenses	3,515	-	3,515
Total current assets	28,183	30,451	58,634
EQUIPMENT			
Equipment	23,943	-	23,943
Website	3,490	-	3,490
Less accumulated depreciation	(21,208)	-	(21,208)
Equipment - net	6,225	-	6,225
OTHER ASSETS			
Certificates of deposit	28,796	-	28,796
Investments	445,324	-	445,324
Total other assets	474,120	-	474,120
Total assets	\$ 508,528	\$ 30,451	\$ 538,979
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 11,275	\$ -	\$ 11,275
Deferred revenue	46,141	-	46,141
Accrued payroll	11,804	-	11,804
Total liabilities	69,220	-	69,220
NET ASSETS			
Unrestricted	173,263	30,451	203,714
Temporarily restricted	40,231	-	40,231
Permanently restricted	225,814	-	225,814
Total net assets	439,308	30,451	469,759
Total liabilities and net assets	\$ 508,528	\$ 30,451	\$ 538,979

See accompanying notes.

ASSOCIATION OF LUTHERAN DEVELOPMENT EXECUTIVES, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2014

	ALDE	ALDE Chapters	Total
ASSETS			
Cash	\$ 15,462	\$ 24,661	\$ 40,123
Accounts receivable	1,745	-	1,745
Promises to give	8,076	-	8,076
Prepaid expenses	3,316	-	3,316
Total current assets	28,599	24,661	53,260
EQUIPMENT			
Equipment	22,778	-	22,778
Less accumulated depreciation	(19,701)	-	(19,701)
Equipment - net	3,077	-	3,077
OTHER ASSETS			
Certificates of deposit	28,494	-	28,494
Investments	456,529	-	456,529
Total other assets	485,023	-	485,023
Total assets	\$ 516,699	\$ 24,661	\$ 541,360
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 6,982	\$ -	\$ 6,982
Deferred revenue	54,228	-	54,228
Accrued payroll	13,490	-	13,490
Total liabilities	74,700	-	74,700
NET ASSETS			
Unrestricted	196,943	24,661	221,604
Temporarily restricted	22,244	-	22,244
Permanently restricted	222,812	-	222,812
Total net assets	441,999	24,661	466,660
Total liabilities and net assets	\$ 516,699	\$ 24,661	\$ 541,360

See accompanying notes.

ASSOCIATION OF LUTHERAN DEVELOPMENT EXECUTIVES, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Conference	\$ 187,598	\$ -	\$ -	\$ 187,598
Corporate sponsorship	92,678	-	-	92,678
Membership dues	93,165	-	-	93,165
Contributions	30,602	-	3,002	33,604
Educational programs	11,845	-	-	11,845
Executive searches	20,450	-	-	20,450
Investment return	12,500	19,054	-	31,554
Miscellaneous	518	-	-	518
	<u>449,356</u>	<u>19,054</u>	<u>3,002</u>	<u>471,412</u>
Total revenue and support				
EXPENSES				
Program services	336,510	-	-	336,510
Supporting activities				
Management and general	75,142	-	-	75,142
Fundraising	56,661	-	-	56,661
	<u>468,313</u>	<u>-</u>	<u>-</u>	<u>468,313</u>
Total expenses				
Net assets released from restrictions	9,352	(9,352)	-	-
Reclassifications	(8,285)	8,285	-	-
	<u>(17,890)</u>	<u>17,987</u>	<u>3,002</u>	<u>3,099</u>
Change in net assets				
Net assets - beginning of year	221,604	22,244	222,812	466,660
	<u>221,604</u>	<u>22,244</u>	<u>222,812</u>	<u>466,660</u>
Net assets - end of year	<u>\$ 203,714</u>	<u>\$ 40,231</u>	<u>\$ 225,814</u>	<u>\$ 469,759</u>

See accompanying notes.

ASSOCIATION OF LUTHERAN DEVELOPMENT EXECUTIVES, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Conference	\$ 178,766	\$ -	\$ -	\$ 178,766
Corporate sponsorship	96,037	-	-	96,037
Membership dues	88,214	-	-	88,214
Contributions	30,777	-	5,145	35,922
Educational programs	12,910	-	-	12,910
Executive searches	21,650	-	-	21,650
Investment return	38,870	30,789	-	69,659
Miscellaneous	2,092	-	-	2,092
	<u>469,316</u>	<u>30,789</u>	<u>5,145</u>	<u>505,250</u>
Total revenue and support	469,316	30,789	5,145	505,250
EXPENSES				
Program services	374,857	-	-	374,857
Supporting activities				
Management and general	78,988	-	-	78,988
Fundraising	13,623	-	-	13,623
	<u>467,468</u>	<u>-</u>	<u>-</u>	<u>467,468</u>
Total expenses	467,468	-	-	467,468
Net assets released from restrictions	<u>14,538</u>	<u>(14,538)</u>	<u>-</u>	<u>-</u>
Change in net assets	16,386	16,251	5,145	37,782
Net assets - beginning of year as restated	<u>205,218</u>	<u>5,993</u>	<u>217,667</u>	<u>428,878</u>
Net assets - end of year	<u>\$ 221,604</u>	<u>\$ 22,244</u>	<u>\$ 222,812</u>	<u>\$ 466,660</u>

See accompanying notes.

ASSOCIATION OF LUTHERAN DEVELOPMENT EXECUTIVES, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,099	\$ 37,782
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	1,507	2,129
Unrealized and realized gain on investments	(22,444)	(60,598)
Contributions restricted for long-term purposes	(3,002)	(5,145)
(Increase) decrease in assets		
Accounts receivable	805	698
Promises to give	250	1,374
Prepaid expenses	(199)	(970)
Increase (decrease) in liabilities		
Accounts payable	4,293	3,247
Deferred revenue	(8,087)	(9,302)
Accrued payroll	(1,686)	(1,894)
Net cash flows from operating activities	(25,464)	(32,679)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(4,655)	(617)
Interest retained in certificates of deposit	(302)	(610)
Purchase of investments	(14,974)	(13,611)
Proceeds from sale of investments	48,623	8,454
Net cash flows from investing activities	28,692	(6,384)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in permanent endowment	7,891	7,598
Net change in cash	11,119	(31,465)
Cash - beginning of year	40,123	71,588
Cash - end of year	\$ 51,242	\$ 40,123

See accompanying notes.

ASSOCIATION OF LUTHERAN DEVELOPMENT EXECUTIVES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

The Association of Lutheran Development Executives, Inc. is a nonprofit organization formed in 1979. The Association is a professional membership organization for Lutherans involved in resource development, including seventeen regional and special interest chapters. Its membership includes professionals with Lutheran organizations and Lutherans working for not-for-profit development and fundraising agencies.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Association is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets—Net assets endowed by donors to be maintained by the Association in perpetuity and of which the Association may only expend the investment return.

Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Based on historical experience and management's review of outstanding accounts, the Association considers its receivables to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. If amounts become uncollectible, they will be charged to operation when that determination is made.

Promises to Give

Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Uncollectible promises are written off after management has used reasonable collection efforts and determine the promises will not be collected.

Equipment

The Association capitalizes all acquisitions of equipment and website in excess of \$500. Purchased equipment are carried at cost. Equipment is depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the years ended June 30, 2015 and 2014 was \$1,507 and \$2,129.

ASSOCIATION OF LUTHERAN DEVELOPMENT EXECUTIVES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Association carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Membership development costs are included in management and general expenses.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Income Tax Status

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Wisconsin franchise or income tax.

Date of Management's Review

Management has evaluated subsequent events through October 12, 2015, the date which the financial statements were available to be issued.

ASSOCIATION OF LUTHERAN DEVELOPMENT EXECUTIVES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2—PROMISES TO GIVE

Promises to give consisted of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 2,937	\$ 6,096
Receivable in one to five years	-	1,980
Total	<u>\$ 2,937</u>	<u>\$ 8,076</u>
Unrestricted	\$ -	\$ 250
Permanently restricted	<u>2,937</u>	<u>7,826</u>
Total	<u>\$ 2,937</u>	<u>\$ 8,076</u>

NOTE 3—INVESTMENTS

Investments consist of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Equity mutual funds	\$ 290,100	\$ 310,143
Fixed income mutual funds	<u>155,224</u>	<u>146,386</u>
Investments	<u>\$ 445,324</u>	<u>\$ 456,529</u>

Investments are uninsured and are subject to changes in economic market conditions. The Association's investment policy attempts to minimize market risk through portfolio diversification.

Investment return for the years ended June 30, 2015 and 2014 is summarized as follows:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 9,110	\$ 9,061
Unrealized and realized gains	<u>22,444</u>	<u>60,598</u>
Investment return	<u>\$ 31,554</u>	<u>\$ 69,659</u>

NOTE 4—NET ASSETS

Temporarily restricted net assets at June 30, 2015 and 2014 of \$40,231 and \$22,244 are comprised of earnings on endowment investments and are restricted until appropriated for expenditure by the Board of Directors.

ASSOCIATION OF LUTHERAN DEVELOPMENT EXECUTIVES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 5—FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2015 and 2014 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity mutual funds	\$ 290,100	\$ 290,100	\$ -	\$ -
Fixed income mutual funds	155,224	155,224	-	-
Investments - 2015	<u>\$ 445,324</u>	<u>\$ 445,324</u>	<u>\$ -</u>	<u>\$ -</u>
Equity mutual funds	\$ 310,143	\$ 310,143	\$ -	\$ -
Fixed income mutual funds	146,386	146,386	-	-
Investments - 2014	<u>\$ 456,529</u>	<u>\$ 456,529</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values for mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

NOTE 6—ENDOWMENTS

The Association's endowment consists of investments to support the key assets of the Association from the earnings in which it creates. The permanently restricted principal is listed as endowment investments on the statements of financial position. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of net assets as of June 30, 2015 and 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total
Donor-restricted	<u>\$ -</u>	<u>\$ 40,231</u>	<u>\$ 225,814</u>	<u>\$ 266,045</u>
	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total
Donor-restricted	<u>\$ -</u>	<u>\$ 22,244</u>	<u>\$ 222,812</u>	<u>\$ 245,056</u>

ASSOCIATION OF LUTHERAN DEVELOPMENT EXECUTIVES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 6—ENDOWMENTS (continued)

Interpretation of Relevant Law

The State of Wisconsin enacted UPMIFA effective July 20, 2009, the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors of the Association has interpreted Wisconsin's enacted version of UPMIFA as requiring the preservation of the historic dollar value of the original gift plus any subsequent gifts of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. In accordance with Wisconsin's enacted version of UPMIFA, the Association expects it will need to consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Association, and (7) the Association's investment policies.

Return Objectives and Risk Parameters

The Association has adopted an investment policy for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The primary asset allocation will be split between cash equivalents, equity and fixed income securities. The ongoing percentage allocation to each sub-asset class may vary within the established range depending upon market conditions. The primary investment goal is to invest for a total return for a long-term time horizon.

Strategies Employed for Achieving Objectives

The Endowment Fund investment objectives for the Association are to:

- Maximize return on investment while exercising prudent stewardship of the resources entrusted to the Association
- Grow the corpus of invested funds so as to provide appropriate income for the designated purposes of the fund while protecting the corpus from attrition due to inflation

The annual spending rate will be from 4% - 6% of the fair value of the fund as of March 31, with the actual to be determined annually by the Finance Committee, will be made for purposes of budgeting and distribution in the next fiscal year by the Board of Directors.

ASSOCIATION OF LUTHERAN DEVELOPMENT EXECUTIVES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Changes in endowment net assets for the years ended June 30, 2015 and 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015 Total</u>
Endowment net assets				
- beginning	\$ -	\$ 22,244	\$ 222,812	\$ 245,056
Contributions	-	-	3,002	3,002
Investment income	-	4,283	-	4,283
Net appreciation	-	14,771	-	14,771
Appropriation for expenditures	-	(9,352)	-	(9,352)
Reclassifications	-	8,285	-	8,285
Endowment net assets				
- ending	<u>\$ -</u>	<u>\$ 40,231</u>	<u>\$ 225,814</u>	<u>\$ 266,045</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014 Total</u>
Endowment net assets				
- beginning	\$ (6,811)	\$ -	\$ 217,667	\$ 210,856
Contributions	-	-	5,145	5,145
Investment income	-	4,044	-	4,044
Net appreciation	6,811	26,654	-	33,465
Appropriation for expenditures	-	(8,454)	-	(8,454)
Endowment net assets				
- ending	<u>\$ -</u>	<u>\$ 22,244</u>	<u>\$ 222,812</u>	<u>\$ 245,056</u>

NOTE 7—RETIREMENT PLAN

The Association sponsors a 403b defined contribution pension plan for the benefit of its regular employees who are regularly scheduled to work at least 20 hours per week for six months or more per year. The Association makes a contribution to the plan each year equal to 10% of the employee's compensation for all non-church rostered employees. For the current Executive Director, the contribution meets the salary guidelines of the South-Central Synod of Wisconsin, which sets the minimum contribution at 12%. Employees are 100% vested in all contributions made on their behalf. The Association's contributions for the years ended June 30, 2015 and 2014 were \$18,001 and \$22,318.

ASSOCIATION OF LUTHERAN DEVELOPMENT EXECUTIVES, INC.
SCHEDULES OF FUNCTIONAL EXPENSES
Years ended June 30, 2015 and 2014

	Program Services	Management and General	Fundraising	2015 Total
Personnel	\$ 139,065	\$ 39,464	\$ 9,396	\$ 187,925
Conferences	154,871	-	-	154,871
Office	17,452	4,953	1,179	23,584
Professional fees	-	24,928	-	24,928
Travel	12,695	-	-	12,695
Information technology	5,767	-	304	6,071
Board expenses	-	5,466	-	5,466
Awards and honorarium	2,276	-	-	2,276
Membership	3,268	-	-	3,268
Depreciation	1,116	316	75	1,507
Marketing	-	-	45,707	45,707
Miscellaneous	-	15	-	15
Total expenses	\$ 336,510	\$ 75,142	\$ 56,661	\$ 468,313

	Program Services	Management and General	Fundraising	2014 Total
Personnel	\$ 173,618	\$ 49,270	\$ 11,731	\$ 234,619
Conferences	157,123	-	-	157,123
Office	19,502	5,534	1,318	26,354
Professional fees	-	16,893	-	16,893
Travel	6,854	-	-	6,854
Information technology	6,932	1,967	468	9,367
Board expenses	-	3,877	-	3,877
Awards and honorarium	4,467	-	-	4,467
Membership	1,365	-	-	1,365
Depreciation	1,576	447	106	2,129
Marketing	420	-	-	420
Uncollectible account	-	1,000	-	1,000
Miscellaneous	3,000	-	-	3,000
Total expenses	\$ 374,857	\$ 78,988	\$ 13,623	\$ 467,468