

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

**REPORT ON FINANCIAL STATEMENTS
(with supplementary information)**

YEARS ENDED JANUARY 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the North/West Lower Michigan Synod
of the Evangelical Lutheran Church in America

Report on the Financial Statements

We have audited the accompanying financial statements of the North/West Lower Michigan Synod of the Evangelical Lutheran Church in America (a nonprofit organization), which comprise the statements of financial position as of January 31, 2019 and 2018, and the related statement of activities, functional expenses for the year then ended January 31, 2019, and the related statements of cash flows for the years then ended January 31, 2019 and 2018, 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 audits 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 the North/West Lower Michigan Synod of the Evangelical Lutheran Church in America as of January 31, 2019 and 2018, and the changes in its net assets and its cash flows for the year ended January 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the North/West Lower Michigan Synod of the Evangelical Lutheran Church in America's 2018 financial statements, and our report dated April 18, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented in the statement of activities for the year ended January 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is 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 audits 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.

Maney Costeiran PC

April 16, 2019

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENTS OF FINANCIAL POSITION
JANUARY 31, 2019 AND 2018**

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 417,449	\$ 359,249
Investments	2,210,478	2,397,631
Accounts receivable	68,904	54,421
Prepaid expenses	18,228	25,315
Property and equipment, less accumulated depreciation	52,584	71,152
TOTAL ASSETS	\$ 2,767,643	\$ 2,907,768
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 117,765	\$ 29,475
Assets held on behalf of others	45,457	45,000
Accrued payroll and related	12,606	14,802
Deferred revenue	15,955	3,163
Total liabilities	191,783	92,440
NET ASSETS:		
Without donor restrictions:		
Undesignated	112,735	187,819
Designated	574,176	622,877
Total without donor restrictions	686,911	810,696
With donor restrictions	1,888,949	2,004,632
Total net assets	2,575,860	2,815,328
TOTAL LIABILITIES AND NET ASSETS	\$ 2,767,643	\$ 2,907,768

See notes to financial statements.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED JANUARY 31, 2019
(with comparative totals for the year ended January 31, 2018)**

	2019			2018 Total
	Without donor restrictions	With donor restrictions	Total	
REVENUES AND SUPPORT:				
Mission support	\$ 1,384,971	\$ -	\$ 1,384,971	\$ 1,387,698
Center for mission and ministry	-	2,520	2,520	9,476
Committee revenue	30,193	-	30,193	15,089
Investment return, net	(28,046)	(83,229)	(111,275)	324,088
Grant revenue	18,120	-	18,120	22,586
New and renewing congregations	-	2,890	2,890	20,482
Registration fees - leadership event	-	-	-	9,220
Registration fees - synod assembly	53,746	-	53,746	49,150
Seminary education assistance	-	1,708	1,708	35,454
Synod congregational support	-	25,440	25,440	10,911
Synod-wide revenue	13,722	11,733	25,455	38,821
Other income	1,495	5,877	7,372	3,857
Gain on disposal of assets	-	-	-	9,019
Transfers from closed congregations	30,000	-	30,000	-
Net assets released from restrictions	82,622	(82,622)	-	-
Total revenues and support	<u>1,586,823</u>	<u>(115,683)</u>	<u>1,471,140</u>	<u>1,935,851</u>
EXPENSES:				
Program services:				
Agency-organizational ministry support:				
ELCA church-wide support	693,996	-	693,996	695,447
Capital University and Wittenberg University	-	-	-	3,000
Living Water Ministries	43,000	-	43,000	40,000
Lutheran Social Services of Michigan	3,000	-	3,000	3,000
Region 6 support (includes archives)	4,800	-	4,800	4,847
Trinity Lutheran Seminary	30,000	-	30,000	25,000
Total agency-organizational ministry support	<u>774,796</u>	<u>-</u>	<u>774,796</u>	<u>771,294</u>
Synod ministries:				
Closed congregation expense	20,475	-	20,475	-
Synod assembly	62,464	-	62,464	43,364
Synod council	3,078	-	3,078	4,557
Total synod ministries	<u>86,017</u>	<u>-</u>	<u>86,017</u>	<u>47,921</u>
Special programs:				
Paul Trapp endowment	11,300	-	11,300	13,500
Wilson trust	11,333	-	11,333	10,900
Seminarian education assistance	7,430	-	7,430	14,628
Center for mission and ministry	1,158	-	1,158	12,286
Honduras companion support	15,620	-	15,620	11,189
Helmets trust	6,000	-	6,000	-
Muskegon cooperative ministry	2,520	-	2,520	7,500
Honduran education fund	-	-	-	1,245
New and renewing congregations	9,811	-	9,811	15,137
Grace mission endowment fund	15,000	-	15,000	15,000
Total special programs	<u>80,172</u>	<u>-</u>	<u>80,172</u>	<u>101,385</u>

See notes to financial statements.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED JANUARY 31, 2019
(with comparative totals for the year ended January 31, 2018)**

	2019			2018 Total
	Without donor restrictions	With donor restrictions	Total	
EXPENSES:				
Program support: (Concluded)				
Publically engaged church committee	\$ 19,471	\$ -	\$ 19,471	\$ 23,550
Faith formation table committee	42	-	42	110
Communication committee	-	-	-	1,668
Mission support table committee	4,023	-	4,023	205
Global missions committee	9,805	-	9,805	9,682
Ministry committee	29,322	-	29,322	35,544
Campus ministry committee	56,130	-	56,130	57,190
New and redeveloping congregation table com.	45,644	-	45,644	44,240
Multicultural ministry committee	1,555	-	1,555	74
Worship committee	337	-	337	562
Youth committee	2,293	-	2,293	1,849
Total program support	<u>168,622</u>	<u>-</u>	<u>168,622</u>	<u>174,674</u>
Total program services	<u>1,109,607</u>	<u>-</u>	<u>1,109,607</u>	<u>1,095,274</u>
Support services:				
Staff salaries and benefits:				
Salary - administrative support staff	49,910	-	49,910	55,961
Salary and housing - called staff	226,567	-	226,567	201,663
Salary - deployed staff	33,049	-	33,049	36,348
Social security allowance	20,524	-	20,524	21,047
Payroll taxes	6,217	-	6,217	7,458
Health insurance and retirement	104,425	-	104,425	94,990
Continuing education	6,995	-	6,995	1,088
Other insurance	9,617	-	9,617	6,915
Total staff salaries and benefits	<u>457,304</u>	<u>-</u>	<u>457,304</u>	<u>425,470</u>
Synod administration:				
Bishop's discretionary fund	1,273	-	1,273	2,926
Insurance	10,737	-	10,737	12,477
Lease expense	16,800	-	16,800	16,800
Office equipment - maintenance	5,851	-	5,851	10,696
Office supplies	10,513	-	10,513	8,425
Postage	2,336	-	2,336	3,358
Professional fees	23,475	-	23,475	27,135
Telephone	8,813	-	8,813	8,248
Travel - staff	34,766	-	34,766	31,658
Website and network	6,761	-	6,761	4,578
Total synod administration	<u>121,325</u>	<u>-</u>	<u>121,325</u>	<u>126,301</u>
Depreciation expense	<u>22,372</u>	<u>-</u>	<u>22,372</u>	<u>22,288</u>
Total support services	<u>601,001</u>	<u>-</u>	<u>601,001</u>	<u>574,059</u>
Total expenses	<u>1,710,608</u>	<u>-</u>	<u>1,710,608</u>	<u>1,669,333</u>
CHANGE IN NET ASSETS	(123,785)	(115,683)	(239,468)	266,518
NET ASSETS, beginning of year	810,696	2,004,632	2,815,328	2,548,810
NET ASSETS, end of year	<u>\$ 686,911</u>	<u>\$ 1,888,949</u>	<u>\$ 2,575,860</u>	<u>\$ 2,815,328</u>

See notes to financial statements.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JANUARY 31, 2019
(with comparative totals for the year ended January 31, 2018)**

	2019			2018
	Program services	Management and general	Total	Total
Church-wide and other mission support	\$ 1,109,607	\$ -	\$ 1,109,607	\$ 1,095,274
Salaries and related	310,967	146,337	457,304	425,470
Bishop's discretionary fund	866	407	1,273	2,926
Insurance	7,301	3,436	10,737	12,477
Lease expense	11,424	5,376	16,800	16,800
Office equipment - maintenance	3,979	1,872	5,851	10,696
Office supplies	7,149	3,364	10,513	8,425
Postage	1,588	748	2,336	3,358
Professional fees	15,963	7,512	23,475	27,135
Telephone	5,993	2,820	8,813	8,248
Travel - staff	23,641	11,125	34,766	31,658
Website and network	4,597	2,164	6,761	4,578
Depreciation	15,213	7,159	22,372	22,288
	<u>\$ 1,518,288</u>	<u>\$ 192,320</u>	<u>\$ 1,710,608</u>	<u>\$ 1,669,333</u>

See notes to financial statements.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENTS OF CASH FLOWS
YEARS ENDED JANUARY 31, 2019 AND 2018**

	2019	2018
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:		
Cash flows from operating activities:		
Change in net assets	\$ (239,468)	\$ 266,518
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	22,372	22,288
Gain on disposal of assets	-	(9,019)
Realized and unrealized gain (loss) on investments	188,846	(249,403)
Accounts receivable	(14,483)	3,196
Prepaid expenses	7,087	(7,132)
Accounts payable	88,290	392
Accrued payroll and related	(2,196)	2,107
Assets held on behalf of others	457	-
Deferred revenue	12,792	(5,540)
Total adjustments	303,165	(243,111)
Net cash provided by operating activities	63,697	23,407
Cash flows from investing activities:		
Purchase of investments	(68,261)	(94,831)
Sale of investments	66,568	63,747
Purchase of property and equipment	(3,804)	(59,417)
Proceeds from sale of property and equipment	-	9,700
Net cash used by investing activities	(5,497)	(80,801)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	58,200	(57,394)
CASH AND CASH EQUIVALENTS:		
Beginning of year	359,249	416,643
End of year	\$ 417,449	\$ 359,249

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The books and records of the Synod are maintained on the accrual basis of accounting, which recognizes income when earned and expenses when incurred. The Synod is required to report its financial position and activities according to two classes of net assets based on donor imposed restrictions.

Net assets - Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. The Synod has designated, from net assets without donor restrictions, net assets to be used for various purposes in future years.

Net assets with donor restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished.

Financial statement presentation - The statement of activities includes certain 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 Synod's prior-year statement of activities from which the summarized information was derived.

Programs:

- Agency-organizational ministry support:
 - ELCA agencies and organizations - This activity promotes resources available for monthly or quarterly ministry support for various ELCA related ministries within Region 6.
 - Church-wide ministry support - This activity provides non-restricted resources for distribution through the church-wide expression of the Evangelical Lutheran Church in America for missions domestically and globally.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Programs (Continued):

- Synod ministries - This activity provides resources for the Synod Assembly, the highest level synod legislative body, and for the Synod Council which transacts and oversees the ministries of the Synod between assemblies.
- Special programs:
 - Paul Trapp endowment - This activity oversees requests for financial support for synod congregations in the northern portion of the Lower Peninsula, funded by annual earnings received by the Paul Trapp Endowment Fund Pooled Trust.
 - Wilson trust - This activity provides financial resources for synod member churches located in Saginaw County, Michigan, funded by a one-time bequest and annual earnings received by the Wilson Endowment Trust.
 - Seminarian education assistance - This activity oversees requests for financial support for tuition and/or non-tuition expenses of seminarians toward calls in ELCA ministries, which is funded by donations and annual earnings received by the To Whom Shall We Go Endowment Fund Pooled Trust.
 - New and renewing congregations - This activity provides financial resources for new congregations and other congregations in renewal within the Synod, funded by donations and annual earnings received by the To Whom Shall We Go Endowment Fund Pooled Trust.
 - Center for mission and ministry - Originally intended to be part of a campus which would also include a Lutheran Episcopal congregation and the synodical offices, this activity evolved to provide programs including spiritual discernment and formation throughout the Synod.
 - Companion and other congregational support - Through the global Lutheran family, the ELCA has bilateral “companion church” relationships with many national Lutheran church bodies. These global relationships are deepened by the ELCA Companion Synods Program, which connects 65 ELCA synods in over 120 international companion relationships. Through these companion relationships, members of ELCA synods live out the accompaniment model of the global mission.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Programs (Continued):

➤ Program support:

- Faith formation table committee - This committee shall be the conduit between congregations, the Synod, the region and church-wide bodies to promote Christian education. The committee shall recruit, train and equip educational leaders within congregations. The committee shall also provide oversight of the Synod resource room.
- Publically engaged church committee - This committee shall respond to the Gospel and thereby address social issues through study, grants, advocacy and social statements. This committee shall assist congregations in establishing and implementing social ministry programs.
- Communication committee - This committee shall communicate and interpret the ministries of the Church, especially focusing on three levels: congregational, synodical and church-wide. It will accomplish these tasks using periodicals, resources and media instruments most beneficial.
- Mission support table committee - This committee oversees stewardship consultations with congregations each year. It acts as a catalyst and advocate for programs and resources beneficial for stewardship growth within the congregation.
- Global mission committee - This committee shall be responsible for supporting and interpreting the mission work of the church that is done outside the United States as well as that done within. The committee may include in its work the Companion Synod program, congregational advocates and their assisting tools.
- Ministry committee - This committee shall be responsible for candidacy, leadership support, specialized ministry and ministry of laypersons in daily life.
- Campus ministry committee - This committee shall be responsible for providing a comprehensive ministry with the communities of higher education in accordance with the policies of the Division for Education & Schools of the Evangelical Lutheran Church in America.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Programs (Concluded):

➤ Program support:

- New and redeveloping congregations table committee - This committee shall be responsible for helping and supporting mission congregations, develop new ministries, support urban and rural coalitions, monitor the Mission Partner Program of the Evangelical Lutheran Church in America, and coordinate mission efforts of the ELCA. The committee shall develop a mission strategy appropriate to the context of the Synod, review funding requests related to the Evangelical Lutheran Church in America for Outreach and coordinate a mission strategy with other synods of Region 6.
- Multicultural ministry committee - This committee shall promote and facilitate inclusivity, and consult with and/or relate to synod congregations, other synod committees, units of the ELCA, and/or Region 6 on matters which are multi-cultural.
- Renewing congregations table committee - This committee shall lift up the task of sharing the Gospel of Jesus Christ in word and deed; enable congregations and their members to do this corporately and individually with both the unchurched and their own inactive members; and equip congregations and individuals in any and all appropriate ways of accomplishing this God-given task.
- Worship committee - This committee shall advise, plan and coordinate workshop for synodical events. The committee shall make available resources, workshops, and worship events to congregations of the Synod.
- Youth committee - This committee shall serve the youth of the synod as they do ministry in congregations, conferences, the synod and the church-at-large. The committee shall listen to the goals and needs of youth and be advocates in planning and implementation of these goals, work with the Lutheran Youth Organization of the Synod and strive to empower the youth in their ministry. The committee shall also serve as a resource to congregations in the area of youth ministry.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Functional allocation of expenses - The costs of providing program and other activities have been reported in the statement of activities. The statement of functional expenses presents the natural classification of expenses that are allocated to program or supporting functions of the Synod. Allocated expenses primarily consist of salaries and related, professional fees, travel, depreciation, and various other expense classifications necessary to support the day-to-day operations of the Synod. Employee driven expenses are allocated based on salary and wage analysis. All other allocated expenses utilize management's estimated use of resources.

Cash and cash equivalents - Cash and cash equivalents consist of cash accounts and money market funds. Cash held by investment managers is considered an investment rather than cash equivalent.

Investments - Investments are reported at fair value. Net investment return or loss is included in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

Accounts receivable - Accounts receivable includes amounts collected by local ministries during the years ended January 31, 2019 and 2018, but not received by the Synod until after year end. The Synod provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of the receivable account. Based on management's estimate, no allowance for bad debts was necessary for the years ended January 31, 2019 and 2018.

Property and equipment - Property and equipment are recorded at cost. Donated assets are recorded at fair value at the date of donation. Depreciation is computed over the estimated useful life of assets using the straight-line method. The Synod capitalizes property and equipment in excess of \$1,000. Cost of maintenance and repairs are charged to expense when incurred.

Assets held on behalf of others - Assets held on behalf of others consist of cash held in an agency capacity.

Deferred revenue - Deferred revenue represents grants received in advance of related program expenses and assets held on behalf of others in an agency capacity.

Revenue recognition - Revenue is recognized when earned. Program service fees, payments under cost-reimbursable contracts, fees and payments received in advance are deferred to the period the related services are performed or expenditures are incurred. Gifts and contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are recognized when the conditions on which they depend have been substantially met.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - ORGANIZATION, RISKS AND UNCERTAINTIES

The North/West Lower Michigan Synod of the Evangelical Lutheran Church in America (the “Synod”) is a Michigan Non-Profit Corporation. The purpose of the Synod is to develop and administer a comprehensive and coordinated plan of fiscal and administrative policies, procedures, and management services for the member churches. The member churches are located in the northern and western half of the Lower Peninsula of Michigan (“Region 6”). Using ministry support and special offerings received from its member churches, the Synod contributes to denominational ministries and provides support for various missions, educational programs and youth outreach. The Synod is exempt from income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code.

The Synod is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Synod to concentrations of significant credit risk consist of cash and cash equivalents and investments. The Synod places its cash with FDIC insured financial institutions and thereby limits the amount of credit exposure to any one financial institution. Although such cash balances may exceed the federally insured limits at certain times during the year and at year-end they are, in the opinion of management, subject to minimal risk. Credit risk with respect to investments is limited due to the wide variety of investment vehicles used as part of participation in the Evangelical Lutheran Church in America (ELCA) Endowment Fund Pooled Trust and the Evangelical Lutheran Church in America Mission Investment Fund. These investments are not insured by the FDIC or any other regulatory agency. The Synod’s investment portfolio is also subject to market risk.

Investments are disclosed in Notes 4 and 5 and consist largely of amounts invested in various funds by the Evangelical Lutheran Church in America Endowment Fund Pooled Trust and the Evangelical Lutheran Church in America Mission Investment Fund.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Tax positions are taken based on interpretation of federal, state and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain positions. Federal, state and local tax returns generally remain open for examination by the various taxing authorities for a period of 3 to 4 years.

The Synod evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through April 16, 2019, which is the date the financial statements were available to be issued.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Synod regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Synod considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The following reflects the Synod's financial assets as of January 31, 2019, which are deemed available for general expenditures within one year of the date of the statement of financial position. Amounts not available include donor-restricted resources reserved for purpose and perpetual use and Synod-designated net assets set aside for cash flow reserves and other Synod related expenses.

Cash and cash equivalents	\$ 417,449
Investments	2,210,478
Accounts receivable	<u>68,904</u>
Total financial assets	2,696,831
Less: donor-restricted net assets	(1,888,949)
Less: Synod-designated net assets	<u>(574,176)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 233,706</u></u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Synod operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. While the Synod's governing board (Synod Council) has designated a portion of its non-restricted resources as noted above, these funds remain available and may be spent at the discretion of the Synod Council.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - INVESTMENTS

Investments at January 31 consist of the following:

	<u>2019</u>	<u>2018</u>
ELCA Mission Investment Fund:		
Money market fund	\$ 231,993	\$ 239,645
Certificates of deposit	46,018	45,561
ELCA Endowment Fund Pooled Trust	<u>1,932,467</u>	<u>2,112,425</u>
	<u>\$ 2,210,478</u>	<u>\$ 2,397,631</u>

Investment return for the year ended January 31 consists of the following:

	<u>2019</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Interest and dividends, net	\$ 2,115	\$ -	\$ 2,115
ELCA pooled trust dividend	20,040	55,416	75,456
Realized/unrealized gain (loss) on investments - net	<u>(50,201)</u>	<u>(138,645)</u>	<u>(188,846)</u>
Total investment return, net	<u>\$ (28,046)</u>	<u>\$ (83,229)</u>	<u>\$ (111,275)</u>
	<u>2018</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Interest and dividends, net	\$ 1,852	\$ 1,032	\$ 2,884
ELCA pooled trust dividend	19,191	52,610	71,801
Realized/unrealized gain (loss) on investments - net	<u>76,356</u>	<u>173,047</u>	<u>249,403</u>
Total investment return, net	<u>\$ 97,399</u>	<u>\$ 226,689</u>	<u>\$ 324,088</u>

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - FAIR VALUE MEASUREMENTS

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

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Synod has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Synod's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at January 31, 2019 and 2018.

ELCA Endowment Fund Pooled Trust: Valued at the net asset value (NAV) of the units held by the Synod, the Fund is available for exclusive investment by Evangelical Lutheran Church in America related institutions. The primary investment objective of the fund is to provide for long term capital growth. The fund seeks to achieve its investment objectives by investing in a diversified portfolio of equity, bond and real estate securities. Investments held at the ELCA Endowment Fund Pooled Trust include numerous securities that are combined with the investment portfolios of other ELCA related organizations. As such, they are considered Level 3 investments.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

ELCA Mission Investment Fund: Valued at the NAV, the Fund is available for exclusive investment by Evangelical Lutheran Church in America related institutions. The fund participates in short-term investments offering demand, saving and term investment accounts. As such, they are considered Level 2 investments.

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

The following is a market value summary by the level of the inputs used, as of January 31, 2019 and 2018, in evaluating the Synod's assets carried at fair value. The inputs or methodologies used for valuing securities may not be an indication of the risk associated with investing in those securities.

Description	2019	2018
Level 2 measurement:		
ELCA Mission Investment Fund:		
Certificates of deposit	\$ 46,018	\$ 45,561
Level 3 measurement:		
ELCA Endowment Fund Pooled Trust	1,932,467	2,112,425
ELCA Mission Investment Fund:		
Money market funds at cost	<u>231,993</u>	<u>239,645</u>
Total	<u>\$ 2,210,478</u>	<u>\$ 2,397,631</u>

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - FAIR VALUE MEASUREMENTS (Concluded)

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Balance February 1, 2017	\$ 1,839,739
ELCA pooled trust dividend	71,801
Realized/unrealized gain on investments - net	249,403
Purchases	15,229
Proceeds from sale	<u>(63,747)</u>
Balance January 31, 2018	2,112,425
ELCA pooled trust dividend	75,456
Realized/unrealized gain on investments - net	(188,846)
Proceeds from sale	<u>(66,568)</u>
Balance January 31, 2019	<u><u>\$ 1,932,467</u></u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment and their depreciable lives as of January 31, are summarized as follows:

	Estimated useful life (in years)	2019	2018
Furniture and equipment	5	\$ 33,193	\$ 29,389
Vehicles	3	<u>76,887</u>	<u>76,887</u>
		110,080	106,276
Less accumulated depreciation		<u>57,496</u>	<u>35,124</u>
Net property and equipment		<u><u>\$ 52,584</u></u>	<u><u>\$ 71,152</u></u>
Depreciation expense		<u><u>\$ 22,372</u></u>	<u><u>\$ 22,288</u></u>

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - OPERATING LEASE

The Synod rents office space under the terms of an operating lease from a member church that expired in 2011. Future rent is based on a verbal agreement that the lease continues on a month-to-month basis. The current base monthly lease rate is \$1,400. Rent expense for the years ended January 31, 2019 and 2018 amounted to \$16,800 and \$16,800, respectively.

NOTE 8 - RETIREMENT PLAN

The Synod participates in a multi-employer defined contribution pension plan administered by Portico, formerly the Evangelical Lutheran Church in America Board of Pensions, which covers all full-time employees. The Synod contributes between 6% and 12% of each participant's annual wages. Contributions made by the Synod amounted to \$30,424 and \$28,933 for the years ended January 31, 2019 and 2018, respectively.

NOTE 9 - RELATED PARTY TRANSACTIONS

The Synod conducts essentially all transactions, other than purchases of goods and services and sales of certain property, with affiliated congregations. Certain administrative expenses are reimbursed by related organizations.

NOTE 10 - NET ASSETS

Net assets without donor restrictions at January 31 were comprised of the following:

	2019	2018
Without donor restrictions, designated:		
Cash flow reserve	\$ 18,620	\$ 18,620
Severance pay - called staff	20,000	20,000
Shared risk deductible	5,000	5,000
New and renewing congregations endowment fund	13,270	11,770
Synod staff growth fund	5,539	5,539
Synod-designated endowment fund	511,747	561,948
Total designated net assets	574,176	622,877
Without donor restrictions, undesignated	112,735	187,819
Total net assets without donor restrictions	\$ 686,911	\$ 810,696

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - NET ASSETS (Continued)

Net assets with donor restrictions at January 31 are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Endowment fund:		
Original gifts in perpetuity subject to spending policy:		
Paul Trapp endowment fund	\$ 279,545	\$ 279,545
New and renewing congregations endowment fund	109,227	109,227
Seminary education assistance endowment fund	76,308	76,308
Grace mission endowment fund	447,788	447,788
Total endowment gifts in perpetuity	<u>912,868</u>	<u>912,868</u>
Gifts and accumulated investment gains subject to appropriation and expenditure when a specified event occurs:		
Paul Trapp endowment fund	111,084	145,034
Honduran education endowment fund	52,847	55,753
New and renewing congregations endowment fund	17,816	26,087
Seminary education assistance endowment fund	10,526	15,456
Grace mission endowment fund	41,091	82,753
Wilson trust endowment fund	315,025	344,168
Total gifts and accumulated investment gains available	<u>548,389</u>	<u>669,251</u>
Total endowment related restricted net assets	<u>1,461,257</u>	<u>1,582,119</u>

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - NET ASSETS (Continued)

	2019	2018
Net assets subject to expenditure for a specified purpose:		
New and renewing congregations fund	\$ 36,167	\$ 43,088
Seminary education assistance fund	60,681	66,402
Honduras project - church leaders education fund	-	133
Center for mission and ministry - program support fund	23,564	22,202
Coalitions / Multi-cultural ministries fund	66,104	67,659
Prince of Peace - equipping leaders for mission and ministry scholarship fund	28,141	28,741
Papua New Guinea Companion Synod fund	250	-
Honduras health team Salud Para La Vida fund	17,361	20,301
Honduras water filter fund	1,106	659
Honduras three P's fund	2,905	4,465
Honduras women's health program fund	-	4
Honduras companion fund	1,403	-
Honduras LaCanada kindergarten snack program fund	2,692	6,092
Outreach fund	14,855	9,517
Bishop's teaching fund	5,328	5,328
Interim minister's support fund	5,086	5,086
Other congregational support fund	320	320
Bishop's fund	8,503	2,628
Seminary debt reduction fund	6,563	-
Living stones fund	2,175	-
Muskegon cooperative ministry fund	22,480	25,000
Kent City targeted giving fund	3,750	3,750
Synod staff growth fund	83,574	77,599
Synod disaster fund	20,407	13,262
Helmerts trust fund	14,277	20,277
	<u>427,692</u>	<u>422,513</u>
Total net assets subject to expenditure for a specified purpose:	<u>427,692</u>	<u>422,513</u>
Total net assets with donor restrictions	<u>\$ 1,888,949</u>	<u>\$ 2,004,632</u>

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - NET ASSETS (Concluded)

Net assets with donor restrictions released as a result of satisfying their restricted purposes or by occurrence of other events specified by donors for the years ended January 31, 2019 and 2018 as presented on the statement of activities are comprised of the following:

	<u>2019</u>	<u>2018</u>
Paul Trapp endowment fund	\$ 11,300	\$ 13,500
Honduran education endowment fund	-	1,245
Grace mission endowment fund	15,000	15,000
Wilson trust endowment fund	11,333	10,900
	<u>37,633</u>	<u>40,645</u>
Total endowment related restricted net assets released		
New and renewing congregations fund	9,811	10,137
Seminary education assistance fund	7,430	14,628
Center for mission and ministry - program support fund	1,158	1,852
Prince of Peace - equipping leaders for mission and ministry scholarship fund	600	-
Muskegon cooperative ministry fund	2,520	-
Honduras project - church leaders education fund	133	-
Coalitions / Multi-cultural ministries fund	1,555	-
Trinity Church, Saginaw fund	-	4,114
Outreach fund	420	1,000
Open hearts/open church fund	-	69
Honduras health team Salud Para La Vida fund	4,500	-
Honduras water filter fund	1,000	-
Honduras three P's fund	2,560	-
Honduras women's health program fund	2,700	-
Honduras companion support fund	1,202	10,110
Honduras LaCanada kindergarten snack program fund	3,400	-
Other congregational support fund	-	750
Bishop's teaching fund	-	977
Bishop's fund	-	1,948
Helmerts trust fund	6,000	5,500
	<u>44,989</u>	<u>51,085</u>
Total purpose restricted net assets released		
Total donor restricted net assets released	<u>\$ 82,622</u>	<u>\$ 91,730</u>

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - ENDOWMENTS

The Synod's endowment includes both donor restricted funds and funds designated by the Synod to function as endowments. Net assets associated with endowment funds, both donor restricted and funds designated by the Synod, are reported based on the existence or absence of donor-imposed restrictions.

The Synod has interpreted the Michigan Uniform Prudent Management of Institutional Funds Act (UPMIFA) as permitting the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At January 31, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, the Synod classifies as net assets with donor restrictions (a time restriction in perpetuity) (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Investment income from the donor restricted endowment is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the Synod in a manner consistent with the donor stipulated purpose within the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Synod considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds.

1. The duration and preservation of the fund.
2. The purposes of the Synod and the donor-restricted endowment fund.
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 Synod.
7. The investment policies of the Synod.

The Synod's investment and spending practices for endowment assets attempt to provide a predictable stream of funding to programs supported while seeking to maintain the purchasing power of the endowment assets.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such deficiencies for the years ended January 31, 2019 and 2018, respectively.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - ENDOWMENTS (Continued)

Changes in endowment net assets are as follows:

	Designated	Undesignated	Total	Gifts and accumulated investment gains	Original gifts in perpetuity	Total net endowment assets
Endowment net assets at February 1, 2017	\$ 495,423	\$ (9,831)	\$ 485,592	\$ 484,239	\$ 907,639	\$ 1,877,470
Contributions	-	-	-	-	5,229	5,229
Investment return:						
Investment income, net	19,191	-	19,191	52,610	-	71,801
Net appreciation	66,525	9,831	76,356	173,047	-	249,403
Appropriation of endowment assets for expenditure	(19,191)	-	(19,191)	(40,645)	-	(59,836)
Endowment net assets at January 31, 2018	561,948	-	561,948	669,251	912,868	2,144,067
Investment return:						
Investment income, net	20,040	-	20,040	55,416	-	75,456
Net depreciation	(50,201)	-	(50,201)	(138,645)	-	(188,846)
Appropriation of endowment assets for expenditure	(20,040)	-	(20,040)	(37,633)	-	(57,673)
Endowment net assets at January 31, 2019	<u>\$ 511,747</u>	<u>\$ -</u>	<u>\$ 511,747</u>	<u>\$ 548,389</u>	<u>\$ 912,868</u>	<u>\$ 1,973,004</u>

The composition of endowment net assets at January 31 were comprised of the following:

	2019	2018
Cash and cash equivalents	\$ 40,537	\$ 31,642
ELCA Endowment Fund Pooled Trust (Note 4)	<u>1,932,467</u>	<u>2,112,425</u>
Endowment net assets	<u>\$ 1,973,004</u>	<u>\$ 2,144,067</u>

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - ENDOWMENTS (Concluded)

The composition of endowment net assets at January 31, 2019, were comprised of the following:

	Without donor restrictions			With donor restrictions		
	Designated	Undesignated	Total	Gifts and accumulated investment gains	Original gifts in perpetuity	Total net endowment assets
Synod-designated fund	\$ 511,747	\$ -	\$ 511,747	\$ -	\$ -	\$ 511,747
Paul Trapp fund	-	-	-	111,084	279,545	390,629
New and renewing congregations fund	-	-	-	17,816	109,227	127,043
Seminary education assistance fund	-	-	-	10,526	76,308	86,834
Honduran education fund	-	-	-	52,847	-	52,847
Wilson trust fund	-	-	-	315,025	-	315,025
Grace mission fund	-	-	-	41,091	447,788	488,879
	<u>\$ 511,747</u>	<u>\$ -</u>	<u>\$ 511,747</u>	<u>\$ 548,389</u>	<u>\$ 912,868</u>	<u>\$ 1,973,004</u>

The composition of endowment net assets at January 31, 2018, were comprised of the following:

	Without donor restrictions			With donor restrictions		
	Designated	Undesignated	Total	Gifts and accumulated investment gains	Original gifts in perpetuity	Total net endowment assets
Synod-designated fund	\$ 561,948	\$ -	\$ 561,948	\$ -	\$ -	\$ 561,948
Paul Trapp fund	-	-	-	145,034	279,545	424,579
New and renewing congregations fund	-	-	-	26,087	109,227	135,314
Seminary education assistance fund	-	-	-	15,456	76,308	91,764
Honduran education fund	-	-	-	55,753	-	55,753
Wilson trust fund	-	-	-	344,168	-	344,168
Grace mission fund	-	-	-	82,753	447,788	530,541
	<u>\$ 561,948</u>	<u>\$ -</u>	<u>\$ 561,948</u>	<u>\$ 669,251</u>	<u>\$ 912,868</u>	<u>\$ 2,144,067</u>

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - NEW ACCOUNTING STANDARD

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14, *“Presentation of Financial Statement of Not-for-Profit Entities” (Topic 958)*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method). The Association adopted ASU No. 2016-14 for the year ending December 31, 2018. The December 31, 2017 comparative information has been reclassified to conform to the current year presentation.

SUPPLEMENTARY INFORMATION

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NET ASSETS WITHOUT DONOR RESTRICTIONS
BUDGET TO ACTUAL SCHEDULE
YEAR ENDED JANUARY 31, 2019**

	Budget	Actual	Favorable (unfavorable)
REVENUES AND SUPPORT:			
Mission support	\$ 1,671,728	\$ 1,384,971	\$ (286,757)
Center for mission and ministry	-	-	-
Committee revenue	15,000	30,193	15,193
Investment income - net	19,150	(28,046)	(47,196)
Grant revenue	20,000	18,120	(1,880)
New and renewing congregations	-	-	-
Registration fees - leadership event	4,000	-	(4,000)
Registration fees - synod assembly	50,000	53,746	3,746
Seminary education assistance	-	-	-
Synod congregational support	-	-	-
Synod-wide revenue	4,000	13,722	9,722
Other income	1,000	1,495	495
Transfers from closed congregations	-	30,000	30,000
Net assets released from restrictions	77,000	82,622	5,622
Total revenues and support	1,861,878	1,586,823	(275,055)
EXPENSES:			
Program services:			
Agency-organizational ministry support:			
ELCA church-wide support	835,864	693,996	141,868
Living Water Ministries	43,000	43,000	-
Lutheran Social Services of Michigan	3,000	3,000	-
Region 6 support (includes archives)	3,000	4,800	(1,800)
Trinity Lutheran Seminary	30,000	30,000	-
Total agency-organizational ministry support	914,864	774,796	140,068
Synod ministries:			
Closed congregation expense	-	20,475	(20,475)
Synod assembly	55,000	62,464	(7,464)
Synod council	5,000	3,078	1,922
Total synod ministries	60,000	86,017	(26,017)
Special programs:			
Paul Trapp endowment	-	11,300	(11,300)
Wilson trust	-	11,333	(11,333)
Seminarian education assistance	-	7,430	(7,430)
Center for mission and ministry	-	1,158	(1,158)
Honduras companion support	-	15,620	(15,620)
Helmers trust	-	6,000	(6,000)
Muskegon cooperative ministry	-	2,520	(2,520)
New and renewing congregations	-	9,811	(9,811)
Grace mission endowment fund	-	15,000	(15,000)
Total special programs	-	80,172	(80,172)
Program support:			
Faith formation table committee	500	42	458
Publically engaged church committee	19,000	19,471	(471)
Mission support table committee	2,000	4,023	(2,023)

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
NET ASSETS WITHOUT DONOR RESTRICTIONS
BUDGET TO ACTUAL SCHEDULE
YEAR ENDED JANUARY 31, 2019**

	Budget	Actual	Favorable (unfavorable)
EXPENSES (Concluded):			
Program services (Concluded):			
Program support (Concluded):			
Global missions committee	\$ 9,000	\$ 9,805	\$ (805)
Ministry committee	30,000	29,322	678
Campus ministry committee	45,000	56,130	(11,130)
Multicultural ministry committee	2,000	1,555	445
New and redeveloping congregations table committee	52,100	45,644	6,456
Worship committee	2,750	337	2,413
Youth committee	1,500	2,293	(793)
Total program support	<u>163,850</u>	<u>168,622</u>	<u>(4,772)</u>
Total program services	<u>1,138,714</u>	<u>1,109,607</u>	<u>29,107</u>
Support services:			
Staff salaries and benefits:			
Salary - administrative support staff	68,000	49,910	18,090
Salary and housing - called staff	251,418	226,567	24,851
Salary - deployed staff	55,755	33,049	22,706
Social security allowance	29,165	20,524	8,641
Payroll taxes	12,375	6,217	6,158
Health insurance and retirement	133,154	104,425	28,729
Continuing education	3,374	6,995	(3,621)
Other insurance	5,623	9,617	(3,994)
Total staff salaries and benefits	<u>558,864</u>	<u>457,304</u>	<u>101,560</u>
Synod administration:			
Bishop's discretionary fund	4,000	1,273	2,727
Insurance - operating	9,500	10,737	(1,237)
Lease expense	16,800	16,800	-
Office equipment - maintenance	10,000	5,851	4,149
Office supplies	9,000	10,513	(1,513)
Postage	3,000	2,336	664
Professional fees	24,000	23,475	525
Telephone	9,000	8,813	187
Travel - staff	45,000	34,766	10,234
Website and network	4,000	6,761	(2,761)
Total synod administration	<u>134,300</u>	<u>121,325</u>	<u>12,975</u>
Depreciation expense	<u>25,000</u>	<u>22,372</u>	<u>2,628</u>
Total support services	<u>718,164</u>	<u>601,001</u>	<u>117,163</u>
Total expenses	<u>1,856,878</u>	<u>1,710,608</u>	<u>146,270</u>
CHANGE IN NET ASSETS	<u>\$ 5,000</u>	<u>\$ (123,785)</u>	<u>\$ (128,785)</u>