

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

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

**YEAR ENDED JANUARY 31, 2022
(with comparative totals for the year ended
January 31, 2021)**

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT..... 1-3

FINANCIAL STATEMENTS

 Statements of Financial Position.....4

 Statements of Activities..... 5-6

 Statements of Functional Expenses7

 Statements of Cash Flows.....8

 Notes to Financial Statements..... 9-28

SUPPLEMENTARY INFORMATION 29

 Net Assets without Donor Restrictions - Budget to Actual Schedule30-31

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of North/West Lower Michigan Synod of the Evangelical Lutheran Church in America (a nonprofit organization), which comprise the statement of financial position as of January 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended January 31, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North/West Lower Michigan Synod of the Evangelical Lutheran Church in America as of January 31, 2022, and the changes in its net assets and its cash flows for the year ended January 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North/West Lower Michigan Synod of the Evangelical Lutheran Church in America and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North/West Lower Michigan Synod's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 North/West Lower Michigan Synod of the Evangelical Lutheran Church in America's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North/West Lower Michigan Synod North/West Lower Michigan Synod's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited North/West Lower Michigan Synod of the Evangelical Lutheran Church in America's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended January 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our 2022 audit was 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 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.

Maney Costeiran PC

March 28, 2022

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF FINANCIAL POSITION
JANUARY 31, 2022
(with comparative totals for January 31, 2021)**

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 772,743	\$ 590,351
Investments	2,719,333	2,557,668
Contributions receivable	50,151	58,126
Prepaid expenses	8,917	11,744
Property and equipment, less accumulated depreciation	8,335	17,087
TOTAL ASSETS	\$ 3,559,479	\$ 3,234,976
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 103,080	\$ 120,416
Assets held on behalf of others	-	46,665
Accrued payroll and related	13,600	13,158
Accrued expenses	14,048	-
Deferred revenue	52,686	28,695
Note payable - paycheck protection program	-	84,547
TOTAL LIABILITIES	183,414	293,481
NET ASSETS		
Without donor restrictions		
Undesignated	483,290	234,198
Designated	674,245	649,314
Total without donor restrictions	1,157,535	883,512
With donor restrictions	2,218,530	2,057,983
TOTAL NET ASSETS	3,376,065	2,941,495
TOTAL LIABILITIES AND NET ASSETS	\$ 3,559,479	\$ 3,234,976

See notes to financial statements.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED JANUARY 31, 2022
(with comparative totals for the year ended January 31, 2021)**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Mission support	\$ 1,323,338	\$ -	\$ 1,323,338	\$ 1,307,209
Center for mission and ministry	-	-	-	3,372
Committee revenue	19,743	1,800	21,543	21,542
Investment return, net	52,269	150,233	202,502	248,325
Grant revenue	179,094	-	179,094	75,000
Living stones	-	10,938	10,938	20,502
Synod assembly revenue	5,820	-	5,820	-
Seminary education assistance	-	79,051	79,051	5,700
Synod congregational support	-	78,721	78,721	39,869
Leadership events	540	-	540	1,645
Other revenue	12,626	7,142	19,768	13,984
Net assets released from restrictions	167,338	(167,338)	-	-
TOTAL REVENUES AND SUPPORT	1,760,768	160,547	1,921,315	1,737,148
EXPENSES				
Program services				
Agency-organizational ministry support				
ELCA church-wide support	661,669	-	661,669	653,580
Living Water Ministries	25,000	-	25,000	32,000
Samaritas	7,400	-	7,400	2,400
Region 6 support (includes archives)	-	-	-	2,800
Trinity Lutheran Seminary	16,000	-	16,000	16,000
Total agency-organizational ministry support	710,069	-	710,069	706,780
Synod ministries				
Synod assembly	6,646	-	6,646	-
Synod council	617	-	617	1,700
Total synod ministries	7,263	-	7,263	1,700
Special programs				
Paul Trapp endowment	14,173	-	14,173	13,780
Wilson trust	12,132	-	12,132	10,600
Seminarian education assistance	1,500	-	1,500	7,050
Seminary debt reduction fund	12,000	-	12,000	6,000
Center for mission and ministry	-	-	-	248
Outreach education	4,177	-	4,177	10,430
Synod disaster relief fund	57,054	-	57,054	71,226
Honduras companion support	10,800	-	10,800	11,100
Muskegon cooperative ministry	-	-	-	521
New and renewing congregations	-	-	-	11,280
Grace mission endowment fund	19,918	-	19,918	15,350
Total special programs	131,754	-	131,754	157,585

See notes to financial statements.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED JANUARY 31, 2022
(with comparative totals for the year ended January 31, 2021)**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
EXPENSES (continued)				
Program support				
Publicly engaged church committee	\$ 9,850	\$ -	\$ 9,850	\$ 1,114
Mission support table committee	500	-	500	-
Global missions committee	4,500	-	4,500	4,500
Equipping leaders for mission and ministry	5,004	-	5,004	6,303
Candidacy committee	68	-	68	3,682
Campus ministry committee	55,000	-	55,000	55,000
New and redeveloping				
congregation table committee	29,092	-	29,092	28,605
Multicultural ministry committee	9,000	-	9,000	9,000
Worship committee	-	-	-	293
Youth committee	-	-	-	880
	<u>113,014</u>	<u>-</u>	<u>113,014</u>	<u>109,377</u>
Total program support				
	<u>113,014</u>	<u>-</u>	<u>113,014</u>	<u>109,377</u>
Total program services	<u>962,100</u>	<u>-</u>	<u>962,100</u>	<u>975,442</u>
Support services				
Staff salaries and benefits				
Salary - administrative support staff	51,037	-	51,037	49,078
Salary and housing - called staff	189,567	-	189,567	202,444
Salary - deployed staff	59,566	-	59,566	40,559
Social security allowance	14,712	-	14,712	14,456
Payroll taxes	8,463	-	8,463	6,869
Health insurance and retirement	91,419	-	91,419	88,010
Continuing education	6,000	-	6,000	7,000
Other insurance	374	-	374	1,374
	<u>421,138</u>	<u>-</u>	<u>421,138</u>	<u>409,790</u>
Total staff salaries and benefits				
	<u>421,138</u>	<u>-</u>	<u>421,138</u>	<u>409,790</u>
Synod administration				
Bishop's discretionary fund	3,768	-	3,768	4,755
Insurance	9,324	-	9,324	12,445
Lease expense	16,940	-	16,940	16,800
Office equipment - maintenance	4,370	-	4,370	4,152
Office supplies	8,846	-	8,846	8,465
Postage	1,080	-	1,080	1,324
Professional fees	25,200	-	25,200	25,300
Telephone	10,969	-	10,969	10,588
Travel - staff	3,532	-	3,532	6,820
Website and network	6,729	-	6,729	2,957
	<u>90,758</u>	<u>-</u>	<u>90,758</u>	<u>93,606</u>
Total synod administration				
	<u>90,758</u>	<u>-</u>	<u>90,758</u>	<u>93,606</u>
Depreciation expense	<u>12,749</u>	<u>-</u>	<u>12,749</u>	<u>14,178</u>
Total support services	<u>524,645</u>	<u>-</u>	<u>524,645</u>	<u>517,574</u>
TOTAL EXPENSES	<u>1,486,745</u>	<u>-</u>	<u>1,486,745</u>	<u>1,493,016</u>
CHANGE IN NET ASSETS	274,023	160,547	434,570	244,132
NET ASSETS, beginning of year	<u>883,512</u>	<u>2,057,983</u>	<u>2,941,495</u>	<u>2,697,363</u>
NET ASSETS, end of year	<u>\$ 1,157,535</u>	<u>\$ 2,218,530</u>	<u>\$ 3,376,065</u>	<u>\$ 2,941,495</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, 2022
(with comparative totals for the year ended January 31, 2021)**

	2022			2021
	Program Services	Management and General	Total	Total
Church-wide and other mission support	\$ 962,100	\$ -	\$ 962,100	\$ 975,442
Salaries and related	271,213	149,925	421,138	409,790
Bishop's discretionary fund	2,427	1,341	3,768	4,755
Insurance	6,005	3,319	9,324	12,445
Lease expense	10,909	6,031	16,940	16,800
Office equipment - maintenance	2,814	1,556	4,370	4,152
Office supplies	5,697	3,149	8,846	8,465
Postage	696	384	1,080	1,324
Professional fees	16,229	8,971	25,200	25,300
Telephone	7,064	3,905	10,969	10,588
Travel - staff	2,275	1,257	3,532	6,820
Website and network	4,333	2,396	6,729	2,957
Depreciation	8,210	4,539	12,749	14,178
	<u>\$ 1,299,972</u>	<u>\$ 186,773</u>	<u>\$ 1,486,745</u>	<u>\$ 1,493,016</u>

See notes to financial statements.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF CASH FLOWS
YEAR ENDED JANUARY 31, 2022
(with comparative totals for the year ended January 31, 2021)**

	<u>2022</u>	<u>2021</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities		
Change in net assets	\$ 434,570	\$ 244,132
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	12,749	14,179
Forgiveness of paycheck protection program loan proceeds	(169,094)	-
Realized and unrealized gain on investments	(116,832)	(168,352)
Contributions receivable	7,975	(850)
Prepaid expenses	2,827	3,093
Accounts payable	(17,336)	(9,082)
Accrued payroll and related	442	(138)
Accrued expenses	14,048	-
Assets held on behalf of others	(46,665)	763
Deferred revenue	23,991	15,530
	<u>(287,895)</u>	<u>(144,857)</u>
Net cash provided by operating activities	<u>146,675</u>	<u>99,275</u>
Cash flows from investing activities		
Purchase of investments	(115,894)	(82,686)
Sale of investments	71,061	67,999
Purchase of property and equipment	(3,997)	-
	<u>(48,830)</u>	<u>(14,687)</u>
Cash flows from financing activities		
Proceeds from note payable - paycheck protection program	<u>84,547</u>	<u>84,547</u>
INCREASE IN CASH AND CASH EQUIVALENTS	182,392	169,135
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>590,351</u>	<u>421,216</u>
End of year	<u>\$ 772,743</u>	<u>\$ 590,351</u>

See notes to financial statements.

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

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The North/West Lower Michigan Synod of the Evangelical Lutheran Church in America (the "Synod") is a Michigan non-profit corporation. The fiduciary responsibility 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.

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 financial statements include 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.

**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

- 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.

- 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.

**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 (continued):

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.

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.

Publicly 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.

**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 (continued):

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.

New and Renewing Mission Table Committee

This committee shall be responsible for working with synod leaders to develop, initiate, and maintain a synod mission plan. This would include fostering new congregations and worshiping communities, providing support to urban and rural ministry strategies, working with the Mission Support Table committee to promote Mission Partners, coordinating mission efforts of the ELCA, providing oversight of Lutheran Campus Ministry and its funding, and fostering renewal ministries across the synod. This shall include reviewing partnership support proposals to the ELCA, outreach grants to the New and Renewing Mission Endowment, and funding for Lutheran Campus Ministry. The table shall promote the proclamation of the gospel in word and deed as an integral part of mission development and redevelopment

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.

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 (continued)

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.

Contributions Receivable

Contributions receivable represent consideration from third-parties, of which the Synod has an unconditional right to receive. Contributions receivable are stated at the amount the Synod expects to collect. 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 individual accounts. Currently, no allowance for doubtful accounts is considered necessary. Changes to the valuation allowance have not been material to the financial statements.

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

The Synod records deferred revenue when cash payments are received or due in advance of the Synod's performance, including amounts which are refundable.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contribution Revenue

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions of land, buildings, equipment, and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

NOTE 2 - RISKS AND UNCERTAINTIES

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 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.

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

NOTE 2 - RISKS AND UNCERTAINTIES (continued)

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 three to four years.

The extent of the impact of COVID-19 on the Synod's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Synod's contributors, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Synod's financial condition and results of operations is uncertain.

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 March 28, 2022, which is the date the financial statements were available to be issued.

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.

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

NOTE 3 - LIQUIDITY AND AVAILABILITY (continued)

The following reflects the Synod's financial assets as of January 31, 2022 and 2021, 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.

	2022	2021
Cash and cash equivalents	\$ 772,743	\$ 590,351
Investments	2,719,333	2,557,668
Contributions receivable	50,151	58,126
Total financial assets	3,542,227	3,206,145
Less donor-restricted net assets	(2,218,530)	(2,057,983)
Less Synod-designated net assets	(674,245)	(649,314)
Financial assets available to meet cash needs for general expenditures within one year	\$ 649,452	\$ 498,848

In addition to financial assets available to meet general expenditures over the next 12 months, the Synod 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.

NOTE 4 - INVESTMENTS

Investments at January 31 consist of the following:

	2022	2021
ELCA Mission Investment Fund		
Money market fund	\$ 228,279	\$ 227,389
Certificates of deposit	-	47,226
ELCA Endowment Fund Pooled Trust	2,491,054	2,283,053
	\$ 2,719,333	\$ 2,557,668

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

NOTE 4 - INVESTMENTS (continued)

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

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net	\$ 1,113	\$ 233	\$ 1,346
ELCA pooled trust dividend	21,377	62,947	84,324
Realized/unrealized gain on investments - net	<u>29,779</u>	<u>87,053</u>	<u>116,832</u>
Total investment return, net	<u>\$ 52,269</u>	<u>\$ 150,233</u>	<u>\$ 202,502</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net	\$ 1,779	\$ -	\$ 1,779
ELCA pooled trust dividend	20,462	57,732	78,194
Realized/unrealized gain on investments - net	<u>43,128</u>	<u>125,224</u>	<u>168,352</u>
Total investment return, net	<u>\$ 65,369</u>	<u>\$ 182,956</u>	<u>\$ 248,325</u>

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.

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

NOTE 5 - FAIR VALUE MEASUREMENTS (continued)

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, 2022 and 2021.

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.

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.

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

NOTE 5 - FAIR VALUE MEASUREMENTS (continued)

The following is a market value summary by the level of the inputs used, as of January 31, 2022 and 2021, 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	2022	2021
Level 2 measurement		
ELCA Mission Investment Fund		
Certificates of deposit	\$ -	\$ 47,226
Level 3 measurement		
ELCA Endowment Fund Pooled Trust	2,491,054	2,283,053
ELCA Mission Investment Fund		
Money market funds at cost	<u>228,279</u>	<u>227,389</u>
Total	<u>\$ 2,719,333</u>	<u>\$ 2,557,668</u>

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, 2020	\$ 2,091,537
ELCA pooled trust dividend	78,194
Realized/unrealized gain on investments - net	168,352
Purchases	12,969
Proceeds from sale	<u>(67,999)</u>
Balance January 31, 2021	2,283,053
ELCA pooled trust dividend	84,324
Realized/unrealized gain on investments - net	116,832
Purchases	83,954
Proceeds from sale	<u>(71,061)</u>
Balance January 31, 2022	<u>\$ 2,497,102</u>

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

NOTE 6 - 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, 2022 and 2021 amounted to \$16,940 and \$16,800, respectively.

NOTE 7 - PROPERTY AND EQUIPMENT

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

	Estimated Useful Life (in Years)	2022	2021
Furniture and equipment	5	\$ 37,188	\$ 33,192
Vehicles	3	58,240	58,240
		95,428	91,432
Less accumulated depreciation		87,093	74,345
Net property and equipment		\$ 8,335	\$ 17,087

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 eligible employees. The Synod contributes on a discretionary basis between 10% and 12% of each participant's eligible wages. Contributions made by the Synod amounted to \$32,854 and \$30,797 for the years ended January 31, 2022 and 2021, respectively.

NOTE 9 - PAYCHECK PROTECTION PROGRAM LOAN FORGIVNESS

In May 2020, the Synod qualified and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate principal amount of \$84,547 (the "PPP loan"). The loan was potentially forgivable, to the extent the Synod used the funds on eligible expenses over the 24-week period following the date of the loan. Eligible expenses include payroll, mortgage, lease and utility payments. Any portion of the loan not forgiven will be paid back over two years, with interest accruing at 1%. The Synod anticipated full loan forgiveness by spending the funds only on eligible expenses, however, the Synod conservatively recognized the amount as long term debt as of January 31, 2021. On April 12, 2021, the Synod received notification of full loan forgiveness. As a result, the Synod recognized the proceeds as revenue for the year ended January 31, 2022.

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

NOTE 9 - PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS (continued)

In March 2021, the Synod qualified for and received its second loan pursuant to the Paycheck Protection Program in the amount of \$84,547. The Synod met the conditions for forgiveness as outlined under the loan for eligible expenses during the covered period and received forgiveness in November 2021. As a result, the Synod recognized the proceeds as revenue for the year ended January 31, 2022.

NOTE 10 - NET ASSETS

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

	2022	2021
Without donor restrictions, designated		
Cash flow reserve	\$ 13,640	\$ 16,488
Severance pay - called staff	20,000	20,000
Shared risk deductible	5,000	5,000
Synod staff growth fund	3,835	5,835
Automobile purchases	7,500	7,500
Synod-designated endowment fund	624,270	594,491
Total designated net assets	674,245	649,314
Without donor restrictions, undesignated	483,290	234,198
Total net assets without donor restrictions	\$ 1,157,535	\$ 883,512

**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>2022</u>	<u>2021</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	120,997	120,997
Seminary education assistance endowment fund	154,216	76,308
Grace mission endowment fund	<u>447,788</u>	<u>447,788</u>
Total endowment gifts in perpetuity	<u>1,002,546</u>	<u>924,638</u>
Gifts and accumulated investment gains subject to appropriation and expenditure when a specified event occurs		
Paul Trapp endowment fund	200,183	175,855
Honduran education endowment fund	65,922	61,469
New and renewing congregations endowment fund	94,117	77,043
Seminary education assistance endowment fund	46,529	32,499
Grace mission endowment fund	124,007	98,634
Wilson trust endowment fund	<u>385,000</u>	<u>366,747</u>
Total gifts and accumulated investment gains available	<u>915,758</u>	<u>812,247</u>
Total endowment related restricted net assets	<u>1,918,304</u>	<u>1,736,885</u>

**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>2022</u>	<u>2021</u>
Net assets subject to expenditure for a specified purpose:		
New and renewing congregations fund	\$ 4,212	\$ 4,191
Seminary education assistance fund	60,493	60,851
Center for mission and ministry - program support fund	-	29,521
Coalitions / Multi-cultural ministries fund	49,904	57,105
Prince of Peace - equipping leaders for mission and ministry scholarship fund	23,741	24,139
Papua New Guinea Companion Synod fund	2,736	1,929
Honduras health team Salud Para La Vida fund	4,400	5,125
Honduras three P's fund	1,205	2,405
Honduras companion fund	6,398	6,698
Honduras LaCanada kindergarten snack program fund	1,342	2,692
Outreach fund	16,759	14,794
Bishop's teaching fund	2,131	2,131
Interim minister's support fund	5,406	5,406
Bishop's fund	6,464	6,982
Seminary debt fund	17,941	7,692
Living stones fund	8,452	20,180
Muskegon cooperative ministry fund	10,224	20,224
Closed congregations fund	10,000	-
James 3:17 fund	27,521	-
Synod disaster fund	34,720	42,856
Helmerts trust fund	6,177	6,177
	<u>300,226</u>	<u>321,098</u>
Total net assets subject to expenditure for a specified purpose		
	<u>\$ 2,218,530</u>	<u>\$ 2,057,983</u>
Total net assets with donor restrictions		

**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 released as a result of satisfying their restricted purposes or by occurrence of other events specified by donors for the years ended January 31, 2022 and 2021 as presented on the statement of activities are comprised of the following:

	<u>2022</u>	<u>2021</u>
Paul Trapp endowment fund	\$ 14,173	\$ 13,780
Grace mission endowment fund	19,918	15,350
Wilson trust endowment fund	<u>12,132</u>	<u>10,600</u>
 Total endowment related restricted net assets released	 <u>46,223</u>	 <u>39,730</u>
 New and renewing congregations fund	 -	 11,280
Seminary education assistance fund	1,500	7,050
Center for mission and ministry - program support fund	-	248
Prince of Peace - equipping leaders for mission and ministry scholarship fund	400	2,000
Coalitions / Multi-cultural ministries fund	9,000	9,000
Outreach fund	4,177	10,430
Honduras health team Salud Para La Vida fund	10,500	10,000
Honduras three P's fund	-	500
Honduras companion support fund	300	600
Bishop's teaching fund	-	1,355
Bishop's fund	1,518	2,000
Seminary debt reduction fund	12,000	6,000
Living stones fund	22,666	27,354
Muskegon cooperative ministry fund	-	521
Synod staff growth fund	-	3,296
Synod disaster fund	57,054	71,226
James 3:17 fund	<u>2,000</u>	<u>-</u>
 Total purpose restricted net assets released	 <u>121,115</u>	 <u>162,860</u>
 Total donor restricted net assets released	 <u><u>\$ 167,338</u></u>	 <u><u>\$ 202,590</u></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, 2022 and 2021, 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, 2022 and 2021, 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:

	Without Donor Restrictions	With Donor Restrictions		
	Synod Designated	Gifts and Accumulated Investment Gains	Original Gifts in Perpetuity	Total Net Endowment Assets
Endowment net assets at February 1, 2020	\$ 551,363	\$ 651,821	\$ 912,868	\$ 2,116,052
Investment return				
Investment income, net	20,462	57,732	-	78,194
Net appreciation	43,128	125,224	-	168,352
Transfer to reclassify donor contribution	-	17,200	11,770	28,970
Appropriation of endowment assets for expenditure	<u>(20,462)</u>	<u>(39,730)</u>	<u>-</u>	<u>(60,192)</u>
Endowment net assets at January 31, 2021	594,491	812,247	924,638	2,331,376
Contributions	-	-	77,908	77,908
Investment return				
Investment income, net	21,377	63,180	-	84,557
Net appreciation	29,779	87,053	-	116,832
Transfer to reclassify donor contribution	-	(499)	-	(499)
Appropriation of endowment assets for expenditure	<u>(21,377)</u>	<u>(46,223)</u>	<u>-</u>	<u>(67,600)</u>
Endowment net assets at January 31, 2022	<u>\$ 624,270</u>	<u>\$ 915,758</u>	<u>\$ 1,002,546</u>	<u>\$ 2,542,574</u>

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

NOTE 11 - ENDOWMENTS (continued)

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

	2022	2021
Cash and cash equivalents	\$ 45,472	\$ 48,323
ELCA Endowment Fund Pooled Trust (Note 4)	2,497,102	2,283,053
Endowment net assets	\$ 2,542,574	\$ 2,331,376

The composition of endowment net assets at January 31, 2022, were comprised of the following:

	Without Donor Restrictions	With Donor Restrictions		
	Synod Designated	Gifts and Accumulated Investment Gains	Original Gifts in Perpetuity	Total Net Endowment Assets
Synod-designated fund	\$ 624,270	\$ -	\$ -	\$ 624,270
Paul Trapp fund	-	200,183	279,545	479,728
New and renewing congregations fund	-	94,117	120,997	215,114
Seminary education assistance fund	-	46,529	154,216	200,745
Honduran education fund	-	65,922	-	65,922
Wilson trust fund	-	385,000	-	385,000
Grace mission fund	-	124,007	447,788	571,795
	\$ 624,270	\$ 915,758	\$ 1,002,546	\$ 2,542,574

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

NOTE 11 - ENDOWMENTS (continued)

The composition of endowment net assets at January 31, 2021, were comprised of the following:

	Without Donor Restrictions	With Donor Restrictions		
	Synod Designated	Gifts and Accumulated Investment Gains	Original Gifts in Perpetuity	Total Net Endowment Assets
Synod-designated fund	\$ 594,491	\$ -	\$ -	\$ 594,491
Paul Trapp fund	-	175,855	279,545	455,400
New and renewing congregations fund	-	77,043	120,997	198,040
Seminary education assistance fund	-	32,499	76,308	108,807
Honduran education fund	-	61,469	-	61,469
Wilson trust fund	-	366,747	-	366,747
Grace mission fund	-	98,634	447,788	546,422
	<u>\$ 594,491</u>	<u>\$ 812,247</u>	<u>\$ 924,638</u>	<u>\$ 2,331,376</u>

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, 2022**

	Budget	Actual	Favorable (unfavorable)
REVENUES AND SUPPORT			
Mission support	\$ 1,200,000	\$ 1,323,338	\$ 123,338
Committee revenue	20,000	19,743	(257)
Investment income - net	21,125	52,269	31,144
Grant revenue	94,547	179,094	84,547
Living Stones	15,000	-	(15,000)
Synod assembly revenue	10,000	5,820	(4,180)
Synod-wide revenue	1,040	-	(1,040)
Leadership events	-	540	540
Other income	900	12,626	11,726
Net assets released from restrictions	49,000	167,338	118,338
TOTAL REVENUES AND SUPPORT	1,411,612	1,760,768	349,156
EXPENSES			
Program services			
Agency-organizational ministry support			
ELCA church-wide support	600,000	661,669	(61,669)
Living Water Ministries	25,000	25,000	-
Samaritas	2,400	7,400	(5,000)
Region 6 support (includes archives)	4,800	-	4,800
Trinity Lutheran Seminary	16,000	16,000	-
Total agency-organizational ministry support	648,200	710,069	(61,869)
Synod ministries			
Synod events and Leadership events	300	-	300
Synod assembly	20,000	6,646	13,354
Synod council	500	617	(117)
Total synod ministries	20,800	7,263	13,537
Special programs			
Paul Trapp endowment	-	14,173	(14,173)
Wilson trust	-	12,132	(12,132)
Seminarian education assistance	-	1,500	(1,500)
Seminary debt reduction fund	-	12,000	(12,000)
Outreach education	-	4,177	(4,177)
Synod disaster relief fund	-	57,054	(57,054)
Honduras companion support	-	10,800	(10,800)
Grace mission endowment fund	-	19,918	(19,918)
Total special programs	-	131,754	(131,754)
Program support			
Publicly engaged church committee	12,000	9,850	2,150
Mission support table committee	-	500	(500)

**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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
EXPENSES (continued)			
Program services (continued)			
Program support (continued)			
Global missions committee	\$ 8,000	\$ 4,500	\$ 3,500
Equipping leaders for mission and ministry	2,400	5,004	(2,604)
Candidacy committee	2,500	68	2,432
Campus ministry committee	55,000	55,000	-
Multicultural ministry committee	-	9,000	(9,000)
New and redeveloping			
congregation table committee	38,400	29,092	9,308
Worship committee	500	-	500
Youth committee	400	-	400
	<u>119,200</u>	<u>113,014</u>	<u>6,186</u>
Total program support			
	<u>119,200</u>	<u>113,014</u>	<u>6,186</u>
Total program services	<u>788,200</u>	<u>962,100</u>	<u>(173,900)</u>
Support services			
Staff salaries and benefits			
Salary - administrative support staff	50,560	51,037	(477)
Salary and housing - called staff	209,876	189,567	20,309
Salary - deployed staff	48,881	59,566	(10,685)
Social security allowance	14,889	14,712	177
Payroll taxes	6,894	8,463	(1,569)
Health insurance and retirement	92,000	91,419	581
Continuing education	4,000	6,000	(2,000)
Other insurance	1,500	374	1,126
	<u>428,600</u>	<u>421,138</u>	<u>7,462</u>
Total staff salaries and benefits			
	<u>428,600</u>	<u>421,138</u>	<u>7,462</u>
Synod administration			
Bishop's discretionary fund	2,500	3,768	(1,268)
Insurance - operating	13,000	9,324	3,676
Lease expense	17,136	16,940	196
Office equipment - maintenance	4,000	4,370	(370)
Office supplies	8,400	8,846	(446)
Postage	1,500	1,080	420
Professional fees	26,000	25,200	800
Telephone	11,000	10,969	31
Travel - staff	15,000	3,532	11,468
Website and network	3,500	6,729	(3,229)
	<u>102,036</u>	<u>90,758</u>	<u>11,278</u>
Total synod administration			
	<u>102,036</u>	<u>90,758</u>	<u>11,278</u>
Depreciation expense	<u>15,000</u>	<u>12,749</u>	<u>2,251</u>
Total support services	<u>545,636</u>	<u>524,645</u>	<u>20,991</u>
TOTAL EXPENSES	<u>1,333,836</u>	<u>1,486,745</u>	<u>(152,909)</u>
CHANGE IN NET ASSETS	<u>\$ 77,776</u>	<u>\$ 274,023</u>	<u>\$ 196,247</u>