

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

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

**YEAR ENDED JANUARY 31, 2024
(with comparative totals for the year ended
January 31, 2023)**

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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, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended January 31, 2024, 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, 2024, and the changes in its net assets and its cash flows for the year ended January 31, 2024 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 audit. 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 of the Evangelical Lutheran Church in America'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 of the Evangelical Lutheran Church in America'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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended January 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our 2024 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

April 5, 2024

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF FINANCIAL POSITION
JANUARY 31, 2024
(with comparative totals for January 31, 2023)**

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 507,064	\$ 723,142
Investments	2,856,602	2,504,089
Note receivables	2,800	-
Contributions receivable	51,118	54,312
Prepaid expenses	11,818	7,912
Total current assets	3,429,402	3,289,455
Operating lease right-of-use assets	19,572	31,034
Property and equipment, less accumulated depreciation	84,613	63,964
TOTAL ASSETS	\$ 3,533,587	\$ 3,384,453
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable	\$ 108,839	\$ 87,402
Accrued payroll and related	17,201	15,737
Accrued expenses	10,335	17,753
Deferred revenue	30,490	38,249
Current portion of operating lease liabilities	12,198	11,462
Total current liabilities	179,063	170,603
Operating lease liabilities, less current portion	7,374	19,572
TOTAL LIABILITIES	186,437	190,175
NET ASSETS		
Without donor restrictions		
Undesignated	146,745	509,323
Designated	999,546	617,210
Total without donor restrictions	1,146,291	1,126,533
With donor restrictions	2,200,859	2,067,745
TOTAL NET ASSETS	3,347,150	3,194,278
TOTAL LIABILITIES AND NET ASSETS	\$ 3,533,587	\$ 3,384,453

See notes to financial statements.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED JANUARY 31, 2024
(with comparative totals for the year ended January 31, 2023)**

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Mission support	\$ 1,215,497	\$ -	\$ 1,215,497	\$ 1,201,099
Committee revenue	17,508	300	17,808	28,206
Investment return, net	57,675	142,240	199,915	(138,135)
Grant revenue	10,000	-	10,000	10,000
Living stones	11,085	-	11,085	7,198
Synod assembly revenue	40,550	-	40,550	4,250
Synod events	5,660	-	5,660	2,080
New and renewing congregations	-	33,000	33,000	-
Seminary education assistance	-	887	887	1,397
Synod congregational support	-	28,296	28,296	69,787
Leadership events	575	-	575	5,370
Gain/(loss) on disposal of property and equipment	6,407	-	6,407	23,426
Other revenue	12,670	52,233	64,903	79,217
Net assets released from restrictions	123,842	(123,842)	-	-
TOTAL REVENUES AND SUPPORT	1,501,469	133,114	1,634,583	1,293,895
EXPENSES				
Program services				
Agency-organizational ministry support				
ELCA church-wide support	607,775	-	607,775	600,549
Living Water Ministries	25,000	-	25,000	25,000
Samaritas	2,400	-	2,400	2,400
Region 6 support (includes archives)	7,500	-	7,500	-
Trinity Lutheran Seminary	18,000	-	18,000	16,000
Total agency-organizational ministry support	660,675	-	660,675	643,949
Synod ministries				
Synod assembly	54,655	-	54,655	20,296
Synod council	6,234	-	6,234	15,947
Total synod ministries	60,889	-	60,889	36,243
Special programs				
Paul Trapp endowment	17,596	-	17,596	18,351
Wilson trust	12,090	-	12,090	12,079
Seminarian education assistance	1	-	1	1,435
Seminary debt reduction fund	16,000	-	16,000	12,000
Outreach education	500	-	500	-
Synod disaster relief fund	22,193	-	22,193	29,889
Honduras companion support	10,100	-	10,100	10,726
Honduras education	-	-	-	1,167
Helmerts trust	2,000	-	2,000	1,700
Connect grants fund	10,700	-	10,700	6,944
New and renewing congregations	1	-	1	-
Grace mission endowment fund	17,000	-	17,000	18,947
Total special programs	108,181	-	108,181	113,238

See notes to financial statements.

**NORTH/WEST LOWER MICHIGAN SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED JANUARY 31, 2024
(with comparative totals for the year ended January 31, 2023)**

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
EXPENSES (continued)				
Program support				
Publicly engaged church committee	\$ 8,272	\$ -	\$ 8,272	\$ 9,420
Mission support table committee	1,530	-	1,530	2,740
Global missions committee	5,263	-	5,263	5,100
Equipping leaders for mission and ministry	-	-	-	4,057
Candidacy committee	2,100	-	2,100	3,700
Campus ministry committee	50,263	-	50,263	60,000
New and redeveloping				
congregation table committee	30,058	-	30,058	37,855
Multicultural ministry committee	-	-	-	21,150
Worship committee	349	-	349	698
Adult theological and youth gatherings	13,750	-	13,750	-
Youth committee	750	-	750	-
Ministry committee	-	-	-	750
Total program support	112,335	-	112,335	145,470
Total program services	942,080	-	942,080	938,900
Support services				
Staff salaries and benefits				
Salary - administrative support staff	48,204	-	48,204	46,048
Salary and housing - called staff	190,862	-	190,862	196,131
Salary - deployed staff	71,134	-	71,134	65,727
Social security allowance	18,516	-	18,516	15,090
Payroll taxes	9,787	-	9,787	8,808
Health insurance and retirement	85,733	-	85,733	69,913
Continuing education	4,000	-	4,000	4,000
Other insurance	1,598	-	1,598	1,073
Total staff salaries and benefits	429,834	-	429,834	406,790
Synod administration				
Bishop's discretionary fund	4,491	-	4,491	9,078
Insurance	10,386	-	10,386	8,734
Lease expense	14,109	-	14,109	13,130
Office equipment - maintenance	3,408	-	3,408	3,700
Office supplies	11,601	-	11,601	12,891
Postage	1,262	-	1,262	1,747
Professional fees	16,067	-	16,067	25,456
Telephone	10,509	-	10,509	12,904
Travel - staff	14,173	-	14,173	13,289
Website and network	2,331	-	2,331	15,423
Total synod administration	88,337	-	88,337	116,352
Depreciation expense	21,460	-	21,460	13,640
Total support services	539,631	-	539,631	536,782
TOTAL EXPENSES	1,481,711	-	1,481,711	1,475,682
CHANGE IN NET ASSETS	19,758	133,114	152,872	(181,787)
NET ASSETS, beginning of year	1,126,533	2,067,745	3,194,278	3,376,065
NET ASSETS, end of year	\$ 1,146,291	\$ 2,200,859	\$ 3,347,150	\$ 3,194,278

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, 2024
(with comparative totals for the year ended January 31, 2023)**

	2024			2023
	Program Services	Management and General	Total	Total
Church-wide and other mission support	\$ 942,080	\$ -	\$ 942,080	\$ 938,900
Salaries and related	263,488	166,346	429,834	406,790
Bishop's discretionary fund	2,753	1,738	4,491	9,078
Insurance	6,367	4,019	10,386	8,734
Lease expense	8,649	5,460	14,109	13,130
Office equipment - maintenance	2,089	1,319	3,408	3,700
Office supplies	7,111	4,490	11,601	12,891
Postage	774	488	1,262	1,747
Professional fees	9,849	6,218	16,067	25,456
Telephone	6,442	4,067	10,509	12,904
Travel - staff	8,688	5,485	14,173	13,289
Website and network	1,429	902	2,331	15,423
Depreciation	13,155	8,305	21,460	13,640
	<u>\$ 1,272,874</u>	<u>\$ 208,837</u>	<u>\$ 1,481,711</u>	<u>\$ 1,475,682</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, 2024
(with comparative totals for the year ended January 31, 2023)**

	2024	2023
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities		
Change in net assets	\$ 152,872	\$ (181,787)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	21,460	13,640
Gain on disposal of property and equipment	(6,407)	(23,426)
Realized and unrealized (gain) loss on investments	(97,565)	231,708
Contributions receivable	3,194	(4,161)
Other receivables	(2,800)	-
Prepaid expenses	(3,906)	1,005
Operating lease right-of-use assets	11,462	6,405
Accounts payable	21,437	(15,678)
Accrued payroll and related	1,464	2,137
Accrued expenses	(7,418)	3,705
Operating lease liabilities	(11,462)	(6,405)
Deferred revenue	(7,759)	(14,437)
Total adjustments	(78,300)	194,493
Net cash provided by operating activities	74,572	12,706
Cash flows from investing activities		
Purchase of investments	(330,057)	(91,785)
Sale of investments	75,109	75,321
Purchase of property and equipment	(60,202)	(69,939)
Proceeds from sale of property and equipment	24,500	24,096
Net cash used by investing activities	(290,650)	(62,307)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(216,078)	(49,601)
CASH AND CASH EQUIVALENTS		
Beginning of year	723,142	772,743
End of year	\$ 507,064	\$ 723,142

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 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):

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.

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.

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.

Candidacy Committee

This committee accompanies candidates in their journey toward becoming rostered ministers, people who have discerned a call to rostered ministry in the ELCA enter into the candidacy process. The committee walks with the candidates throughout the discernment and educational process offering support, guidance and constructive critique at each step along the way.

**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):

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 multicultural.

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.

Assets Held on Behalf of Others

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

Accounts Receivable and Credit Losses

The Synod is exposed to credit losses primarily through note receivables. Accounts receivable represent the Synod's unconditional right to consideration that the Synod has provided to the third-party. Accounts receivable are recorded when invoices are issued and are presented on the statement of financial position at the amount management expects to collect. Management provides for probable uncollectible amounts through credit losses expense and an adjustment to the allowance for credit losses. The Synod's expected loss allowance methodology for accounts receivable is developed using historical collection experience, current and future economic and market conditions, and a review of the current status of tenants' trade accounts receivable. Due to the short-term nature of such receivables, the estimated accounts receivable that may not be collected is based on aging of the accounts receivable balances.

The Synod evaluates contract terms and conditions, economic and industry risk, and may require prepayment to mitigate risk of loss. Specific allowance amounts are established to record the appropriate provision for third-parties that have a higher probability of default. The Synod monitors changes to the receivables balance on a timely basis, and balances are written off as they are determined to be uncollectable after all collection efforts have been exhausted. See Note 2 regarding concentrations of credit risk.

Currently, management has determined the value of an allowance for credit losses is immaterial and the recording of such balance is not considered necessary.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

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

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, investments, and accounts receivable. 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) Foundation Ministry Growth Fund 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 Foundation Ministry Growth Fund and the Evangelical Lutheran Church in America Mission Investment Fund.

In addition, the Synod recognizes an allowance for credit losses at the time a receivable is recorded based on management's estimate of expected credit losses, historical write-off experience, and current account knowledge, and adjusts this estimate over the life of the receivable as needed. The Synod evaluates the aggregation and risk characteristics of a receivable pool and develops loss rates that reflect historical collections, current forecasts of future economic conditions over the time horizon the Synod is exposed to credit risk, and payment terms or conditions that may materially affect future forecasts.

The Synod performs ongoing credit evaluations of its third parties' financial condition whenever deemed necessary. The Synod evaluates and maintains, if necessary, an allowance for credit losses based on the expected collectability of all accounts receivable, which takes into consideration an analysis of historical credit losses and current economic trends. Management believes that the Synod's concentration of credit risk is limited because of its small account balances.

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.

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 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 5, 2024, 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, 2024 and 2023, 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.

	2024	2023
Cash and cash equivalents	\$ 507,064	\$ 723,142
Investments	2,856,602	2,504,089
Note receivables	2,800	-
Contributions receivable	51,118	54,312
 Total financial assets	 3,417,584	 3,281,543
 Less donor-restricted net assets	 (2,200,859)	 (2,067,745)
Less Synod-designated net assets	(999,546)	(617,210)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 217,179	 \$ 596,588

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:

	2024	2023
ELCA Mission Investment Fund		
Money market fund	\$ 234,606	\$ 229,425
ELCA Foundation Ministry Growth Fund	2,421,126	2,274,664
Comerica Certificate of Deposit	200,870	-
	\$ 2,856,602	\$ 2,504,089

**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:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net	\$ 11,344	\$ -	\$ 11,344
ELCA dividend	22,595	68,411	91,006
Realized/unrealized gain (loss) on investments - net	23,736	73,829	97,565
Total investment return, net	\$ 57,675	\$ 142,240	\$ 199,915
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net	\$ 2,772	\$ 160	\$ 2,932
ELCA dividend	22,659	67,982	90,641
Realized/unrealized gain (loss) on investments - net	(58,015)	(173,693)	(231,708)
Total investment return, net	\$ (32,584)	\$ (105,551)	\$ (138,135)

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.

**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.

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.

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, 2024 and 2023.

ELCA Foundation Ministry Growth Fund

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 Foundation Ministry Growth Fund 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.

Certificates of Deposits

Certificates of deposit are stated at fair value. As such, they are considered Level 1 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, 2024 and 2023, 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	2024	2023
Level 3 measurement		
ELCA Foundation Ministry Growth Fund	\$ 2,421,126	\$ 2,274,664
Level 2 measurement		
ELCA Mission Investment Fund		
Money market funds at cost	234,606	229,425
Level 1 measurement		
Certificates of deposit	200,870	-
Total	<u>\$ 2,856,602</u>	<u>\$ 2,504,089</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, 2022	\$ 2,491,054
Dividend	90,641
Realized/unrealized gain on investments - net	(231,708)
Proceeds from sale	<u>(75,323)</u>
Balance January 31, 2023	2,274,664
Dividend	91,006
Realized/unrealized gain on investments - net	97,565
Purchases	33,000
Proceeds from sale	<u>(75,109)</u>
Balance January 31, 2024	<u>\$ 2,421,126</u>

NOTE 6 - LEASE COMMITMENT

The Synod maintains an operating lease for occupancy space which is categorized as a right-of-use asset on the statement of financial position in the amount of \$19,572 and \$31,034 at January 31, 2024 and January 31, 2023, respectively. The operating lease matures August 2025 with monthly estimated payments ranging \$994 to \$1,063 over the life of the lease. The Synod utilized the federal daily risk-free rate of 3% to calculate the discount rate for the operating lease.

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

NOTE 6 - LEASE COMMITMENT (continued)

Office lease expense recognized in costs and expenses on the statement of operations related to the operating lease agreement are as follows for the years ended January 31:

	<u>2024</u>	<u>2023</u>
Operating lease expense	\$ 12,714	\$ 7,214
Short-term lease expense	<u>1,395</u>	<u>5,916</u>
Total office lease expense	<u><u>\$ 14,109</u></u>	<u><u>\$ 13,130</u></u>

Future minimum lease payments under the operating lease agreement consist of the following:

<u>Year Ending January 31,</u>	
2025	\$ 12,585
2026	<u>7,441</u>
Total undiscounted cash flows	20,026
Less: present value discount	<u>(454)</u>
Total lease liabilities	<u><u>\$ 19,572</u></u>

NOTE 7 - PROPERTY AND EQUIPMENT

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

	<u>Useful Life (in Years)</u>	<u>2024</u>	<u>2023</u>
Furniture and equipment	5	\$ 54,992	\$ 53,011
Vehicles	3	<u>89,239</u>	<u>71,947</u>
		144,231	124,958
Less accumulated depreciation		<u>59,618</u>	<u>60,994</u>
Net property and equipment		<u><u>\$ 84,613</u></u>	<u><u>\$ 63,964</u></u>

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

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 \$37,733 and \$31,064 for the years ended January 31, 2024 and 2023, respectively.

NOTE 9 - NET ASSETS

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

	2024	2023
Without donor restrictions, designated		
Cash flow reserve	\$ 200,710	\$ 14,620
Severance pay - called staff	20,000	20,000
Shared risk deductible	5,000	5,000
Synod staff support fund	176,345	3,835
Automobile purchases	7,500	7,500
Synod-designated endowment fund	589,991	566,255
Total designated net assets	999,546	617,210
Without donor restrictions, undesignated	146,745	509,323
Total net assets without donor restrictions	\$ 1,146,291	\$ 1,126,533

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

NOTE 9 - NET ASSETS (continued)

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

	<u>2024</u>	<u>2023</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	153,997	120,997
Seminary education assistance endowment fund	154,216	154,216
Grace mission endowment fund	447,788	447,788
	<u>1,035,546</u>	<u>1,002,546</u>
Gifts and accumulated investment gains subject to appropriation and expenditure when a specified event occurs		
Paul Trapp endowment fund	171,657	155,308
Honduran education endowment fund	59,320	59,856
New and renewing congregations endowment fund	100,454	81,942
Seminary education assistance endowment fund	51,211	35,168
Grace mission endowment fund	96,788	73,831
Wilson trust endowment fund	366,688	351,977
	<u>846,118</u>	<u>758,082</u>
Total endowment related restricted net assets	<u>1,881,664</u>	<u>1,760,628</u>

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

NOTE 9 - NET ASSETS (continued)

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

	2024	2023
Net assets subject to expenditure for a specified purpose		
New and renewing congregations fund	\$ 4,217	\$ 4,218
Seminary education assistance fund	61,418	60,531
Coalitions / Multi-cultural ministries fund	32,654	32,354
Adult theological education fund	18,076	23,076
Papua New Guinea Companion Synod fund	3,152	2,517
Honduras health team Salud Para La Vida fund	6,910	774
Honduras three P's fund	-	605
Honduras companion fund	6,398	6,398
Honduras LaCanada kindergarten snack program fund	-	692
Outreach fund	29,262	23,268
Bishop's teaching fund	5,142	3,537
Bishop's fund	6,705	6,405
Seminary debt fund	12,789	27,750
Connect grants fund	2,580	13,280
Women's Jubilee scholarship fund	1,785	1,785
Closed congregations fund	46,046	22,250
James 3:17 fund	34,166	24,521
Synod disaster fund	31,968	47,479
Portico benefits fund	10,000	-
Youth gathering fund	2,250	-
Helmerts trust fund	3,677	5,677
Total net assets subject to expenditure for a specified purpose	319,195	307,117
Total net assets with donor restrictions	\$ 2,200,859	\$ 2,067,745

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

NOTE 9 - 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, 2024 and 2023 as presented on the statement of activities are comprised of the following:

	2024	2023
Paul Trapp endowment fund	\$ 18,444	\$ 18,351
Honduran education endowment fund	-	1,167
Grace mission endowment fund	17,999	18,947
Wilson trust endowment fund	12,760	12,079
Total endowment related restricted net assets released	49,203	50,544
New and renewing congregations fund	1	-
Seminary education assistance fund	-	1,435
Adult theological education fund	5,000	665
Coalitions / Multi-cultural ministries fund	-	21,150
Outreach fund	500	-
Closed congregations	-	1,750
Honduras health team Salud Para La Vida fund	10,100	10,726
Bishop's teaching fund	2,395	4,000
Bishop's fund	-	2,078
Seminary debt reduction fund	16,000	12,000
Living stones fund	-	15,650
Connect grants fund	10,700	6,944
Papua new guinea	-	1,200
Synod disaster fund	22,193	29,889
James 3:17 fund	2,000	3,000
Youth gathering fund	3,750	-
Helmets trust fund	2,000	500
Total purpose restricted net assets released	74,639	110,987
Total donor restricted net assets released	\$ 123,842	\$ 161,531

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

NOTE 10 - 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, 2024 and 2023, 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, 2024 and 2023, respectively.

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

NOTE 10 - 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, 2022	\$ 624,270	\$ 915,758	\$ 1,002,546	\$ 2,542,574
Contributions	-	-	-	-
Investment return				
Investment income, net	22,659	68,061	-	90,720
Net appreciation	(58,015)	(173,693)	-	(231,708)
Transfer to reclassify donor contribution	-	(1,500)	-	(1,500)
Appropriation of endowment assets for expenditure	<u>(22,659)</u>	<u>(50,544)</u>	<u>-</u>	<u>(73,203)</u>
Endowment net assets at January 31, 2023	566,255	758,082	1,002,546	2,326,883
Contributions	-	-	33,000	33,000
Investment return				
Investment income, net	22,595	68,411	-	91,006
Net depreciation	23,736	73,828	-	97,564
Transfer to reclassify donor contribution	-	(5,000)	-	(5,000)
Appropriation of endowment assets for expenditure	<u>(22,595)</u>	<u>(49,203)</u>	<u>-</u>	<u>(71,798)</u>
Endowment net assets at January 31, 2024	<u>\$ 589,991</u>	<u>\$ 846,118</u>	<u>\$ 1,035,546</u>	<u>\$ 2,471,655</u>

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

NOTE 10 - ENDOWMENTS (continued)

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

	2024	2023
Cash and cash equivalents	\$ 50,529	\$ 52,219
ELCA Foundation Ministry Growth Fund (Note 4)	2,421,126	2,274,664
Endowment net assets	\$ 2,471,655	\$ 2,326,883

The composition of endowment net assets at January 31, 2024, were comprised of the following:

	Without Donor Restrictions	With Donor Restrictions		Total Net Endowment Assets
	Synod Designated	Gifts and Accumulated Investment Gains	Original Gifts in Perpetuity	
Synod-designated fund	\$ 589,991	\$ -	\$ -	\$ 589,991
Paul Trapp fund	-	171,657	279,545	451,202
New and renewing congregations fund	-	100,454	153,997	254,451
Seminary education assistance fund	-	51,211	154,216	205,427
Honduran education fund	-	59,320	-	59,320
Wilson trust fund	-	366,688	-	366,688
Grace mission fund	-	96,788	447,788	544,576
	\$ 589,991	\$ 846,118	\$ 1,035,546	\$ 2,471,655

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

NOTE 10 - ENDOWMENTS (continued)

The composition of endowment net assets at January 31, 2023, 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	\$ 566,255	\$ -	\$ -	\$ 566,255
Paul Trapp fund	-	155,308	279,545	434,853
New and renewing congregations fund	-	81,942	120,997	202,939
Seminary education assistance fund	-	35,168	154,216	189,384
Honduran education fund	-	59,856	-	59,856
Wilson trust fund	-	351,977	-	351,977
Grace mission fund	-	73,831	447,788	521,619
	<u>\$ 566,255</u>	<u>\$ 758,082</u>	<u>\$ 1,002,546</u>	<u>\$ 2,326,883</u>

NOTE 11 - ADOPTION OF A NEW ACCOUNTING STANDARD

For the year ended January 31, 2024, the Synod implemented the following new pronouncement: Financial Accounting Standards Board (the "FASB") Accounting Standard Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses* (Topic 326) ("ASU 2016-13"). In June 2016, the FASB issued ASU 2016-13 and thereafter issued additional ASUs to clarify and update the guidance in ASU 2016-13 (collectively, "CECL"). The objective of the ASU 2016-13 is to provide financial statement users with more decision-useful information about current expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Synod adopted the new standard on February 1, 2023 using the modified-retrospective approach. The Synod determined that the adoption of ASU 2016-13 did not have a material impact on net assets, assets, or liabilities as of the date of adoption and primarily resulted in enhanced disclosures.

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, 2024**

	Budget	Actual	Favorable (Unfavorable)
REVENUES AND SUPPORT			
Mission support	\$ 1,320,000	\$ 1,215,497	\$ (104,503)
Committee revenue	23,928	17,508	(6,420)
Investment income - net	25,400	57,675	32,275
Grant revenue	10,000	10,000	-
Living Stones	12,000	11,085	(915)
Synod assembly revenue	60,000	40,550	(19,450)
Synod events	-	5,660	5,660
Synod-wide revenue	5,500	-	(5,500)
Leadership events	-	575	575
Gain/(loss) on sale of fixed assets	-	6,407	6,407
Other income	5,000	12,670	7,670
Net assets released from restrictions	-	123,842	123,842
	<u>1,461,828</u>	<u>1,501,469</u>	<u>39,641</u>
TOTAL REVENUES AND SUPPORT			
EXPENSES			
Program services			
Agency-organizational ministry support			
ELCA church-wide support	660,000	607,775	52,225
Living Water Ministries	25,000	25,000	-
Samaritas	3,000	2,400	600
Region 6 support (includes archives)	7,500	7,500	-
Trinity Lutheran Seminary	18,000	18,000	-
	<u>713,500</u>	<u>660,675</u>	<u>52,825</u>
Total agency-organizational ministry support			
Synod ministries			
Synod events and Leadership events	5,500	-	5,500
Synod assembly	60,000	54,655	5,345
Synod council	2,000	6,234	(4,234)
	<u>67,500</u>	<u>60,889</u>	<u>6,611</u>
Total synod ministries			
Special programs			
Paul Trapp endowment	-	17,596	(17,596)
Wilson trust	-	12,090	(12,090)
Seminarian education assistance	-	1	(1)
Seminary debt reduction fund	-	16,000	(16,000)
Outreach education	-	500	(500)
Synod disaster relief fund	-	22,193	(22,193)
Honduras companion support	-	10,100	(10,100)
Helmerts trust	-	2,000	(2,000)
Connect grants fund	-	10,700	(10,700)
New and renewing congregations	-	1	(1)
Grace mission endowment fund	-	17,000	(17,000)
	<u>-</u>	<u>108,181</u>	<u>(108,181)</u>
Total special programs			
Program support			
Publicly engaged church committee	12,000	8,272	3,728
Mission support table committee	-	1,530	(1,530)

**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, 2024**

	Budget	Actual	Favorable (Unfavorable)
EXPENSES (continued)			
Program services (continued)			
Program support (continued)			
Global missions committee	\$ 8,000	\$ 5,263	\$ 2,737
Equipping leaders for mission and ministry	3,000	-	3,000
Candidacy committee	11,200	2,100	9,100
Campus ministry committee	57,000	50,263	6,737
New and redeveloping congregation table committee	38,400	30,058	8,342
Worship committee	2,500	349	2,151
Adult theological and youth gatherings	-	13,750	(13,750)
Youth committee	750	750	-
Total program support	<u>132,850</u>	<u>112,335</u>	<u>20,515</u>
Total program services	<u>913,850</u>	<u>942,080</u>	<u>(28,230)</u>
Support services			
Staff salaries and benefits			
Salary - administrative support staff	67,833	48,204	19,629
Salary and housing - called staff	202,594	190,862	11,732
Salary - deployed staff	64,382	71,134	(6,752)
Social security allowance	18,023	18,516	(493)
Payroll taxes	10,114	9,787	327
Health insurance and retirement	96,961	85,733	11,228
Continuing education	4,000	4,000	-
Other insurance	1,700	1,598	102
Total staff salaries and benefits	<u>465,607</u>	<u>429,834</u>	<u>35,773</u>
Synod administration			
Bishop's discretionary fund	2,500	4,491	(1,991)
Insurance - operating	12,000	10,386	1,614
Lease expense	17,250	14,109	3,141
Office equipment - maintenance	3,000	3,408	(408)
Office supplies	8,400	11,601	(3,201)
Postage	1,000	1,262	(262)
Professional fees	28,000	16,067	11,933
Telephone	11,000	10,509	491
Travel - staff	30,000	14,173	15,827
Website and network	6,500	2,331	4,169
Total synod administration	<u>119,650</u>	<u>88,337</u>	<u>31,313</u>
Depreciation expense	<u>20,000</u>	<u>21,460</u>	<u>(1,460)</u>
Total support services	<u>605,257</u>	<u>539,631</u>	<u>65,626</u>
TOTAL EXPENSES	<u>1,519,107</u>	<u>1,481,711</u>	<u>37,396</u>
CHANGE IN NET ASSETS	<u>\$ (57,279)</u>	<u>\$ 19,758</u>	<u>\$ 77,037</u>