

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

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

**YEAR ENDED JANUARY 31, 2025  
(with comparative totals for the year ended  
January 31, 2024)**

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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, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended January 31, 2025, 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, 2025, and the changes in its net assets and its cash flows for the year ended January 31, 2025 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 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 5, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended January 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Report on Supplementary Information**

Our 2025 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 Costerman PC*

April 23, 2025

**NORTH/WEST LOWER MICHIGAN SYNOD  
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA  
STATEMENT OF FINANCIAL POSITION  
JANUARY 31, 2025  
(with comparative totals for January 31, 2024)**

	2025	2024
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 653,745	\$ 507,064
Investments	2,894,945	2,856,602
Note receivables	2,818	2,800
Contributions receivable	45,508	51,118
Prepaid expenses	17,393	11,818
Total current assets	3,614,409	3,429,402
Operating lease right-of-use assets	7,374	19,572
Property and equipment, less accumulated depreciation	64,839	84,613
<b>TOTAL ASSETS</b>	<b>\$ 3,686,622</b>	<b>\$ 3,533,587</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 113,090	\$ 108,839
Accrued payroll and related	16,787	17,201
Accrued expenses	6,583	10,335
Deferred revenue	19,525	30,490
Current portion of operating lease liabilities	7,374	12,198
Total current liabilities	163,359	179,063
Operating lease liabilities, less current portion	-	7,374
<b>TOTAL LIABILITIES</b>	<b>163,359</b>	<b>186,437</b>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	108,603	146,745
Designated	1,046,603	999,546
Total without donor restrictions	1,155,206	1,146,291
With donor restrictions	2,368,057	2,200,859
<b>TOTAL NET ASSETS</b>	<b>3,523,263</b>	<b>3,347,150</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,686,622</b>	<b>\$ 3,533,587</b>

See notes to financial statements.

**NORTH/WEST LOWER MICHIGAN SYNOD  
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JANUARY 31, 2025  
(with comparative totals for the year ended January 31, 2024)**

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES AND SUPPORT</b>				
Mission support	\$ 1,204,176	\$ -	\$ 1,204,176	\$ 1,215,497
Committee revenue	17,645	-	17,645	17,808
Investment return, net	107,278	245,190	352,468	199,915
Grant revenue	10,000	-	10,000	10,000
Living stones	7,895	7,682	15,577	11,085
Synod assembly revenue	4,920	-	4,920	40,550
Synod events	10,581	-	10,581	5,660
New and renewing congregations	-	-	-	33,000
Seminary education assistance	-	920	920	887
Synod congregational support	-	32,688	32,688	28,296
Leadership events	950	-	950	575
Gain/(loss) on disposal of property and equipment	(2,318)	-	(2,318)	6,407
Other revenue	25,871	8,586	34,457	64,903
Reclassification of restricted activity	(62,998)	62,998	-	-
Net assets released from restrictions	190,866	(190,866)	-	-
<b>TOTAL REVENUES AND SUPPORT</b>	<b>1,514,866</b>	<b>167,198</b>	<b>1,682,064</b>	<b>1,634,583</b>
<b>EXPENSES</b>				
Program services				
Agency-organizational ministry support				
ELCA church-wide support	602,088	-	602,088	607,775
Living Water Ministries	25,000	-	25,000	25,000
Samaritas	2,400	-	2,400	2,400
Region 6 support (includes archives)	4,514	-	4,514	7,500
Trinity Lutheran Seminary	16,000	-	16,000	18,000
<b>Total agency-organizational ministry support</b>	<b>650,002</b>	<b>-</b>	<b>650,002</b>	<b>660,675</b>
Synod ministries				
Synod assembly	5,642	-	5,642	54,655
Synod council	12,620	-	12,620	6,234
<b>Total synod ministries</b>	<b>18,262</b>	<b>-</b>	<b>18,262</b>	<b>60,889</b>
Special programs				
Paul Trapp endowment	15,000	-	15,000	17,596
Wilson trust	12,050	-	12,050	12,090
Seminarian education assistance	-	-	-	1
Seminary debt reduction fund	13,059	-	13,059	16,000
Outreach education	2,800	-	2,800	500
Synod disaster relief fund	20,817	-	20,817	22,193
Honduras companion support	23,711	-	23,711	10,100
Helmerts trust	7,800	-	7,800	2,000
Connect grants fund	2,100	-	2,100	10,700
New and renewing congregations	6,000	-	6,000	1
Grace mission endowment fund	21,260	-	21,260	17,000
<b>Total special programs</b>	<b>124,597</b>	<b>-</b>	<b>124,597</b>	<b>108,181</b>

See notes to financial statements.

**NORTH/WEST LOWER MICHIGAN SYNOD  
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JANUARY 31, 2025  
(with comparative totals for the year ended January 31, 2024)**

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>EXPENSES (continued)</b>				
Program support				
Publicly engaged church committee	\$ 5,000	\$ -	\$ 5,000	\$ 8,272
Mission support table committee	-	-	-	1,530
Global missions committee	7,685	-	7,685	5,263
Equipping leaders for mission and ministry	2,500	-	2,500	-
Candidacy committee	800	-	800	2,100
Campus ministry committee	57,612	-	57,612	50,263
New and redeveloping				
congregation table committee	33,478	-	33,478	30,058
Multicultural ministry committee	1,000	-	1,000	-
Worship committee	359	-	359	349
Adult theological and youth gatherings	1,500	-	1,500	13,750
Youth committee	400	-	400	750
Total program support	<u>110,334</u>	<u>-</u>	<u>110,334</u>	<u>112,335</u>
Total program services	<u>903,195</u>	<u>-</u>	<u>903,195</u>	<u>942,080</u>
Support services				
Staff salaries and benefits				
Salary - administrative support staff	141,027	-	141,027	48,204
Salary and housing - called staff	210,933	-	210,933	190,862
Salary - deployed staff	-	-	-	71,134
Social security allowance	21,125	-	21,125	18,516
Payroll taxes	10,892	-	10,892	9,787
Health insurance and retirement	100,106	-	100,106	85,733
Continuing education	3,833	-	3,833	4,000
Other insurance	1,521	-	1,521	1,598
Total staff salaries and benefits	<u>489,437</u>	<u>-</u>	<u>489,437</u>	<u>429,834</u>
Synod administration				
Bishop's discretionary fund	5,630	-	5,630	4,491
Insurance	8,876	-	8,876	10,386
Lease expense	14,439	-	14,439	14,109
Office equipment - maintenance	-	-	-	3,408
Office supplies	9,469	-	9,469	11,601
Postage	1,426	-	1,426	1,262
Professional fees	19,100	-	19,100	16,067
Telephone	9,531	-	9,531	10,509
Travel - staff	17,532	-	17,532	14,173
Website and network	4,925	-	4,925	2,331
Total synod administration	<u>90,928</u>	<u>-</u>	<u>90,928</u>	<u>88,337</u>
Depreciation expense	<u>22,391</u>	<u>-</u>	<u>22,391</u>	<u>21,460</u>
Total support services	<u>602,756</u>	<u>-</u>	<u>602,756</u>	<u>539,631</u>
TOTAL EXPENSES	<u>1,505,951</u>	<u>-</u>	<u>1,505,951</u>	<u>1,481,711</u>
CHANGE IN NET ASSETS	8,915	167,198	176,113	152,872
NET ASSETS, beginning of year	<u>1,146,291</u>	<u>2,200,859</u>	<u>3,347,150</u>	<u>3,194,278</u>
NET ASSETS, end of year	<u>\$ 1,155,206</u>	<u>\$ 2,368,057</u>	<u>\$ 3,523,263</u>	<u>\$ 3,347,150</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, 2025  
(with comparative totals for the year ended January 31, 2024)**

	2025			2024
	Program Services	Management and General	Total	Total
Church-wide and other mission support	\$ 903,195	\$ -	\$ 903,195	\$ 942,080
Salaries and related	295,131	194,306	489,437	429,834
Bishop's discretionary fund	3,395	2,235	5,630	4,491
Insurance	5,352	3,524	8,876	10,386
Lease expense	8,707	5,732	14,439	14,109
Office equipment - maintenance	-	-	-	3,408
Office supplies	5,710	3,759	9,469	11,601
Postage	860	566	1,426	1,262
Professional fees	11,517	7,583	19,100	16,067
Telephone	5,747	3,784	9,531	10,509
Travel - staff	10,572	6,960	17,532	14,173
Website and network	2,970	1,955	4,925	2,331
Depreciation	13,502	8,889	22,391	21,460
	<b>\$ 1,266,658</b>	<b>\$ 239,293</b>	<b>\$ 1,505,951</b>	<b>\$ 1,481,711</b>

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, 2025  
(with comparative totals for the year ended January 31, 2024)**

	2025	2024
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities		
Change in net assets	\$ 176,113	\$ 152,872
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	22,391	21,460
Gain (loss) on disposal of property and equipment	2,318	(6,407)
Realized and unrealized (gain) on investments	(227,759)	(97,565)
Contributions receivable	5,610	3,194
Other receivables	(18)	(2,800)
Prepaid expenses	(5,575)	(3,906)
Operating lease right-of-use assets	12,198	11,462
Accounts payable	4,251	21,437
Accrued payroll and related	(414)	1,464
Accrued expenses	(3,752)	(7,418)
Operating lease liabilities	(12,198)	(11,462)
Deferred revenue	(10,965)	(7,759)
Total adjustments	(213,913)	(78,300)
Net cash provided (used) by operating activities	(37,800)	74,572
Cash flows from investing activities		
Purchase of investments	(196,302)	(330,057)
Sale of investments	385,718	75,109
Purchase of property and equipment	(23,656)	(60,202)
Proceeds from sale of property and equipment	18,721	24,500
Net cash provided (used) by investing activities	184,481	(290,650)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	146,681	(216,078)
CASH AND CASH EQUIVALENTS		
Beginning of year	507,064	723,142
End of year	\$ 653,745	\$ 507,064

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.

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.

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

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Programs (continued)

- Program support (continued):

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.

- Program support:

Companion and Other Congregational Support

Through the global Lutheran family, the ELCA has bilateral “companion church” relationships with many national Lutheran church bodies. These global relationships are deepened by the ELCA Companion Synods Program, which connects 65 ELCA synods in over 120 international companion relationships. Through these companion relationships, members of ELCA synods live out the accompaniment model of the global mission.

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

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Programs (continued)

- Program support (continued):

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.

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.

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.

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.

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

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Programs (continued)

- Program support (continued):

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.

Functional Allocation of Expenses

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

Cash and Cash Equivalents

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

Investments

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

Accounts Receivable and Credit Losses

The Synod is exposed to credit losses primarily through note receivables. Accounts receivable, when presented on the statement of financial position, 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 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.

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

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Accounts Receivable and Credit Losses (continued)

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.

Contributions Receivable

Contributions receivable are comprised primarily of contributions expected to be received from local sources and collected within one year. Contributions receivable are stated at the amount the Synod expects to collect. The Synod provides for probable uncollectible amounts through a provision for credit losses and an adjustment to a valuation allowance based on its assessment of the current status of receivable accounts. Currently, no allowance for credit loss 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.

**NORTH/WEST LOWER MICHIGAN SYNOD  
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NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contribution Revenue (continued)

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.

Leases

The Synod determines whether an arrangement is or contains a lease at inception. On the commencement date, operating leases are recorded as operating lease right-of-use (ROU) assets in the statement of financial position while finance leases are recorded as finance lease ROU assets. Lease liabilities represent the Synod's contractual obligation to make lease payments over the lease term. The Synod does not maintain any finance leases for the years ended January 31, 2025 and 2024.

For operating leases, the lease liability is measured as the present value of the lease payment over the lease term using either the rate implicit in the lease, if it is determinable, or a risk-free rate if the implicit rate is not determinable. Operating ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs and prepayments of rent, less any unamortized lease incentives. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term. The Synod has elected to not recognize a ROU asset and lease liability for leases with an initial term of 12 months or less but includes the expenses associated with short term leases in the statement of activities.

The Synod has elected to utilize a risk-free rate as the discount rate when determining the present value of remaining lease payments for both operating and financial leases. Additionally, the Synod has elected to not separate non-lease components from lease components and, instead, to account for each separate lease component and the related non-lease component as a single lease component. For any related party leasing agreements, the Synod has elected to use written terms and conditions for determining whether a lease exists and, if so, the classification and accounting for that lease.

**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 receivables. 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.



**NORTH/WEST LOWER MICHIGAN SYNOD  
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NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - RISKS AND UNCERTAINTIES (continued)**

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 receivables, 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 23, 2025, 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, 2025 and 2024, 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.

	2025	2024
Cash and cash equivalents	\$ 653,745	\$ 507,064
Investments	2,894,945	2,856,602
Note receivables	2,818	2,800
Contributions receivable	45,508	51,118
 Total financial assets	 3,597,016	 3,417,584
 Less donor-restricted net assets	 (2,368,057)	 (2,200,859)
Less Synod-designated net assets	(1,046,603)	(999,546)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 182,356	 \$ 217,179

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:

	2025	2024
ELCA Mission Investment Fund		
Money market fund	\$ 138,271	\$ 234,606
ELCA Foundation Ministry Growth Fund	2,652,986	2,421,126
MIF Certificate of Deposits	103,688	-
Comerica Certificate of Deposit	-	200,870
	 \$ 2,894,945	 \$ 2,856,602

**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:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net	\$ 28,407	\$ -	\$ 28,407
ELCA dividend	23,443	72,859	96,302
Realized/unrealized gain (loss) on investments - net	55,428	172,331	227,759
Total investment return, net	<u>\$ 107,278</u>	<u>\$ 245,190</u>	<u>\$ 352,468</u>
	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	<u>\$ 57,675</u>	<u>\$ 142,240</u>	<u>\$ 199,915</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.

**NORTH/WEST LOWER MICHIGAN SYNOD  
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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, 2025 and 2024.

*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  
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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, 2025 and 2024, 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	2025	2024
Level 3 measurement		
ELCA Foundation Ministry Growth Fund	\$ 2,652,986	\$ 2,421,126
Level 2 measurement		
ELCA Mission Investment Fund		
Money market funds at cost	138,271	234,606
Level 1 measurement		
Certificates of deposit	<u>103,688</u>	<u>200,870</u>
Total	<u>\$ 2,894,945</u>	<u>\$ 2,856,602</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, 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	2,421,126
Dividend	96,302
Realized/unrealized gain on investments - net	227,759
Proceeds from sale	<u>(92,201)</u>
Balance January 31, 2025	<u>\$ 2,652,986</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 \$7,374 and \$19,572 at January 31, 2025 and January 31, 2024, 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  
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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 ending January 31:

	<u>2025</u>	<u>2024</u>
Operating lease expense	\$ 12,714	\$ 12,714
Short-term lease expense	<u>1,725</u>	<u>1,395</u>
Total office lease expense	<u>\$ 14,439</u>	<u>\$ 14,109</u>

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

<u>Year Ending January 31,</u>	
2026	<u>\$ 7,441</u>
Total undiscounted cash flows	7,441
Less: present value discount	<u>(67)</u>
Total lease liabilities	<u>\$ 7,374</u>

**NOTE 7 - PROPERTY AND EQUIPMENT**

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

	Useful Life (in Years)	<u>2025</u>	<u>2024</u>
Furniture and equipment	5	\$ 54,992	\$ 54,992
Vehicles	3	<u>87,134</u>	<u>89,239</u>
		142,126	144,231
Less accumulated depreciation		<u>77,287</u>	<u>59,618</u>
Net property and equipment		<u>\$ 64,839</u>	<u>\$ 84,613</u>

**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 \$47,700 and \$37,733 for the years ended January 31, 2025 and 2024, respectively.

**NORTH/WEST LOWER MICHIGAN SYNOD  
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NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - NET ASSETS**

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

	<u>2025</u>	<u>2024</u>
Without donor restrictions, designated		
Cash flow reserve	\$ 222,171	\$ 200,710
Severance pay - called staff	20,000	20,000
Shared risk deductible	5,000	5,000
Synod staff support fund	146,513	176,345
Automobile purchases	7,500	7,500
Synod-designated endowment fund	<u>645,419</u>	<u>589,991</u>
Total designated net assets	1,046,603	999,546
Without donor restrictions, undesignated	<u>108,603</u>	<u>146,745</u>
Total net assets without donor restrictions	<u><u>\$ 1,155,206</u></u>	<u><u>\$ 1,146,291</u></u>

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

	<u>2025</u>	<u>2024</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	153,997
Seminary education assistance endowment fund	154,216	154,216
Grace mission endowment fund	<u>447,788</u>	<u>447,788</u>
Total endowment gifts in perpetuity	<u>1,035,546</u>	<u>1,035,546</u>
Gifts and accumulated investment gains subject to appropriation and expenditure when a specified event occurs		
Paul Trapp endowment fund	215,002	171,657
Honduran education endowment fund	62,177	59,320
New and renewing congregations endowment fund	124,360	100,454
Seminary education assistance endowment fund	74,913	51,211
Grace mission endowment fund	144,214	96,788
Wilson trust endowment fund	<u>400,706</u>	<u>366,688</u>
Total gifts and accumulated investment gains available	<u>1,021,372</u>	<u>846,118</u>
Total endowment related restricted net assets	<u><u>2,056,918</u></u>	<u><u>1,881,664</u></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:

	2025	2024
Net assets subject to expenditure for a specified purpose		
New and renewing congregations fund	\$ 8,326	\$ 4,217
Seminary education assistance fund	13,244	61,418
Coalitions / Multi-cultural ministries fund	31,654	32,654
Adult theological education fund	15,676	18,076
Papua New Guinea Companion Synod fund	-	3,152
Honduras health team Salud Para La Vida fund	688	6,910
Honduras companion fund	527	6,398
Honduras church leaders education fund	1,639	-
Outreach fund	33,199	29,262
Bishop's teaching fund	1,461	5,142
Bishop's fund	6,705	6,705
Seminary debt fund	25,395	12,789
Pastors' sabbatical support fund	60,000	-
Connect grants fund	480	2,580
Women's Jubilee scholarship fund	1,785	1,785
Closed congregations fund	46,046	46,046
James 3:17 fund	34,166	34,166
Synod disaster fund	15,776	31,968
Portico benefits fund	5,941	10,000
Youth gathering fund	8,431	2,250
Helmerts trust fund	-	3,677
	<u>311,139</u>	<u>319,195</u>
Total net assets subject to expenditure for a specified purpose	<u>311,139</u>	<u>319,195</u>
Total net assets with donor restrictions	<u>\$ 2,368,057</u>	<u>\$ 2,200,859</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 released as a result of satisfying their restricted purposes or by occurrence of other events specified by donors for the years ended January 31, 2025 and 2024 as presented on the statement of activities are comprised of the following:

	<u>2025</u>	<u>2024</u>
Paul Trapp endowment fund	\$ 15,881	\$ 18,444
Grace mission endowment fund	22,297	17,999
Wilson trust endowment fund	<u>12,745</u>	<u>12,760</u>
 Total endowment related restricted net assets released	 <u>50,923</u>	 <u>49,203</u>
 New and renewing congregations fund	 6,000	 1
Seminary education assistance fund	53,255	-
Adult theological education fund	2,500	5,000
Coalitions / Multi-cultural ministries fund	1,000	-
Outreach fund	2,800	500
Honduras health team Salud Para La Vida fund	13,238	10,100
Honduras church leaders education fund	2,102	-
Honduras companion fund	8,371	-
Bishop's teaching fund	5,431	2,395
Seminary debt reduction fund	8,000	16,000
Connect grants fund	2,100	10,700
Papua new guinea	4,092	-
Synod disaster fund	20,818	22,193
James 3:17 fund	-	2,000
Youth gathering fund	1,500	3,750
Portico benefits fund	5,059	-
Helmerts trust fund	<u>3,677</u>	<u>2,000</u>
 Total purpose restricted net assets released	 <u>139,943</u>	 <u>74,639</u>
 Total donor restricted net assets released	 <u>\$ 190,866</u>	 <u>\$ 123,842</u>

**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.

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

**NOTE 10 - ENDOWMENTS (continued)**

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, 2025 and 2024, 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, 2025 and 2024, 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		Total Net Endowment Assets
	Synod Designated	Gifts and Accumulated Investment Gains	Original Gifts in Perpetuity	
Endowment net assets at February 1, 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 appreciation	23,736	73,829	-	97,565
Transfer to reclassify donor contribution	-	(5,001)	-	(5,001)
Appropriation of endowment assets for expenditure	(22,595)	(49,203)	-	(71,798)
Endowment net assets at January 31, 2024	589,991	846,118	1,035,546	2,471,655
Contributions	-	-	-	-
Investment return				
Investment income, net	23,443	72,859	-	96,302
Net depreciation	55,428	172,331	-	227,759
Transfer to reclassify donor contribution	-	(19,013)	-	(19,013)
Appropriation of endowment assets for expenditure	(23,443)	(50,923)	-	(74,366)
Endowment net assets at January 31, 2025	<u>\$ 645,419</u>	<u>\$ 1,021,372</u>	<u>\$ 1,035,546</u>	<u>\$ 2,702,337</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:

	2025	2024
Cash and cash equivalents	\$ 49,351	\$ 50,529
ELCA Foundation Ministry Growth Fund (Note 4)	2,652,986	2,421,126
Endowment net assets	\$ 2,702,337	\$ 2,471,655

The composition of endowment net assets at January 31, 2025, 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	\$ 645,419	\$ -	\$ -	\$ 645,419
Paul Trapp fund	-	215,002	279,545	494,547
New and renewing congregations fund	-	124,360	153,997	278,357
Seminary education assistance fund	-	74,913	154,216	229,129
Honduran education fund	-	62,177	-	62,177
Wilson trust fund	-	400,706	-	400,706
Grace mission fund	-	144,214	447,788	592,002
	\$ 645,419	\$ 1,021,372	\$ 1,035,546	\$ 2,702,337

**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, 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
	<u>\$ 589,991</u>	<u>\$ 846,118</u>	<u>\$ 1,035,546</u>	<u>\$ 2,471,655</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, 2025**

	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES AND SUPPORT</b>			
Mission support	\$ 1,212,950	\$ 1,204,176	\$ (8,774)
Committee revenue	14,728	17,645	2,917
Investment income - net	26,500	107,278	80,778
Grant revenue	10,000	10,000	-
Living Stones	12,000	7,895	(4,105)
Synod assembly revenue	5,000	4,920	(80)
Synod events	6,000	10,581	4,581
Leadership events	-	950	950
Gain/(loss) on sale of fixed assets	-	(2,318)	(2,318)
Other income	2,000	25,871	23,871
Reclassification of restricted activity	-	(62,998)	(62,998)
Net assets released from restrictions	-	190,866	190,866
	<u>1,289,178</u>	<u>1,514,866</u>	<u>225,688</u>
<b>TOTAL REVENUES AND SUPPORT</b>			
<b>EXPENSES</b>			
Program services			
Agency-organizational ministry support			
ELCA church-wide support	606,475	602,088	4,387
Living Water Ministries	25,000	25,000	-
Samaritas	2,400	2,400	-
Region 6 support (includes archives)	4,800	4,514	286
Trinity Lutheran Seminary	16,000	16,000	-
	<u>654,675</u>	<u>650,002</u>	<u>4,673</u>
Total agency-organizational ministry support			
Synod ministries			
Synod events and Leadership events	3,000	-	3,000
Synod assembly	5,000	5,642	(642)
Synod council	2,000	12,620	(10,620)
	<u>10,000</u>	<u>18,262</u>	<u>(8,262)</u>
Total synod ministries			
Special programs			
Paul Trapp endowment	-	15,000	(15,000)
Wilson trust	-	12,050	(12,050)
Seminary debt reduction fund	-	13,059	(13,059)
Outreach education	-	2,800	(2,800)
Synod disaster relief fund	-	20,817	(20,817)
Honduras companion support	-	23,711	(23,711)
Helmerts trust	-	7,800	(7,800)
Connect grants fund	-	2,100	(2,100)
New and renewing congregations	-	6,000	(6,000)
Grace mission endowment fund	-	21,260	(21,260)
	<u>-</u>	<u>124,597</u>	<u>(124,597)</u>
Total special programs			
Program support			
Publicly engaged church committee	9,000	5,000	4,000
Global missions committee	8,000	7,685	315

**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, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
EXPENSES (continued)			
Program services (continued)			
Program support (continued)			
Equipping leaders for mission and ministry	\$ -	\$ 2,500	\$ (2,500)
Candidacy committee	2,000	800	1,200
Campus ministry committee	57,000	57,612	(612)
Multicultural ministry committee	-	1,000	(1,000)
New and redeveloping congregation table committee	38,400	33,478	4,922
Worship committee	350	359	(9)
Adult theological and youth gatherings	-	1,500	(1,500)
Youth committee	400	400	-
Total program support	<u>115,150</u>	<u>110,334</u>	<u>4,816</u>
Total program services	<u>779,825</u>	<u>903,195</u>	<u>(123,370)</u>
Support services			
Staff salaries and benefits			
Salary - administrative support staff	111,404	141,027	(29,623)
Salary and housing - called staff	217,060	210,933	6,127
Social security allowance	16,796	21,125	(4,329)
Payroll taxes	8,522	10,892	(2,370)
Health insurance and retirement	75,886	100,106	(24,220)
Continuing education	4,000	3,833	167
Other insurance	1,200	1,521	(321)
Total staff salaries and benefits	<u>434,868</u>	<u>489,437</u>	<u>(54,569)</u>
Synod administration			
Bishop's discretionary fund	2,500	5,630	(3,130)
Insurance - operating	9,000	8,876	124
Occupancy (lease expense and janitorial)	14,076	14,439	(363)
Office equipment - maintenance	3,000	-	3,000
Office supplies	9,000	9,469	(469)
Postage	1,800	1,426	374
Professional fees	28,000	19,100	8,900
Telephone and meeting software	12,000	9,531	2,469
Travel - staff	25,000	17,532	7,468
Website and network	4,000	4,925	(925)
Total synod administration	<u>108,376</u>	<u>90,928</u>	<u>17,448</u>
Depreciation expense	<u>15,000</u>	<u>22,391</u>	<u>(7,391)</u>
Total support services	<u>558,244</u>	<u>602,756</u>	<u>(44,512)</u>
TOTAL EXPENSES	<u>1,338,069</u>	<u>1,505,951</u>	<u>(167,882)</u>
CHANGE IN NET ASSETS	<u>\$ (48,891)</u>	<u>\$ 8,915</u>	<u>\$ 57,806</u>