

# **Northwestern Ohio Synod of the Evangelical Lutheran Church in America**

Financial Statements and Independent Auditor's Report  
with Supplementary Information

**January 31, 2023 and 2022**

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America**

**Financial Statements with Supplementary Information  
January 31, 2023 and 2022**

*Table of Contents*

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities	7
Statements of Functional Expenses	9
Statements of Cash Flows	11
Notes to the Financial Statements	12
Supplementary Information	
Schedule of Changes in Net Assets Without Donor Restrictions - Council-Designated and Net Assets With Donor Restrictions - January 31, 2023	20
Schedule of Changes in Net Assets Without Donor Restrictions - Council-Designated and Net Assets With Donor Restrictions - January 31, 2022	21
Schedules of Unrestricted Expenses	22

## Independent Auditor's Report

To the Synod Council of Northwestern Ohio Synod of the Evangelical Lutheran Church in America  
Findlay, Ohio

### Opinion

We have audited the accompanying financial statements of the Northwestern Ohio Synod of the Evangelical Lutheran Church in America (a nonprofit organization) (the "Synod"), which comprise the statements of financial position as of January 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, 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 the Synod as of January 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits 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 the Synod and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 the Synod's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 the Synod'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 the Synod's ability to continue as a going concern for a reasonable period of time.

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

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included on pages 20 through 23 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.

*Apple Growth Partners*

Akron, Ohio  
September 20, 2023

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America  
Statements of Financial Position**

	January 31,	
	2023	2022
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents:		
Commercial deposits	\$ 104,104	\$ 313,034
Money market funds	549,480	256,022
	<u>653,584</u>	<u>569,056</u>
Advances	8,911	4,861
Prepaid expenses	18,018	12,053
Total current assets	<u>680,513</u>	<u>585,970</u>
Investments		
Certificates of deposit	58,701	58,496
Mutual funds	1,044,684	1,113,762
Annuity	213,486	231,318
	<u>1,316,871</u>	<u>1,403,576</u>
Equipment, furniture and vehicles	158,248	132,298
Less accumulated depreciation	(124,998)	(115,730)
Net equipment, furniture and vehicles	<u>33,250</u>	<u>16,568</u>
Land - administration facility	-	44,086
Administration facility	-	395,210
Less accumulated depreciation	-	(295,529)
Property and facility, net	<u>-</u>	<u>143,767</u>
Long-term investments		
Trust	32,926	38,089
Long-term investments	<u>32,926</u>	<u>38,089</u>
	<u>\$ 2,063,560</u>	<u>\$ 2,187,970</u>

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America  
Statements of Financial Position**

	January 31,	
	2023	2022
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 36,543	\$ 227,797
Accrued expenses	9,225	9,984
Funds held for others	125,191	18,132
Total current liabilities	170,959	255,913
<b>NET ASSETS</b>		
Without donor restrictions - General	549,885	667,922
Without donor restrictions - Council-Designated	999,658	841,825
Total without donor restrictions	1,549,543	1,509,747

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America  
Statements of Financial Position**

	January 31,	
	2023	2022
With donor restrictions		
Bishop's Discretionary Fund (Donor)	\$ 9,828	\$ 11,558
Rural and Small Town	4,458	4,097
Seminary Scholarships	54,742	52,124
Healthy Leaders, Healthy Lives	681	9,068
Cherish all Children NWOS	-	5,304
Music Programming	-	2,808
Dodoma Companion Synod	85,679	72,911
Slovak Companion Synod	14,394	25,987
Mexico Companion Synod	587	3,540
Evangelism Leader Training	-	310
CRTeam	-	447
Discipleship Institute	50,382	33,907
GMB General	15,897	15,350
Sonnenberg Mission Trip	-	17
Diakonia	-	8,151
Imagining	2,499	59,646
Makumira Seminary	4,278	4,165
Lakeside Youth Events	8,569	7,781
On the Way	35,259	57,833
Campus Ministry	12,579	9,217
Weber Trust	32,926	38,089
Tanzania Staff Travel	6,000	-
Year of Story	4,300	-
Total with donor restrictions	343,058	422,310
Total net assets	1,892,601	1,932,057
	\$ 2,063,560	\$ 2,187,970

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America  
Statement of Activities**

	For the year ended January 31, 2023			
	Without Donor Restrictions			
	General	Council- Designated	With Donor Restrictions	Total 2023
<b>SUPPORT AND REVENUE</b>				
Unrestricted mission support	\$ 1,314,937	\$ -	\$ -	\$ 1,314,937
Churchwide grants for DEM	109,159	-	-	109,159
Gifts designated for Synod	30,327	14,595	46,286	91,208
Miscellaneous income	17,506	-	-	17,506
Annual Fund	67,440	-	-	67,440
Gain on sale of property and facility	343,296	-	-	343,296
	<u>1,882,665</u>	<u>14,595</u>	<u>46,286</u>	<u>1,943,546</u>
 <b>NET ASSETS RELEASED FROM COUNCIL DESIGNATION OR RESTRICTION</b>	 236,007	 (91,070)	 (144,937)	 -
	<u>2,118,672</u>	<u>(76,475)</u>	<u>(98,651)</u>	<u>1,943,546</u>
 <b>EXPENSES</b>				
Program	1,540,357	-	-	1,540,357
Management and general	362,808	-	-	362,808
	<u>1,903,165</u>	<u>-</u>	<u>-</u>	<u>1,903,165</u>
 Transfer of net assets	 (243,987)	 243,987	 -	 -
 <b>CHANGE IN NET ASSETS BEFORE INVESTMENT RETURN, NET</b>	 (28,480)	 167,512	 (98,651)	 40,381
 Investment return, net	 (89,557)	 (9,679)	 19,399	 (79,837)
 <b>CHANGE IN NET ASSETS</b>	 (118,037)	 157,833	 (79,252)	 (39,456)
 <b>NET ASSETS - BEGINNING OF YEAR</b>	 667,922	 841,825	 422,310	 1,932,057
 <b>NET ASSETS - END OF YEAR</b>	 <u>\$ 549,885</u>	 <u>\$ 999,658</u>	 <u>\$ 343,058</u>	 <u>\$ 1,892,601</u>



**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America  
Statement of Activities**

	For the year ended January 31, 2022			
	Without Donor Restrictions		With Donor Restrictions	Total 2022
	General	Council-Designated		
<b>SUPPORT AND REVENUE</b>				
Unrestricted mission support	\$ 1,473,340	\$ -	\$ -	\$ 1,473,340
Churchwide grants for DEM	105,906	-	-	105,906
Gifts designated for Synod	31,036	13,941	156,961	201,938
Miscellaneous income	4,085	-	-	4,085
Annual Fund	39,832	-	-	39,832
	<u>1,654,199</u>	<u>13,941</u>	<u>156,961</u>	<u>1,825,101</u>
 NET ASSETS RELEASED FROM COUNCIL DESIGNATION OR RESTRICTION	 157,000	 (36,866)	 (120,134)	 -
	<u>1,811,199</u>	<u>(22,925)</u>	<u>36,827</u>	<u>1,825,101</u>
 <b>EXPENSES</b>				
Program expenses	1,505,639	-	-	1,505,639
Management and general expenses	326,720	-	-	326,720
	<u>1,832,359</u>	<u>-</u>	<u>-</u>	<u>1,832,359</u>
 Transfer of net assets	 (11,735)	 11,735	 -	 -
 <b>CHANGE IN NET ASSETS BEFORE INVESTMENT RETURN, NET</b>	 (32,895)	 (11,190)	 36,827	 (7,258)
 Investment return, net	 106,966	 42,480	 (6,569)	 142,877
 <b>CHANGE IN NET ASSETS</b>	 74,071	 31,290	 30,258	 135,619
 <b>NET ASSETS - BEGINNING OF YEAR</b>	 593,851	 810,535	 392,052	 1,796,438
 <b>NET ASSETS - END OF YEAR</b>	 <u>\$ 667,922</u>	 <u>\$ 841,825</u>	 <u>\$ 422,310</u>	 <u>\$ 1,932,057</u>

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America  
Statement of Functional Expenses**

For the year ended January 31, 2023

	Programs					
	Developing Disciples	Parish Vitality	Transforming The World	Total Programs	Management and General	Total Expenses
Program grants	\$ 120,069	\$ 39,000	\$ 741,081	\$ 900,150	\$ -	\$ 900,150
Synod programs materials and assistance	63,961	21,345	17,766	103,072	6,721	109,793
Compensation and benefits	170,201	195,887	54,982	421,070	208,113	629,183
Professional and administrative services	16,409	29,301	-	45,710	80,393	126,103
Office operations	3,152	3,426	548	7,126	27,156	34,282
Information technology	3,917	3,525	913	8,355	4,700	13,055
Occupancy	11,425	12,419	1,987	25,831	23,845	49,676
Travel	6,722	8,477	2,660	17,859	4,992	22,851
Depreciation	4,461	5,542	1,181	11,184	6,888	18,072
	<u>\$ 400,317</u>	<u>\$ 318,922</u>	<u>\$ 821,118</u>	<u>\$ 1,540,357</u>	<u>\$ 362,808</u>	<u>\$ 1,903,165</u>

The accompanying notes are an integral part of these financial statements.

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America  
Statement of Functional Expenses**

For the year ended January 31, 2022

	Programs					
	Developing Disciples	Parish Vitality	Transforming The World	Total Programs	Management and General	Total Expenses
Program grants	\$ 55,000	\$ 32,000	\$ 751,403	\$ 838,403	\$ 3,167	\$ 841,570
Synod programs materials and assistance	45,638	65,904	26,397	137,939	7,373	145,312
Compensation and benefits	177,223	198,044	52,308	427,575	183,812	611,387
Professional and administrative services	18,442	22,569	-	41,011	68,406	109,417
Office operations	6,376	4,560	859	11,795	29,908	41,703
Information technology	3,498	3,110	777	7,385	9,493	16,878
Occupancy	6,845	7,438	1,072	15,355	13,977	29,332
Travel	6,162	6,924	2,196	15,282	3,237	18,519
Depreciation	4,652	5,162	1,080	10,894	7,347	18,241
	<u>\$ 323,836</u>	<u>\$ 345,711</u>	<u>\$ 836,092</u>	<u>\$ 1,505,639</u>	<u>\$ 326,720</u>	<u>\$ 1,832,359</u>

The accompanying notes are an integral part of these financial statements.

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America  
Statements of Cash Flows**

	For the years ended January 31,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (39,456)	\$ 135,619
Adjustments to reconcile change in net assets to net cash used in (provided by) operating activities:		
Depreciation	18,072	18,241
Unrealized gain on investments	(108,956)	(75,425)
Gain on sale of property and facility	(343,296)	-
Changes in assets and liabilities:		
Advances	(4,050)	(1,902)
Prepaid expenses	(5,965)	2,277
Accounts payable	(191,254)	73,662
Accrued expenses	(759)	67
Funds held for others	107,059	380
Net cash used in (provided by) operating activities	<u>(568,605)</u>	<u>152,919</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	-	(45,955)
Proceeds from sales of investments	200,824	
Proceeds from sale of property and facility	479,634	-
Purchases of equipment, furniture and vehicles	(27,325)	(9,940)
Net cash provided by (used in ) investing activities	<u>653,133</u>	<u>(55,895)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>84,528</b>	<b>97,024</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>569,056</u></b>	<b><u>472,032</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 653,584</u></b>	<b><u>\$ 569,056</u></b>

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America  
Notes to the Financial Statements  
January 31, 2023 and 2022**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Northwestern Ohio Synod (the "Synod") is presented to assist in understanding the Synod's financial statements. The financial statements and notes are representations of the Synod's management, who is responsible for their integrity and objectivity.

**Organization Activity** - The Synod is a regional religious organization located in Northwestern Ohio which receives contributions from 160 congregations and other sources. Some of the funds received are forwarded to the Evangelical Lutheran Church in America ("ELCA"). The remaining funds not forwarded to the ELCA are used to support synodical ministries. Participation of the Synod in ministry through the ELCA was calculated by Synod Council at 51% of the net unrestricted mission support contributions received for the years ended January 31, 2023 and 2022.

**Tax Status** - The Synod is exempt from income taxes under applicable provisions of Section 501(c)(3) of the Internal Revenue Code. The Synod did not pay any taxes on unrelated business income during the years ended January 31, 2023 and 2022.

**Use of Estimates** - The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Financial Statement Presentation** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with GAAP. Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Synod and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** - Net assets for the general operations and not subject to donor restrictions. The Synod Council has designated, from net assets without donor restrictions, net assets for a specific use. These uses are:

**Synod Endowment Funds** - Established as an endowment fund from unrestricted bequests, with earnings available for uses approved by Synod Council.

**Reserves (Boerger)** - Established with unrestricted bequests to support recommended cash reserves.

**Building and IT Improvements** - Proceeds from sale of ½ synod office building set aside for technical and building improvements.

**International Travel Fund** - To fund international travel expenses to companion synods for official synod business.

**Bishop's Discretionary Fund (Council)** - Established by Synod Council for programs, projects, or individuals as identified by bishop.

**Rave Scholarship Fund** - Established by Synod Council for lay and clergy theological education.

**First Call Theological Education** - Established for First Call Theological Education events.

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America  
Notes to the Financial Statements  
January 31, 2023 and 2022**

***Synod Assembly Carryover*** - Established as a carryover fund for future assemblies. Funded from excess synod assembly registrations.

***Churchwide Assembly*** - Established by Synod Council for costs associated with triennial churchwide assembly. Funded from budget.

***Boundaries Workshop*** - Established to assist with costs of boundaries workshops for rostered leaders of the synod. Funded from budget.

***Macedonia Projects/4G*** - Established for stewardship projects, including Macedonia and 4G. Funded from unrestricted reserves.

***Automobile Replacement*** - Established to provide funding for replacement of staff automobiles. Funded from bishop transition funds and budget.

***Office Equipment Replacement*** - Established to provide funding for replacement of office equipment, including technology. Funded from budget.

***Program Year Fund*** - Established for expenses associated with yearly synod theme. Funded with bishop transition funds.

***Candidacy Fund*** - Established for revitalization of candidacy process. Funded with bishop transition funds.

***Net Assets With Donor Restrictions*** - Net assets subject to donor-imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. The Synod reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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. The net assets with donor restrictions includes:

***Bishop's Discretionary Fund (Donor)*** - Established with contributions restricted for programs, projects, or individuals as identified by bishop.

***Rural and Small Town*** - Established with contributions restricted for rural and small-town programming and staffing.

***Seminary Scholarships*** - Established with contributions restricted for seminary scholarship.

***Healthy Leaders, Healthy Lives*** - Established with Portico wellness grants for synod wellness projects.

***Cherish all Children NWOS*** - Established with contributions restricted for NWOS Cherish all Children initiative.

***Music Programming*** - Established with contributions restricted for music programming.

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America  
Notes to the Financial Statements  
January 31, 2023 and 2022**

***Dodoma Companion Synod*** - Established with contributions restricted for Dodoma Companion Synod projects.

***Slovak Companion Synod*** - Established with contributions restricted for Slovak Companion Synod projects.

***Mexico Companion Synod*** - Established with contributions restricted for Mexico Companion Synod projects.

***Evangelism Leader Training*** - Established with ELCA Churchwide grant for evangelism training.

***CRTeam*** - Established with restricted contributions for the Synod's congregation resource team.

***Discipleship Institute*** - Established with contributions restricted for research, development, and implementation of the Discipleship Institute.

***GMB General*** - Established with contributions restricted for general Global Mission Board support.

***Sonnenberg Mission Trip*** - Established with contributions restricted to support Sonnenberg mission trips.

***Diakonia*** - Established to fund the Diakonia lay education program.

***Imagining*** - Established to provide grants to new and innovative ministries throughout the northwest Ohio area.

***Makumira Seminary*** - Established with contributions restricted to support the Rich's work at the Makumira Seminary in Tanzania.

***Lakeside Youth Events*** - Established with grants to support a regular NWOS Youth event(s) for fellowship and connection.

***On the Way*** - Established with contributions restricted for the Synod's "On the Way" initiative, to further the discipleship movement through training of leaders and funding of microgrants.

***Campus Ministry*** - Established with contributions restricted to support outreach and ministry to college students attending schools throughout Northwest Ohio.

***Tanzania Staff Travel*** - Established with contributions to fund international staff travel to the Synod's companion synod, Dodoma Diocese in Tanzania.

***Year of Story*** - Established with a grant to fund programming expenses for the Synod's Year of Story initiative.

***Weber Trust*** - Established with restricted contributions to assist with development of new missions within the Synod.

***Cash and Cash Equivalents*** - Cash equivalents are all highly liquid investments and deposits with maturities of three months or less when originally deposited or purchased.

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America  
Notes to the Financial Statements  
January 31, 2023 and 2022**

**Investments** - The Synod carries its investment funds at fair value and reflects the changes in unrealized appreciation or depreciation in the statements of activities.

The specific identification method is used in determining gains or losses realized from the sale of investments.

**Equipment, Furniture, and Vehicles** - Fixed assets purchased are recorded at cost and those donated are recorded at fair market value at the date of gift. Upon disposal, the cost and accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in current operations. Expenditures for routine maintenance, repairs, and renewals are charged to expense as incurred, whereas betterments and improvements that extend the useful lives of the assets are capitalized. Depreciation is computed on the straight-line method using the following lives for each asset classification:

Equipment, furniture, and vehicles	3 - 8 years
Administration facility	5 - 40 years

**Adoption of New Accounting Standard** - The Synod adopted FASB Topic 842, *Leases*, effective February 1, 2022 using the modified retrospective approach by applying the transition provisions at the beginning of the period of adoption. The adoption of this standard did not have a material impact on the Synod's financial statements.

**Functional Allocation of Expenses** - The costs of the program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited from specific identification. The expenses that are allocated include occupancy, depreciation, insurance, and interest, which are allocated on a square footage basis, as well as salaries and wages, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort.

**Reclassifications** - Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Recently Issued Accounting Pronouncements** - From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") and are adopted by the Synod as of the specified effective date. Unless otherwise discussed, the Synod believes that the impact of other recently issued accounting pronouncements will not have a material impact on the statements of financial position, statements of activities, and cash flows, or do not apply to the Synod's operations.

**REFERENCE RATE REFORM** - In March 2020, the FASB issued guidance providing optional expedients and exceptions to account for the effects of reference rate reform to contracts, hedging relationships, and other transactions that reference the London Inter-bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued. This optional guidance became effective on March 12, 2020 and can be applied through December 31, 2024. The Synod has various contracts that reference LIBOR; however, as of the date the financial statements were available to be issued such contract had not yet been modified for reference rate reform. The Synod is evaluating how this standard may be applied to specific contract modifications.

**Subsequent Events** - The Synod has evaluated subsequent events through September 20, 2023, the date that the Synod's annual financial statements were available to be issued.



**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America  
Notes to the Financial Statements  
January 31, 2023 and 2022**

**B. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets at January 31	2023	2022
Cash & cash equivalents	\$ 653,584	\$ 569,056
Certificates of deposit	58,701	58,496
Mutual funds	1,044,684	1,113,762
Annuity	213,486	231,318
Total financial assets	\$ 1,970,455	\$ 1,972,632
Less financial assets not available		
Funds held for others	125,191	18,132
Net assets with donor restrictions	343,058	422,310
Net assets designated by Synod council	999,658	841,825
Annuity	213,486	231,318
Total financial assets not available	1,681,393	1,513,585
Net financial assets available to meet general expenditures within one year	<u>\$ 289,062</u>	<u>\$ 459,047</u>

The Synod is substantially supported by contributions and fundraising events. The Synod manages its liquidity and reserves following three guiding principles: operating programs within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met.

**C. CONCENTRATIONS OF CREDIT RISK**

The Synod maintains its commercial deposits with a local financial institution. Commercial deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. From time to time, the cash balances on deposit may exceed the FDIC insured limits. To date, the Synod has not experienced any losses in such an account and believes it is not exposed to any significant credit risk on its cash deposits.

**D. EQUIPMENT, FURNITURE, AND VEHICLES**

Property and equipment consisted of the following as of January 31:

	2023	2022
Transportation Equipment	\$ 62,294	\$ 37,294
Furniture & Fixtures	43,343	44,718
Office Equipment	16,571	16,571
Computer Equipment	36,040	33,715
	158,248	132,298
Less accumulated depreciation	(124,998)	(115,730)
	<u>\$ 33,250</u>	<u>\$ 16,568</u>

During the fiscal year ended January 31, 2023 and 2022, depreciation expense was \$18,072 and \$18,241, respectively.

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America  
Notes to the Financial Statements  
January 31, 2023 and 2022**

**E. FUNDS HELD FOR OTHERS**

Contributions that are designated for specific organizations or ministries not administered by the Synod are recorded as a current liability until forwarded to the proper organization or agency. The Synod's policy is to distribute the contributions on a monthly basis.

**F. RETIREMENT AND BENEFIT PLANS**

All eligible employees of the Synod are covered by various defined contribution pension and other benefit plans administered by the ELCA. The Synod's expenses for these plans were approximately \$150,000 and \$140,000 during the years ended January 31, 2023 and 2022, respectively.

**G. FAIR VALUE MEASUREMENTS**

GAAP establishes a framework for measuring fair value. That framework 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under this standard are described below:

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

Level 2 Inputs to the valuation methodology include:

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

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

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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.

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America**  
**Notes to the Financial Statements**  
January 31, 2023 and 2022

Following is a description of the valuation methodologies used for assets measured at fair value.

*Variable annuity contract:* Variable annuities consisted of equity-index annuities. At acquisition, the annuities were recorded at their cost, including brokerage and other related fees, which could not exceed market value. The variable annuities consisted of publicly traded mutual funds and were valued daily and include income, gains, or losses (whether or not realized) and fees. Variable annuities were valued at the unadjusted quoted prices for identical assets or liabilities in active markets that the Synod had the ability to access.

*Mutual funds:* Valued at the net asset value (“NAV”) of shares held at year end.

*Certificates of deposit:* Valued at stated aggregate fair value, which is determined based on the closing price reported on the active market on which the individual security is traded the last business day of the year.

*Interest in Trust:* Valued at the fair value of the assets in the trust unless facts and circumstances indicate that the fair value would be different from the present value of estimated future distributions.

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

The following table sets forth by level, within the fair value hierarchy, the Synod’s assets at fair value as of January 31, 2023 and 2022:

	January 31, 2023	Quoted Market Prices In Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)
Certificates of deposit	\$ 58,701	\$ -	\$ 58,701
Mutual funds			
Equity securities	863,646	863,646	-
Fixed income	181,038	181,038	-
Total mutual funds	1,044,684	1,044,684	-
Variable annuity contract	213,486	-	213,486
Interest in trust	32,926	-	32,926
Total assets	<u>\$ 1,349,797</u>	<u>\$ 1,044,684</u>	<u>\$ 305,113</u>

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America**  
**Notes to the Financial Statements**  
January 31, 2023 and 2022

	January 31, 2022	Quoted Market Prices In Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)
Certificates of deposit	\$ 58,496	\$ -	\$ 58,496
Mutual funds			
Equity securities	869,524	869,524	-
Fixed income	244,238	244,238	-
Total mutual funds	1,113,762	1,113,762	-
Variable annuity contract	231,318	-	231,318
Interest in trust	38,089	-	38,089
Total assets	<u>\$ 1,441,665</u>	<u>\$ 1,113,762</u>	<u>\$ 327,903</u>

**H. BENEFICIAL INTEREST IN PERPETUAL TRUST**

The Synod is named as a beneficiary of a trust which is held by a third party that manages the assets and distributes the earnings to parties as defined in the trust. Under a perpetual term arrangement, the Synod receives the income (a portion as defined by the trust) earned by the assets, but never gains use of the trust corpus. The income distributed from this trust does not have any donor-imposed restrictions. Accordingly, income has been reported on the statement of activities and changes in net assets without donor restrictions.

During the year ended January 31, 2016, the Synod was named as a beneficiary of a marital trust. The trust is held by a third party that manages the assets. As the Synod is not the primary beneficiary until a future triggering event, the Synod does not receive the income (a portion as defined by the trust) earned by the assets nor is the trust corpus recorded in this financial statement.

**I. DONATED SERVICES**

The Synod receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statements of activities because the criterion for recognition of such volunteer effort under the standard for *Accounting for Contributions Received and Contributions Made* has not been satisfied.

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## **SUPPLEMENTARY INFORMATION**

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**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America**  
**Schedule of Changes in Net Assets Without Donor Restrictions -  
Council-Designated and Net Assets With Donor Restrictions**  
**For the year ended January 31, 2023**

	Balance February 1, 2022	Additions	Deductions	Balance January 31, 2023
NET ASSETS WITHOUT DONOR RESTRICTIONS -				
COUNCIL DESIGNATED:				
Synod Endowment Funds	\$ 563,625	\$ 536,782	\$ 100,749	\$ 999,658
Previous Council Designated Fund	278,200	-	278,200	-
	<u>841,825</u>	<u>536,782</u>	<u>378,949</u>	<u>999,658</u>
NET ASSETS WITH DONOR RESTRICTIONS:				
Bishop's Discretionary Fund (Donor)	11,558	1,435	3,165	9,828
Rural and Small Town	4,097	361	-	4,458
Seminary Scholarships	52,124	5,118	2,500	54,742
Healthy Leaders, Healthy Lives	9,068	557	8,944	681
Cherish all Children NWOS	5,304	-	5,304	-
Music Programming	2,808	-	2,808	-
Dodoma Companion Synod	72,911	12,768		85,679
Slovak Companion Synod	25,987	1,164	12,757	14,394
Mexico Companion Synod	3,540	47	3,000	587
Evangelism Leader Training	310	-	310	-
CRTeam	447	-	447	-
Discipleship Institute	33,907	16,524	49	50,382
GMB General	15,350	2,285	1,738	15,897
Sonnenberg Mission Trip	17	-	17	-
Diakonia	8,151	-	8,151	-
Imagining	59,646	1,722	58,869	2,499
Makumira Seminary	4,165	366	253	4,278
Lakeside Youth Events	7,781	788		8,569
On the Way	57,833	8,051	30,625	35,259
Campus Ministry	9,217	9,362	6,000	12,579
Weber Trust	38,089	-	5,163	32,926
Tanzania Staff Travel	-	6,000	-	6,000
Year of Story	-	4,300	-	4,300
	<u>422,310</u>	<u>70,848</u>	<u>150,100</u>	<u>343,058</u>
Total Changes in Net Assets Without Donor Restrictions - Council-Designated and Net Assets With Donor Restrictions	<u>\$ 1,264,135</u>	<u>\$ 607,630</u>	<u>\$ 529,049</u>	<u>\$ 1,342,716</u>

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America**  
**Schedule of Changes in Net Assets Without Donor Restrictions -  
Council-Designated and Net Assets With Donor Restrictions**  
**For the year ended January 31, 2022**

	Balance February 1, 2021	Additions	Deductions	Balance January 31, 2022
NET ASSETS WITHOUT DONOR RESTRICTIONS -				
COUNCIL DESIGNATED:				
Synod Endowment Funds	\$ 540,144	\$ 80,861	\$ 57,380	\$ 563,625
Reserves (Boerger)	106,993	-	-	106,993
Building and IT Improvements	37,028	-	-	37,028
International Travel Fund	9,318	4,501	-	13,819
Bishop's Discretionary Fund (Council)	4,361	-	-	4,361
Rave Scholarship Fund	14,460	-	2,500	11,960
First Call Theological Education	6,368	2,460	-	8,828
Synod Assembly Carryover	21,089	-	1,205	19,884
Churchwide Assembly	4,591	-	-	4,591
Boundaries Workshop	3,151	-	-	3,151
Macedonia Projects / 4G	13,359	6,000	10,800	8,559
Automobile Replacement	33,098	7,674	-	40,772
Office Equipment Replacement	12,071	5,429	6,585	10,915
Program Year Fund	2,169	-	2,145	24
Candidacy Fund	2,335	4,980	-	7,315
	<u>810,535</u>	<u>111,905</u>	<u>80,615</u>	<u>841,825</u>
NET ASSETS WITH DONOR RESTRICTIONS:				
Bishop's Discretionary Fund (Donor)	8,326	3,900	668	11,558
Rural and Small Town	4,097	-	-	4,097
Seminary Scholarships	46,654	6,720	1,250	52,124
Healthy Leaders, Healthy Lives	13,900	-	4,832	9,068
Cherish all Children NWOS	5,304	-	-	5,304
Music Programming	2,808	-	-	2,808
Dodoma Companion Synod	64,739	15,650	7,478	72,911
Slovak Companion Synod	28,487	-	2,500	25,987
Mexico Companion Synod	3,540	-	-	3,540
Evangelism Leader Training	764	-	454	310
CRTeam	1,661	510	1,724	447
Discipleship Institute	37,467	14,254	17,814	33,907
GMB General	14,850	500	-	15,350
Sonnenberg Mission Trip	6,382	603	6,968	17
Diakonia	14,105	4,560	10,514	8,151
Imagining	6,147	79,150	25,651	59,646
Makumira Seminary	10,816	9,760	16,411	4,165
Lakeside Youth Events	7,781	-	-	7,781
On the Way	69,566	27,621	39,354	57,833
Campus Ministry	-	9,384	167	9,217
Weber Trust	44,658	-	6,569	38,089
	<u>392,052</u>	<u>172,612</u>	<u>142,354</u>	<u>422,310</u>
Total Changes in Net Assets Without Donor Restrictions - Council-Designated and Net Assets With Donor Restrictions	<u>\$ 1,202,587</u>	<u>\$ 284,517</u>	<u>\$ 222,969</u>	<u>\$ 1,264,135</u>

See Independent Auditor's Report.

**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America  
Schedules of Expenses Without Donor Restrictions**

	For the years ended January 31,	
	2023	2022
<b>TRANSFORMING THE WORLD:</b>		
ELCA Proportionate Share	\$ 670,618	\$ 751,403
Ohio Council of Churches	2,500	2,500
	<u>673,118</u>	<u>753,903</u>
<b>DEVELOPING DISCIPLES:</b>		
Ohio Lutheran Campus Ministries	250	7,500
Lutheran Outdoor Ministries	20,000	20,000
ELCA Ohio Universities	5,000	5,000
Trinity Lutheran Seminary	20,000	20,000
TEEM Program Scholarships	9,950	-
Special Events	5,071	4,223
Candidacy (net receipts)	9,251	13,192
Diakonia Class Expenses	7,158	-
	<u>76,680</u>	<u>69,915</u>
<b>PARISH VITALITY:</b>		
Mission Opportunity Salem, Toledo	10,000	10,000
Mission Opportunity Redeemer, Toledo	10,000	10,000
Mission Opportunity St. John's at the Bay	2,000	2,000
Mission Opportunity LIFT	10,000	10,000
Deans and Call Facilitators	28,052	16,869
	<u>60,052</u>	<u>48,869</u>
<b>OFFICE OF THE BISHOP:</b>		
Synod Staff		
Professional Staff	245,098	239,154
Support Staff	202,946	201,637
Benefits	150,215	141,300
Payroll Taxes and Expenses	24,261	23,903
Professional Expenses	6,805	7,550
Auto Expenses	22,684	18,347
Automobile Depreciation/Replacement	5,466	3,799
Vacation Accrual	(759)	67
Staff Continuing Education	9,475	8,374
Total Synod Staff	<u>666,191</u>	<u>644,131</u>



**Northwestern Ohio Synod  
of the Evangelical Lutheran Church in America  
Schedules of Expenses Without Donor Restrictions**

	For the years ended January 31,	
	2023	2022
Synod Office Building		
Utilities	\$ 4,013	\$ 3,931
Insurance	11,760	9,592
Property Taxes	1,106	4,658
Janitorial	2,483	3,005
Grounds Care Expenses	8,351	6,509
Building Depreciation	8,311	10,015
Building Maintenance	2,801	1,637
Total Synod Office Building	<u>38,825</u>	<u>39,347</u>
Synod Office Operations		
Auditing and Accounting	60,475	58,809
Telephone and Internet	13,078	10,632
Office Supplies	2,737	4,482
Printer and Postage Meter Lease	-	1,412
Consulting Services	1,250	1,250
Postage	1,676	1,588
Copier Lease	8,685	6,761
Office Lease	2,175	-
Cell Phone and Internet Cost Share	1,600	-
Subscriptions	14,068	9,279
Legal Fees	5,872	1,520
Bank Service Charges and Fees	3,019	2,574
IT Support	13,055	11,661
Office Equipment Depreciation / Replacement	4,295	4,427
Region 6 Archives	9,600	3,167
Total Synod Office Operations	<u>141,585</u>	<u>117,562</u>
	<u>846,601</u>	<u>801,040</u>
Less: net assets designated by Synod Council	<u>(47,963)</u>	<u>(11,735)</u>
	<u>798,638</u>	<u>789,305</u>
<b>COMMITTEES, COUNCIL, ASSEMBLY</b>		
Synod Council and Committees	<u>1,027</u>	<u>1,632</u>
<b>TOTAL UNRESTRICTED EXPENSES</b>	<u><u>\$ 1,609,515</u></u>	<u><u>\$ 1,663,624</u></u>