

Northwestern Ohio Synod of the Evangelical Lutheran Church in America

**Financial Statements and Independent Auditor's Report
with Supplementary Information**

January 31, 2022 and 2021

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

**Financial Statements with Supplementary Information
January 31, 2022 and 2021**

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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, (the "Synod") (a nonprofit organization) which comprise the statements of financial position as of January 31, 2022 and 2021, and the related statements of activities, functional expenses, changes in net assets, 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, 2022 and 2021, 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.

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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 supplemental information included on pages 23 through 26 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
July 21, 2022

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

	January 31,	
	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents:		
Commercial deposits	\$ 313,034	\$ 216,632
Money market funds	256,022	255,400
	569,056	472,032
Advances	4,861	2,959
Prepaid expenses	12,053	14,330
Total current assets	585,970	489,321
Investments		
Certificates of deposit	58,496	58,291
Mutual funds	1,113,762	999,715
Annuity	231,318	217,621
	1,403,576	1,275,627
Equipment, furniture and vehicles		
Equipment, furniture and vehicles	132,298	127,348
Less accumulated depreciation	(115,730)	(107,504)
Net equipment, furniture and vehicles	16,568	19,844
Land - administration facility		
Land - administration facility	44,086	44,086
Administration facility	395,210	390,220
Less accumulated depreciation	(295,529)	(285,514)
Property and facility, net	143,767	148,792
Long-term investments		
Trust	38,089	44,658
	\$ 2,187,970	\$ 1,978,242
	\$ 2,187,970	\$ 1,978,242

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

	January 31,	
	2022	2021
LIABILITIES		
Current liabilities		
Accounts payable	\$ 227,797	\$ 154,135
Accrued expenses	9,984	9,917
Funds held for others	18,132	17,752
Total current liabilities	255,913	181,804
NET ASSETS		
Without donor restrictions - General	667,922	593,851
Without donor restrictions - Council-Designated		
Synod Endowment Funds	563,625	540,144
Reserves (Boerger)	106,993	106,993
Building and IT Improvements	37,028	37,028
International Travel Fund	13,819	9,318
Bishop's Discretionary Fund (Council)	1,861	4,361
Rave Scholarship Fund	14,460	14,460
First Call Theological Education	8,828	6,368
Synod Assembly Carryover	19,884	21,089
Churchwide Assembly	4,591	4,591
Boundaries Workshop	3,151	3,151
Macedonia Projects / 4G	8,559	13,359
Automobile Replacement	40,772	33,098
Office Equipment Replacement	10,915	12,071
Program Year Fund	24	2,169
Candidacy Fund	7,315	2,335
Total without donor restrictions - Council-Designated	841,825	810,535
Total without donor restrictions	1,509,747	1,404,386

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

	January 31,	
	2022	2021
With donor restrictions		
Bishop's Discretionary Fund (Donor)	\$ 11,558	\$ 8,326
Rural and Small Town	4,097	4,097
Seminary Scholarships	52,124	46,654
Healthy Leaders, Healthy Lives	9,068	13,900
Cherish all Children NWOS	5,304	5,304
Music Programming	2,808	2,808
Dodoma Companion Synod	72,911	64,739
Slovak Companion Synod	25,987	28,487
Mexico Companion Synod	3,540	3,540
Evangelism Leader Training	310	764
CRTeam	447	1,661
Discipleship Institute	33,907	37,467
GMB General	15,350	14,850
Sonnenberg Mission Trip	17	6,382
Diakonia	8,151	14,105
Imagining	59,646	6,147
Makumira Seminary	4,165	10,816
Lakeside Youth Events	7,781	7,781
On the Way	57,833	69,566
Campus Ministry	9,217	-
Weber Trust	38,089	44,658
Total with donor restrictions	422,310	392,052
Total net assets	1,932,057	1,796,438
	\$ 2,187,970	\$ 1,978,242

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

For the year ended January 31, 2022

	Without Donor Restrictions			Total 2022
	General	Council- Designated	With Donor Restrictions	
SUPPORT AND REVENUE				
Unrestricted mission support	\$ 1,473,340	\$ -	\$ -	\$ 1,473,340
Churchwide grants for DEM	105,905	-	-	105,905
Gifts designated for Synod	31,036	13,941	156,961	201,938
Miscellaneous income	4,085	-	-	4,085
Annual Fund	39,832	-	-	39,832
Investment return, net	43,835	23,618	-	67,453
TOTAL SUPPORT AND REVENUE	1,698,033	37,559	156,961	1,892,553
 NET ASSETS RELEASED FROM COUNCIL DESIGNATION OR RESTRICTION	 157,000	 (36,866)	 (120,134)	 -
	1,855,033	693	36,827	1,892,553
 EXPENSES				
Program expenses	1,505,639	-	-	1,505,639
Management and general expenses	326,720	-	-	326,720
TOTAL EXPENSES	1,832,359	-	-	1,832,359
 Transfer of net assets	 (11,735)	 11,735	 -	 -
 CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN (LOSS) ON INVESTMENTS	 10,939	 12,428	 36,827	 60,194
 Unrealized gain (loss) on investments	 63,132	 18,862	 (6,569)	 75,425
 CHANGE IN NET ASSETS	\$ 74,071	\$ 31,290	\$ 30,258	\$ 135,619

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

	For the year ended January 31, 2021			
	Without Donor Restrictions			
	General	Council- Designated	With Donor Restrictions	Total 2021
SUPPORT AND REVENUE				
Unrestricted mission support	\$ 1,441,883	\$ -	\$ -	\$ 1,441,883
Churchwide grants for DEM	100,107	-	-	100,107
Gifts designated for Synod	45,935	16,193	152,077	214,205
Miscellaneous income	2,842	-	-	2,842
Investment return, net	36,825	17,641	1,253	55,719
TOTAL SUPPORT AND REVENUE	1,627,592	33,834	153,330	1,814,756
 NET ASSETS RELEASED FROM COUNCIL DESIGNATION OR RESTRICTION				
	107,354	(27,056)	(80,298)	-
	1,734,946	6,778	73,032	1,814,756
 EXPENSES				
Program expenses	1,407,522	-	-	1,407,522
Management and general expenses	332,953	-	-	332,953
TOTAL EXPENSES	1,740,475	-	-	1,740,475
Transfer of net assets	(9,097)	9,097	-	-
 CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN ON INVESTMENTS				
	(14,626)	15,875	73,032	74,281
Unrealized gain on investments	54,913	29,407	2,992	87,312
 CHANGE IN NET ASSETS	\$ 40,287	\$ 45,282	\$ 76,024	\$ 161,593

**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 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
Statement of Functional Expenses**

For the year ended January 31, 2021

	Programs					
	Developing Disciples	Parish Vitality	Transforming The World	Total Programs	Management and General	Total Expenses
Program grants	\$ 64,175	\$ 48,585	\$ 774,000	\$ 886,760	\$ 9,500	\$ 896,260
Synod programs and assistance	6,738	12,000	-	18,738	1,283	20,021
Compensation and benefits	175,169	194,820	50,233	420,222	185,783	606,005
Professional and administrative services	7,958	18,781	2,410	29,149	72,174	101,323
Office operations	7,945	5,356	1,025	14,326	33,780	48,106
Information technology	3,174	2,821	705	6,700	7,373	14,073
Occupancy	6,923	7,522	1,084	15,529	14,135	29,664
Travel	1,144	1,234	316	2,694	570	3,264
Depreciation	5,491	6,502	1,411	13,404	8,355	21,759
	<u>\$ 278,717</u>	<u>\$ 297,621</u>	<u>\$ 831,184</u>	<u>\$ 1,407,522</u>	<u>\$ 332,953</u>	<u>\$ 1,740,475</u>

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

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Statements of Changes in Net Assets**

	Without Donor Restrictions			With Donor Restrictions		Total Net Assets	
	General	Unrealized Gain on Investments	Council- Designated	Unrealized Gain on Investments	Restricted Net Assets		Unrealized Gain (Loss) on Investments
Balance at February 1, 2020	\$ 470,531	\$ 83,033	\$ 684,710	\$ 80,543	\$ 341,670	\$ (25,642)	\$ 1,634,845
Change in net assets	<u>(14,626)</u>	<u>54,913</u>	<u>15,875</u>	<u>29,407</u>	<u>73,032</u>	<u>2,992</u>	<u>161,593</u>
Balance at January 31, 2021	\$ 455,905	\$ 137,946	\$ 700,585	\$ 109,950	\$ 414,702	\$ (22,650)	\$ 1,796,438
Change in net assets	<u>10,939</u>	<u>63,132</u>	<u>12,428</u>	<u>18,862</u>	<u>36,827</u>	<u>(6,569)</u>	<u>135,619</u>
Balance at January 31, 2022	<u>\$ 466,844</u>	<u>\$ 201,078</u>	<u>\$ 713,013</u>	<u>\$ 128,812</u>	<u>\$ 451,529</u>	<u>\$ (29,219)</u>	<u>\$ 1,932,057</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,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 135,619	\$ 161,593
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,241	21,759
Unrealized gain on investments	(75,425)	(87,312)
Changes in operating assets and liabilities:		
Advances	(1,902)	(1,587)
Prepaid expenses	2,277	(298)
Accounts payable	73,662	(59,496)
Accrued expenses	67	3,879
Funds held for others	380	17,752
Net cash provided by operating activities	152,919	56,290
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(45,955)	(55,719)
Purchases of property and equipment	(9,940)	(2,643)
Net cash used in investing activities	(55,895)	(58,362)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	97,024	(2,072)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	472,032	474,104
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 569,056	\$ 472,032

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2022 and 2021**

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, 2022 and 2021.

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, 2022 and 2021.

Use of Estimates - The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America, 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 financial statements are presented in accordance with the Standards of Accounting and Financial Reporting for Certain Nonprofit Organizations issued by the American Institute of Certified Public Accountants. All accounting is on the accrual basis except mission support contributions which are recognized when received because their receipt is on a voluntary basis. The Synod has adopted the Statement of Financial Accounting Standard for Financial Statements of Not-for-Profit Organizations. Under this standard, the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Descriptions are 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.

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America**
Notes to the Financial Statements
January 31, 2022 and 2021

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

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

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. We report 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.

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2022 and 2021**

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.

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.

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

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2022 and 2021**

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.

Investments - The Synod carries its investment funds at fair value and reflects the changes in unrealized appreciation or depreciation in the statement of activities. The investment funds assets have been designated by the Synod Council as long-term.

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

Property and Equipment - 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

During the fiscal year ended January 31, 2022 and 2021, depreciation expense was \$18,241 and \$21,759, respectively.

Government Grant Income - The Company records grants received from governmental agencies that are to reimburse them for qualifying expenses, as defined under the terms of a government grant, as deferred revenue. The Company recognizes income on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate.

Revenue Recognition - Revenue from Contracts with Customers, Topic 606 - Revenue from Contracts with Customers supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, as well as most industry-specific guidance, and provides a principles-based, comprehensive framework in Topic 606, Revenue from Contracts with Customers. This standard also specifies the accounting for certain costs to obtain or fulfill a contract with a customer and provides enhanced disclosure requirements. The Synod's revenues consist of contributions by Synod congregations and grant income. Revenues are recognized when earned. The adoption of this standard had no material impact on the financial statements.

Functional Allocation of Expenses - The costs of 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.

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.

Leases - In February 2016, the FASB issued guidance which created new accounting and reporting guidelines for leasing arrangements. The guidance requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months.

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2022 and 2021**

Recognition, measurement and presentation of expenses and cash flows arising from a lease will depend on classification as a finance or operating lease. The guidance also requires qualitative and quantitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. In June 2020, in conjunction with the global pandemic, the FASB has extended the original effective date for those entities who have not yet adopted this standard. The Synod has yet to adopt and thus would be subject to the revised adoption date of annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2021 (the Synod's 2023 fiscal year). The Synod continues to evaluate the impact of the adoption of this guidance.

CECL - In June 2016, FASB issued Accounting Standards Update ("ASU") 2016-13, "Measurement of Credit Losses on Financial Instruments." ASU 2016-13 requires a financial asset (or a group of financial assets) measured at amortized cost to be presented at the net amount expected to be collected.

The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. In June 2020, in conjunction with the global pandemic, the FASB has extended the original effective date for those entities not yet of adoption of this standard. The Synod has yet to adopt and thus would be subject to the revised adoption date of annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2022. The Company continues to evaluate the impact of the adoption of this guidance.

Subsequent Events - The Synod has evaluated subsequent events through July 21, 2022, the date that the Synod's annual financial statements were available to be issued.

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	2022	2021
Cash & cash equivalents	\$ 569,056	\$ 472,032
Certificates of deposit	58,496	58,291
Mutual funds	1,113,762	999,715
Annuity	231,318	217,621
Total financial assets	\$ 1,972,632	\$ 1,747,659
Less financial assets not available		
Funds held for others	18,132	17,752
Net assets with donor restrictions	422,310	392,052
Net assets designated by synod council	841,825	810,535
Annuity	231,318	217,621
Total financial assets not available	1,513,585	1,437,960
Net financial assets available to meet general expenditures within one year	\$ 459,047	\$ 309,699

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2022 and 2021**

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 account and believes it is not exposed to any significant credit risk on its cash deposits.

D. 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.

E. PENSION 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 \$140,000 and \$130,000 during the years ended January 31, 2022 and 2021, respectively.

F. INVESTMENT FUNDS

A substantial portion of the investment funds’ abilities to maintain their market value is dependent upon the government securities and corporate stock and bond markets and their broker’s ability to manage the portfolio. Investments consisted of the following assets measured at fair value on a recurring basis at:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
January 31, 2022				
Certificates of deposit	\$ 58,496	\$ -	\$ -	\$ 58,496
Mutual funds				
Equity securities	546,123	323,401	-	869,524
Fixed income	251,471	-	7,233	244,238
Total mutual funds	<u>797,594</u>	<u>323,401</u>	<u>7,233</u>	<u>1,113,762</u>
Trust	38,053	36	-	38,089
Annuity	<u>231,318</u>	<u>-</u>	<u>-</u>	<u>231,318</u>
Total	<u>\$ 1,125,461</u>	<u>\$ 323,437</u>	<u>\$ 7,233</u>	<u>\$ 1,441,665</u>

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	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
January 31, 2021				
Certificates of deposit	\$ 58,291	\$ -	\$ -	\$ 58,291
Mutual funds				
Equity securities	513,645	246,206	-	759,851
Fixed income	243,143	1,770	5,049	239,864
Total mutual funds	<u>756,788</u>	<u>247,976</u>	<u>5,049</u>	<u>999,715</u>
Trust	72,498	-	27,840	44,658
Annuity	217,621	-	-	217,621
Total	<u>\$ 1,105,198</u>	<u>\$ 247,976</u>	<u>\$ 32,889</u>	<u>\$ 1,320,285</u>

The following is a summary of investment income and its classification in the statement of activities for the fiscal year ended January 31, 2022:

	<u>January 31, 2022</u>			
	<u>General</u>	<u>Council- Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Dividends and interest	<u>\$ 43,835</u>	<u>\$ 23,618</u>	<u>\$ -</u>	<u>\$ 67,453</u>

The following is a summary of investment income and its classification in the Statement of Activities for the fiscal year ended January 31, 2021:

	<u>January 31, 2021</u>			
	<u>General</u>	<u>Council- Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Dividends and interest	<u>\$ 36,825</u>	<u>\$ 17,641</u>	<u>\$ 1,253</u>	<u>\$ 55,719</u>

Allocation of investment return between General and Council - Designated is determined by Synod Council policy.

G. FAIR VALUE MEASUREMENTS

FASB Codification for Fair Value Measurements and Disclosures 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).

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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.

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.

**Northwestern Ohio Synod
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Notes to the Financial Statements
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The following table sets forth by level, within the fair value hierarchy, the Synod's assets at fair value as of January 31, 2022 and 2021:

	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>
	January 31, 2021	Quoted Market Prices In Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)
Certificates of deposit	\$ 58,291	\$ -	\$ 58,291
Mutual funds			
Equity securities	759,851	759,851	-
Fixed income	239,864	239,864	-
Total mutual funds	999,715	999,715	-
Variable annuity contract	217,621	-	217,621
Interest in trust	44,658	-	44,658
Total assets	<u>\$ 1,320,285</u>	<u>\$ 999,715</u>	<u>\$ 320,570</u>

Additional investments reported on the statement of financial position include money market funds, which are not included in the table above.

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. Changes in the perpetual trust net assets are reported with 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.

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2022 and 2021**

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.

J. OPERATING LEASE

The Synod is obligated under certain operating leases for office equipment and rental facilities for the Campus Ministry program. The following is a schedule of future minimum rental payments under the operating leases:

Year ending January 31, 2023	<u>\$ 2,700</u>
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Total rent expense under all operating leases was approximately \$15,700 and \$21,400 during the years ended January 31, 2022 and 2021, respectively.

K. RISKS AND UNCERTAINTIES

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions in the U.S., as federal, state, and local governments reacted to the public health crisis, creating significant uncertainties in the U.S. economy. While the disruption is currently expected to be temporary, there is uncertainty around the duration. The ultimate impact of the pandemic's affect from the date of this report moving forward on the Synod's results of operations and financial position cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

**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	-	2,500	1,861
Rave Scholarship Fund	14,460	-	-	14,460
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>

**Northwestern Ohio Synod
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Schedule of Changes in Net Assets Without Donor Restrictions -
Council-Designated and Net Assets With Donor Restrictions
For the year ended January 31, 2021**

	Balance February 1, 2020	Additions	Deductions	Balance January 31, 2021
NET ASSETS WITHOUT DONOR RESTRICTIONS -				
COUNCIL DESIGNATED:				
Synod Endowment Funds	\$ 500,707	\$ 115,667	\$ 76,230	\$ 540,144
Reserves (Boerger)	106,993	334	334	106,993
Building and IT Improvements	37,228	-	200	37,028
International Travel Fund	4,242	10,485	5,409	9,318
Mission Fund (NWOS Evangelical Outreach)	1,390	219	1,609	-
Bishop's Discretionary Fund (Council)	4,361	-	-	4,361
Rave Scholarship Fund	14,710	-	250	14,460
First Call Theological Education	6,956	4,830	5,418	6,368
Synod Assembly Carryover	21,089	-	-	21,089
Churchwide Assembly	3,591	2,125	1,125	4,591
Boundaries Workshop	3,151	-	-	3,151
Macedonia Projects / 4G	21,709	3,650	12,000	13,359
Automobile Replacement	25,424	7,674	-	33,098
Office Equipment Replacement	11,298	4,066	3,293	12,071
Program Year Fund	2,169	-	-	2,169
Candidacy Fund	235	4,436	2,336	2,335
	<u>765,253</u>	<u>153,486</u>	<u>108,204</u>	<u>810,535</u>
NET ASSETS WITH DONOR RESTRICTIONS:				
Bishop's Discretionary Fund (Donor)	9,165	-	839	8,326
Rural and Small Town	11,596	110	7,609	4,097
Seminary Scholarships	46,309	345	-	46,654
Healthy Leaders, Healthy Lives	19,440	3,300	8,840	13,900
Cherish all Children NWOS	5,304	-	-	5,304
Music Programming	2,808	-	-	2,808
Book of Faith	35	-	35	-
Dodoma Companion Synod	62,892	13,944	12,097	64,739
Slovak Companion Synod	28,487	-	-	28,487
Mexico Companion Synod	3,860	500	820	3,540
Evangelism Leader Training	764	-	-	764
CRTeam	1,440	900	679	1,661
Discipleship Institute	54,165	27,067	43,765	37,467
GMB General	14,850	-	-	14,850
Sonnenberg Mission Trip	3,860	5,769	3,247	6,382
Diakonia	-	18,905	4,800	14,105
Imagining	-	19,824	13,677	6,147
Makumira Seminary	-	20,527	9,711	10,816
Lakeside Youth Events	7,881	-	100	7,781
On the Way	-	141,913	72,347	69,566
Marion Prison Ministry	-	6,055	6,055	-
Weber Trust	43,172	3,684	2,198	44,658
	<u>316,028</u>	<u>262,843</u>	<u>186,819</u>	<u>392,052</u>
Total Changes in Net Assets Without Donor Restrictions - Council-Designated and Net Assets With Donor Restrictions	<u>\$ 1,081,281</u>	<u>\$ 416,329</u>	<u>\$ 295,023</u>	<u>\$ 1,202,587</u>

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Schedules of Unrestricted Expenses**

	For the years ended January 31,	
	2022	2021
TRANSFORMING THE WORLD:		
ELCA Proportionate Share	\$ 751,403	\$ 735,896
Ohio Council of Churches	2,500	2,950
	753,903	738,846
DEVELOPING DISCIPLES:		
Ohio Lutheran Campus Ministries	7,500	1,275
Lutheran Outdoor Ministries	20,000	25,000
ELCA Ohio Universities	5,000	5,000
Trinity Lutheran Seminary	20,000	20,000
TEEM Program Scholarships	-	9,950
Special Events	4,223	84
Candidacy (net receipts)	13,192	8,623
	69,915	69,932
PARISH VITALITY:		
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	17,500
Deans and Call Facilitators	16,869	18,551
	48,869	58,051
OFFICE OF THE BISHOP:		
Synod Staff		
Professional Staff	239,154	234,222
Support Staff	201,637	170,519
Benefits	141,300	133,322
Payroll Taxes and Expenses	23,903	18,784
Professional Expenses	7,550	5,561
Auto Expenses	18,347	3,264
Automobile Depreciation/Replacement	3,799	7,611
Vacation Accrual	67	3,709
Staff Continuing Education	8,374	10,430
Total Synod Staff	644,131	587,422

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Schedules of Unrestricted Expenses**

	For the years ended	
	January 31,	
	2022	2021
Synod Office Building		
Utilities	\$ 3,931	\$ 4,321
Insurance	9,592	10,585
Property Taxes	4,658	4,590
Janitorial	3,005	2,861
Grounds Care Expenses	6,509	6,461
Building Depreciation	10,015	9,973
Building Maintenance	1,637	847
Total Synod Office Building	39,347	39,638
Synod Office Operations		
Auditing and Accounting	58,809	60,035
Telephone and Internet	10,632	11,423
Office Supplies	4,482	3,183
Printer and Postage Meter Lease	1,412	1,993
Consulting Services	1,250	-
Postage	1,588	3,276
Copier Lease	6,761	9,373
Subscriptions	9,279	13,038
Legal Fees	1,520	2,846
Bank Service Charges and Fees	2,574	7,773
IT Support	11,661	10,581
Office Equipment Depreciation / Replacement	4,427	4,173
Region 6 Archives	3,167	9,500
Total Synod Office Operations	117,562	137,194
	801,040	764,254
Less: net assets designated by Synod Council	(11,735)	(11,849)
	789,305	752,405
COMMITTEES, COUNCIL, ASSEMBLY		
Synod Council and Committees	1,632	283
	1,632	283
TOTAL UNRESTRICTED EXPENSES	\$ 1,663,624	\$ 1,619,517