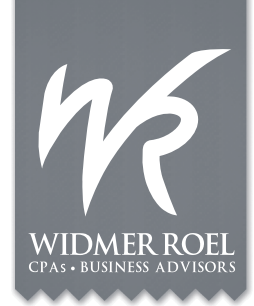


**NORTHWESTERN MINNESOTA SYNOD
OF THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA**

**FINANCIAL STATEMENTS
JANUARY 31, 2023 AND 2022**

WITH INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

The Synod Executive Committee
Northwestern Minnesota Synod of the Evangelical Lutheran Church in America
Moorhead, Minnesota

Opinion

We have audited the financial statements of **Northwestern Minnesota Synod of the Evangelical Lutheran Church in America** (a non-profit corporation), which comprise the statements of financial position as of January 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Northwestern Minnesota Synod of the Evangelical Lutheran Church in America** 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 (GAAS). 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 **Northwestern Minnesota Synod of the Evangelical Lutheran Church in America** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 **Northwestern Minnesota Synod of the Evangelical Lutheran Church in America's** ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 **Northwestern Minnesota Synod of the Evangelical Lutheran Church in America's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Northwestern Minnesota Synod of the Evangelical Lutheran Church in America's** ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 of the financial statements, **Northwestern Minnesota Synod of the Evangelical Lutheran Church in America** adopted new accounting guidance by implementing the provisions of Financial Accounting Standards Board ("FASB") ASU No. 842, Leases, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of activity for donor restricted net assets for a specific purpose and the schedule of partners in ministry support are 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.



Fargo, North Dakota
May 17, 2023

**NORTHWESTERN MINNESOTA SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

**STATEMENTS OF FINANCIAL POSITION
JANUARY 31, 2023 AND 2022**

| ASSETS | 2023 | 2022 |
|---|----------------------------|----------------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents, without donor restrictions | \$ 556,532 | \$ 455,642 |
| Cash and cash equivalents, with donor restrictions | <u>238,995</u> | <u>338,856</u> |
| Total current assets | 795,527 | 794,498 |
| INVESTMENTS, net | 247,166 | 249,977 |
| PROPERTY AND EQUIPMENT, net | 17,022 | 26,307 |
| RIGHT OF USE ASSET | <u>35,337</u> | <u>-</u> |
| Total assets | \$ <u><u>1,095,052</u></u> | \$ <u><u>1,070,782</u></u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Current portion of long-term debt | \$ 7,068 | \$ 6,778 |
| Current portion of lease liability | 27,518 | - |
| Accounts payable | - | 725 |
| Accrued expenses | 105,574 | 95,657 |
| Donor pass through payables | <u>52,911</u> | <u>56,380</u> |
| Total current liabilities | 193,071 | 159,540 |
| LONG-TERM DEBT, less current maturities | 14,401 | 21,471 |
| LEASE LIABILITY, less current portion | <u>7,819</u> | <u>-</u> |
| Total liabilities | <u>215,291</u> | <u>181,011</u> |
| NET ASSETS | | |
| Without donor restrictions | | |
| Undesignated | 88,216 | 164,975 |
| Synod designated | 442,295 | 293,849 |
| With donor restrictions | <u>349,250</u> | <u>430,947</u> |
| Total net assets | <u>879,761</u> | <u>889,771</u> |
| Total liabilities and net assets | \$ <u><u>1,095,052</u></u> | \$ <u><u>1,070,782</u></u> |

**NORTHWESTERN MINNESOTA SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA**
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JANUARY 31, 2023

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|--|---|-----------------------|
| REVENUE AND SUPPORT | | | |
| Mission support | \$ 1,358,399 | \$ - | \$ 1,358,399 |
| Contributions | - | 250,130 | 250,130 |
| Grants | 120,995 | - | 120,995 |
| Net investment return | (1,354) | (6,474) | (7,828) |
| Events | | | |
| Synod assembly | 32,401 | - | 32,401 |
| First call theological education | 20,742 | - | 20,742 |
| Other events | 30,584 | - | 30,584 |
| Lutheran Youth Organization | 17,588 | - | 17,588 |
| Designated support | 155,767 | - | 155,767 |
| Miscellaneous income | 5,559 | - | 5,559 |
| Net assets released from restrictions | <u>325,353</u> | <u>(325,353)</u> | <u>-</u> |
| Total revenue and support | <u>2,066,034</u> | <u>(81,697)</u> | <u>1,984,337</u> |
| EXPENSES | | | |
| Program services expense | | | |
| Broader church and evangelical outreach | 1,110,842 | - | 1,110,842 |
| Leadership development | 311,628 | - | 311,628 |
| Congregational vitality | 113,516 | - | 113,516 |
| Synod governance and vitality | 204,185 | - | 204,185 |
| Management and general | <u>254,176</u> | <u>-</u> | <u>254,176</u> |
| Total expenses | <u>1,994,347</u> | <u>-</u> | <u>1,994,347</u> |
| CHANGE IN NET ASSETS | 71,687 | (81,697) | (10,010) |
| NET ASSETS, Beginning of year | <u>458,824</u> | <u>430,947</u> | <u>889,771</u> |
| NET ASSETS, End of year | <u>\$ 530,511</u> | <u>\$ 349,250</u> | <u>\$ 879,761</u> |

**NORTHWESTERN MINNESOTA SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA**
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JANUARY 31, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|--|---|--------------------------|
| REVENUE AND SUPPORT | | | |
| Mission support | \$ 1,351,710 | \$ - | \$ 1,351,710 |
| Synod support | 13,542 | - | 13,542 |
| Contributions | - | 288,950 | 288,950 |
| Grants | 33,124 | - | 33,124 |
| Net investment return | 10,604 | 8,576 | 19,180 |
| Events | | | |
| Synod assembly | 37,419 | - | 37,419 |
| Theology for mission conference | 18,732 | - | 18,732 |
| First call theological education | 7,518 | - | 7,518 |
| Other events | 5,029 | - | 5,029 |
| Designated support | 12,610 | - | 12,610 |
| Miscellaneous income | 265 | - | 265 |
| Net assets released from restrictions | <u>124,243</u> | <u>(124,243)</u> | <u>-</u> |
| Total revenue and support | <u>1,614,796</u> | <u>173,283</u> | <u>1,788,079</u> |
| EXPENSES | | | |
| Program services expense | | | |
| Broader church and evangelical outreach | 887,478 | - | 887,478 |
| Leadership development | 250,090 | - | 250,090 |
| Congregational vitality | 86,618 | - | 86,618 |
| Synod governance and vitality | 157,899 | - | 157,899 |
| Management and general | <u>209,358</u> | <u>-</u> | <u>209,358</u> |
| Total expenses | <u>1,591,443</u> | <u>-</u> | <u>1,591,443</u> |
| CHANGE IN NET ASSETS | 23,353 | 173,283 | 196,636 |
| NET ASSETS, Beginning of year | <u>435,471</u> | <u>257,664</u> | <u>693,135</u> |
| NET ASSETS, End of year | \$ <u><u>458,824</u></u> | \$ <u><u>430,947</u></u> | \$ <u><u>889,771</u></u> |

**NORTHWESTERN MINNESOTA SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2023**

| | Program | | | | | |
|---|---|---------------------------|----------------------------|-----------------------------------|---------------------------|---------------------|
| | Broader Church & Evangelical Outreach | Leadership Development | Congregational Vitality | Synod Governance & Vitality | Management and General | Total |
| Salaries | \$ 23,159 | \$ 73,337 | \$ 50,178 | \$ 111,935 | \$ 127,374 | \$ 385,983 |
| Benefits | 13,709 | 43,412 | 29,703 | 66,260 | 75,400 | 228,484 |
| Boards and committees | - | 1,505 | - | 2,794 | - | 4,299 |
| Candidacy background checks and psych evaluations | - | 8,836 | - | - | - | 8,836 |
| Cohort ministries | 4,324 | - | - | - | - | 4,324 |
| Contract for services gift planner | 5,000 | - | - | 5,000 | - | 10,000 |
| Depreciation | - | - | - | - | 9,285 | 9,285 |
| ELCA churchwide mission support | 638,437 | - | - | - | - | 638,437 |
| Sustaining rural ministries | - | 7,800 | - | - | - | 7,800 |
| Equipment/maintenance | 3,155 | 3,155 | 3,155 | 3,155 | 3,155 | 15,775 |
| Evangelism | 289,875 | - | - | - | - | 289,875 |
| Event expenses | | | | | | |
| Great Synod get together | 11,066 | - | - | - | - | 11,066 |
| Region 3 | - | 1,184 | - | - | - | 1,184 |
| Stewardship | 781 | 781 | - | - | - | 1,562 |
| First call colleague program and theological education | - | 17,535 | 5,845 | - | - | 23,380 |
| Health and wellness | - | 200 | - | 200 | - | 400 |
| Insurance | 1,395 | 1,395 | 1,395 | 1,395 | 1,395 | 6,975 |
| Interest expense | - | - | - | - | 1,057 | 1,057 |
| Legal and audit services | - | - | - | - | 18,865 | 18,865 |
| Lutheran Youth Organization | 5,048 | 10,097 | 5,048 | - | - | 20,193 |
| Ministries, missions and other services | 20,247 | - | - | - | - | 20,247 |
| Occupancy | 3,412 | 3,412 | 3,412 | 3,412 | 3,412 | 17,060 |
| Partners in ministry | 36,417 | 109,252 | - | - | - | 145,669 |
| Postage and shipping | 1,113 | 1,113 | 1,113 | 1,113 | - | 4,452 |
| Retired rostered leaders and spouses events | - | 191 | - | - | - | 191 |
| Staff travel | 4,746 | 9,493 | 4,746 | - | - | 18,985 |
| Subscriptions and publications | 4,510 | 4,510 | 4,510 | 4,510 | 4,510 | 22,550 |
| Supplies and materials | - | - | - | - | 6,950 | 6,950 |
| Synod assembly | 2,773 | 2,773 | 2,773 | 2,773 | 2,773 | 13,865 |
| Synod designated disbursements | 40,037 | 10,009 | - | - | - | 50,046 |
| Telephone | 1,638 | 1,638 | 1,638 | 1,638 | - | 6,552 |
| Total expenses by function | \$ <u>1,110,842</u> | \$ <u>311,628</u> | \$ <u>113,516</u> | \$ <u>204,185</u> | \$ <u>254,176</u> | \$ <u>1,994,347</u> |

**NORTHWESTERN MINNESOTA SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2022**

| | Program | | | | | |
|--|--|-----------------------------------|------------------------------------|--|-----------------------------------|---------------------|
| | Broader Church & Evangelical Outreach | Leadership Development | Congregational Vitality | Synod Governance & Vitality | Management and General | Total |
| Salaries | \$ 17,606 | \$ 55,752 | \$ 38,146 | \$ 85,095 | \$ 96,833 | \$ 293,432 |
| Benefits | 10,641 | 33,697 | 23,056 | 51,433 | 58,527 | 177,354 |
| Boards and committees | - | 615 | - | 1,141 | - | 1,756 |
| Candidacy background checks and psych evaluations | - | 3,836 | - | - | - | 3,836 |
| Cohort ministries | 7,563 | - | - | - | - | 7,563 |
| Contract for services gift planner | 5,000 | - | - | 5,000 | - | 10,000 |
| Depreciation | - | - | - | - | 9,285 | 9,285 |
| ELCA churchwide mission support | 635,304 | - | - | - | - | 635,304 |
| Equipment/maintenance | 2,660 | 2,660 | 2,660 | 2,660 | 2,660 | 13,300 |
| Evangelism | 115,075 | - | - | - | - | 115,075 |
| Event expenses | | | | | | |
| Clergy spouses retreat | - | 568 | 568 | - | - | 1,136 |
| Great Synod get together | 20 | - | - | - | - | 20 |
| First call theological education | - | 4,520 | 1,507 | - | - | 6,027 |
| Health and wellness | - | 45 | - | 45 | - | 90 |
| Insurance | 1,202 | 1,202 | 1,202 | 1,202 | 1,202 | 6,010 |
| Interest expense | - | - | - | - | 1,335 | 1,335 |
| Legal and audit services | - | - | - | - | 27,078 | 27,078 |
| Lutheran Youth Organization | 14 | 28 | 14 | - | - | 56 |
| Ministries, missions and other services | 24,770 | - | - | - | - | 24,770 |
| Occupancy | 3,412 | 3,412 | 3,412 | 3,412 | 3,412 | 17,060 |
| Partners in ministry | 40,673 | 122,018 | - | - | - | 162,691 |
| Postage and shipping | 910 | 910 | 910 | 910 | - | 3,640 |
| Staff travel | 2,370 | 4,740 | 2,370 | - | - | 9,480 |
| Subscriptions and publications | 2,464 | 2,464 | 2,464 | 2,464 | 2,464 | 12,320 |
| Supplies and materials | - | - | - | - | 3,692 | 3,692 |
| Synod assembly | 2,870 | 2,870 | 2,870 | 2,870 | 2,870 | 14,350 |
| Synod designated disbursements | 13,257 | 3,314 | - | - | - | 16,571 |
| Telephone | 1,667 | 1,667 | 1,667 | 1,667 | - | 6,668 |
| Theology for ministry conference | - | 5,772 | 5,772 | - | - | 11,544 |
| Total expenses by function | \$ <u>887,478</u> | \$ <u>250,090</u> | \$ <u>86,618</u> | \$ <u>157,899</u> | \$ <u>209,358</u> | \$ <u>1,591,443</u> |

**NORTHWESTERN MINNESOTA SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022**

| | <u>2023</u> | <u>2022</u> |
|--|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (10,010) | \$ 196,636 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 9,285 | 9,285 |
| Net investment return | 21,100 | (19,180) |
| Changes in assets and liabilities | | |
| Accounts payable | (725) | (9,299) |
| Accrued expenses | 9,917 | (9,961) |
| Donor pass through payables | (3,469) | 1,446 |
| | <u>26,098</u> | <u>168,927</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (18,289) | (11,129) |
| Proceeds from the sale of investments | <u>-</u> | <u>8,771</u> |
| | <u>(18,289)</u> | <u>(2,358)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal payments of long-term debt | <u>(6,780)</u> | <u>(6,500)</u> |
| NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | 1,029 | 160,069 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, Beginning of year | <u>794,498</u> | <u>634,429</u> |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, End of year | \$ <u><u>795,527</u></u> | \$ <u><u>794,498</u></u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash paid for interest | \$ <u><u>-</u></u> | \$ <u><u>1,335</u></u> |
| Right-of-use assets obtained in exchange for lease liabilities | \$ <u><u>49,651</u></u> | \$ <u><u>-</u></u> |

**NORTHWESTERN MINNESOTA SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Northwestern Minnesota Synod of the Evangelical Lutheran Church in America (“Synod”), in partnership with the church-wide organization, bears responsibility for the oversight of the life and mission of this church in the territory of this Synod, which is the northwest section of the state of Minnesota. The Synod area includes 230 congregations. The Synod operates under the bylaws, policies and regulations of the Evangelical Lutheran Church in America (“ELCA”). The Synod, at times, is exposed to the risks associated with the economy of the geographical area due to the support from congregations in the limited geographic area.

Basis of Accounting

The financial statements of the Synod have been prepared on the accrual basis. The significant accounting policies by the Synod are described below to enhance the usefulness of the financial statements to the reader. The Synod 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.

Basis of Presentation

The financial statements of the Synod have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Synod to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Synod management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Synod or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash, Cash Equivalents, and Restricted Cash

For the purposes of the statements of cash flows, the Synod considers all highly liquid investment accounts with a maturity of three months or less to be cash equivalents.

Restricted cash is considered to be all funds held by the Synod that are restricted by the donor for a specific purpose.

Concentration of Credit Risk

The Synod maintains cash balances at certain financial institutions. The accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”). At January 31, 2023 and 2022, the Organization’s uninsured cash balance totaled \$559,765 and \$524,085, respectively.

**NORTHWESTERN MINNESOTA SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022**

The Synod also maintains cash balances with the Mission Investment Fund of the ELCA. Accounts at this institution are not insured by the FDIC.

Investments

The Synod's investments consist of money market investments with the Mission Investment Fund of the ELCA ("MIF") as well as an ELCA pooled investment fund. The funds held with MIF are used to provide financing or refinancing for buildings and site acquisitions to congregations, organizations, and institutions that are related to the ELCA. Ordinary income from the ELCA pooled investment fund is accounted for in net assets with donor restrictions and net assets without donor restrictions based on the percent of the Synod's investment balance that is donor restricted. Investment fees in the ELCA pooled investment fund is charged from the change in market value. The investments are not insured by the FDIC, Securities Investor Protection Corporation ("SIPC") or any other federal or state regulatory agency.

Property and Equipment

Property and equipment are stated at cost. Donated equipment is valued at estimated cost at the time of the donation. It is the policy of the Synod to provide depreciation based on the useful life of the assets, using the straight-line method. The estimated useful life of the assets ranges from 5 to 40 years. The Synod's policy is to capitalize any purchase determined to be property or equipment over \$2,000 and with useful lives greater than three years.

Sweep Agreement

The Synod has entered into a checking account sweep agreement with a financial institution. The agreement provides for the financial institution to make daily automatic fund transfers between the checking account and savings account.

Donor Pass Through Payables

The donor pass through payables account represents contributions collected and held at the end of the year for other organizations and missions. The Synod's policy is to recognize the contributions received and deposited as a liability until paid to the beneficiaries. Donor pass through payables are remitted to the ELCA on a monthly basis.

Revenue Recognition

The Synod's primary source of revenue is from contributions. Due to contributions being both voluntary and nonreciprocal, they do not fall under ASU No. 2014-09, "*Revenue from Contracts with Customers* (Topic 606)". However, revenue recognized in the form of event registration is subject to special consideration under Topic 606. The Synod has analyzed the provisions of Topic 606, including the five-step approach to evaluating contracts, and has concluded that no changes are necessary to conform with the new standard. Revenue for such events is recognized at a point in time when the event has occurred. Additionally, there is no registration revenue at year end January 31, 2023 and 2022 which has not been earned.

**NORTHWESTERN MINNESOTA SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022**

Contributions

Contributions are recognized when the donor makes a promise to give to the Synod that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions.

Income Taxes

The latest determination letter issued by the Internal Revenue Service indicates the Northwestern Minnesota Synod of the Evangelical Lutheran Church in America is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code, as a religious organization, and therefore no provision is made for federal and state income taxes.

Sabbatical Leave

The sabbatical leave policy states, for those employees for whom it can be demonstrated that the leave will increase their value to the Synod, sabbatical leave may be requested. Approval is required by the Bishop and Executive Committee. For non-rostered employees, leave can range from one to three months and may be requested after six years of service. Upon completion of leave the employee shall be committed to a minimum of one year of full-time employment. Rostered employees are encouraged to take a minimum of one to three months every five to seven years.

Functional Expenses

Functional expenses have been allocated between one or more programs and supporting functions based on an analysis of effort and space utilized, payroll and benefits are allocated based on estimated personnel time devoted to various activities. In fiscal years 2023 and 2022, there were no fundraising expenses.

Estimates

The preparation 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 liability 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.

Adoption of Lease Standards

In 2023, the Synod adopted FASB Accounting Standards Update (ASU) No. 842, Leases, which requires lessees to recognize assets and liabilities for all leases. The Synod adopted Topic 842 using the optional transition method that allows entities to forgo the comparative reporting requirements under the modified retrospective transition method.

**NORTHWESTERN MINNESOTA SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022**

Subsequent Events

Management has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. The Synod believes that there has not been an event subsequent to year end where disclosure is necessary.

NOTE 2 – 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:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Cash and cash equivalents without donor restrictions | \$ 556,532 | \$ 455,642 |
| MIF demand account | <u>21,652</u> | <u>21,553</u> |
| Total | \$ <u>578,184</u> | \$ <u>477,195</u> |

The Synod's endowment funds consist partly of donor-restricted endowments as well as Synod designated funds. The designated portion of the endowment fund are available to the Synod as designated by the Synod Council, if necessary. The designated portion is not included in the total available assets as the intent is not to spend these funds. Income and dividends from endowments are available for purposes determined by management and the Synod council and are disbursed on a quarterly basis.

NOTE 3 – INVESTMENTS

Investments are stated at their fair values and consisted of the following at January 31:

| | <u>2023</u> | | <u>2022</u> | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> |
| ELCA Next Generation Pooled | | | | |
| Endowment Fund | \$ 211,210 | \$ 225,514 | \$ 193,018 | \$ 228,424 |
| Money market fund | <u>21,652</u> | <u>21,652</u> | <u>21,553</u> | <u>21,553</u> |
| | \$ <u>232,862</u> | \$ <u>247,166</u> | \$ <u>214,571</u> | \$ <u>249,977</u> |

Investment earnings are comprised of the following at January 31:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|------------------|
| Investment income | \$ 8,699 | \$ 7,678 |
| Interest income | 4,573 | 1,205 |
| Change in unrealized gains on investments | <u>(21,100)</u> | <u>10,297</u> |
| Net investment return | \$ <u>(7,828)</u> | \$ <u>19,180</u> |

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FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022**

NOTE 4 – PROPERTY AND EQUIPMENT

| | <u>2023</u> | <u>2022</u> |
|--------------------------|------------------|------------------|
| Equipment and vehicles | \$ 90,866 | \$ 95,685 |
| Accumulated depreciation | <u>(73,844)</u> | <u>(69,378)</u> |
| | <u>\$ 17,022</u> | <u>\$ 26,307</u> |

NOTE 5 – FAIR VALUE MEASUREMENTS

The three levels of fair value hierarchy in accordance with ASC 920 *Fair Value Measurements* are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active or inactive markets and inputs other than quoted prices that are observable for the asset or liability.

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

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

Money Market Funds – Valued at the net asset value (“NAV”) of shares held by the Synod at year-end. Money market funds held by the Synod are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and transact at that price. The money market funds held by the Synod are deemed to be actively traded.

ELCA Pooled Investment Fund – Valued based on NAV until price adjusted periodically to reflect the investment results under the investment fund, which approximates fair value. Fair value is determined based on the underlying value of investments held within the pooled investment fund. The Synod’s interest in the account is the cumulative record of the number of units credited to the fund and the number of units allocated or withdrawn from the fund.

The valuation 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 fair value measurement at the reporting date.

The Synod’s fair value measurement policies and procedures are reviewed annually to determine if the valuation techniques are still appropriate.

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The following table sets forth by level, within the fair value hierarchy, the Synod's investments at fair value reported on a recurring basis as of January 31, 2023:

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|--|--------------------------|-----------------------|-----------------------|-----------------------|
| Money market funds | \$ 21,652 | \$ 21,652 | \$ - | \$ - |
| Total assets in the fair value hierarchy | 21,652 | 21,652 | - | - |
| Investments measured at net asset value | 225,514 | - | - | - |
| Total assets | <u>\$ 247,166</u> | <u>\$ 21,652</u> | <u>\$ -</u> | <u>\$ -</u> |

The following table sets forth by level, within the fair value hierarchy, the Synod's investments at fair value reported on a recurring basis as of January 31, 2022:

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|--|--------------------------|-----------------------|-----------------------|-----------------------|
| Money market funds | \$ 21,553 | \$ 21,553 | \$ - | \$ - |
| Total assets in the fair value hierarchy | 21,553 | 21,553 | - | - |
| Investments measured at net asset value | 228,424 | - | - | - |
| Total assets | <u>\$ 249,977</u> | <u>\$ 21,553</u> | <u>\$ -</u> | <u>\$ -</u> |

Amendments to Subtopic 820-10, *Fair Value Measurement and Disclosures-Overall* of the FASB Accounting Standards Codification permit, as a practical expedient, a plan holding investments in certain entities that calculate NAV per share, or its equivalent, for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that NAV per share, or its equivalent, without adjustment. Pursuant to these amendments, the Synod does not categorize investments for which fair value is measured at NAV per share, or its equivalent, using the practical expedient within the fair value hierarchy. The following is a summary of the Synod's investments which report using NAV:

| | <u>2023 Fair Value</u> | <u>2022 Fair Value</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency</u> | <u>Redemption Notice Period</u> |
|--|-----------------------------------|-----------------------------------|--|--|--|
| ELCA Next Generation Pooled Endowment Fund | \$ 225,514 | \$ 228,424 | \$ - | Daily | Within ten business days |

The ELCA Pooled Investment Fund seeks to provide a stable, quarterly stream of distributable investment income comprised of interest, dividends and capital gains realized by the fund. The fund allocates holdings in a diversified portfolio of investment pools consisting principally of global equities and fixed income securities.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 6 – DESIGNATED NET ASSETS

The following net assets are recorded as Synod designated as of January 31:

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|-------------------|-------------------|
| Continuing education staff | \$ 9,612 | \$ 10,230 |
| Estate - Minerva Olson | 5,296 | 5,296 |
| Health & Wellness | 7,603 | 13,882 |
| Insurance proceeds & restitution | 4,700 | 3,598 |
| Next Generation fund | 203,057 | 203,057 |
| Pastor to Pastor | 1,147 | 1,147 |
| Staff meetings/team building | 1,200 | 1,200 |
| Staff transition fund | 63,597 | 43,597 |
| Strategic initiatives | 134,241 | - |
| Synod assembly reserve | 10,055 | 10,055 |
| Synod programs | 1,787 | 1,787 |
| | <u>\$ 442,295</u> | <u>\$ 293,849</u> |

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

The following net assets are recorded as donor restricted as of January 31:

| | <u>2023</u> | <u>2022</u> |
|--|-------------|-------------|
| Subject to expenditure for a specific purpose | | |
| Accompaniment team | \$ 48 | \$ 48 |
| Anti-racism training | 2,115 | - |
| Candidacy grants & retreats | 64 | 64 |
| Companion Synod - general | 9,366 | 8,613 |
| Discovering vitality - small ELCA cong | 9,000 | 9,000 |
| Domestic Hunger Grant | 10,000 | - |
| Easter appeal | 907 | 907 |
| ELCA Next Generation Fund - endowment earnings | 4,131 | 15,147 |
| Evangelism | 34,053 | 22,732 |
| Farm Relief | 500 | 500 |
| Fostering Vibrant Faith | 25,040 | 25,040 |
| Give MN | - | 4,637 |
| Give At Home MN | - | 2,683 |
| Give to the Max 2020 | - | 8,041 |
| Give to the Max 2021 | - | 78,255 |
| Give to the Max 2022 | 41,596 | - |
| Giving Hearts Day 2021 | - | 38,220 |
| Giving Hearts Day 2022 | - | 50,725 |
| Giving Hearts Day 2023 | 24,642 | - |
| Harold Lohr Memorial Fund | 435 | 435 |
| Hunger Grant | 3,411 | 3,411 |

(Continued)

**NORTHWESTERN MINNESOTA SYNOD OF THE
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**NOTES TO THE FINANCIAL STATEMENTS
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| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Lilly III Grant Funds | - | 10,441 |
| Macedonia Project | - | 5,380 |
| Make Known Loved Project | 421 | - |
| Memorial for Survivors of Sexual Assault and Abuse | - | 3,525 |
| Native Neighbors Table | 9,865 | 11,692 |
| Office furnishings & equipment | 33 | 33 |
| Parish Nurse Program | 500 | - |
| Power & boundary training | 3,028 | 2,557 |
| Racial equity | 66 | 19,850 |
| Red River leadership | - | 492 |
| Resilient Communities Grants | - | 735 |
| Rural internships - Horizon | 100 | 100 |
| Rural Revival Fund | 24,223 | - |
| SAM Training Fund | 3,486 | 3,311 |
| School of Lay Ministry (GIFTS Grant) | 647 | 647 |
| Seminary Student Scholarship | 34 | 34 |
| Spouse of Rostered Ministers Retreat | 2,136 | 1,657 |
| Spring appeal 2023 | 125 | - |
| Stewardship SOLI Grant | 2,210 | 1,215 |
| Sustaining Rural Ministry | 8,369 | 8,229 |
| Synod assembly offering | 1,000 | 500 |
| Synod Storm Relief | 16,776 | - |
| Women's resiliency | 668 | - |
| | <u>238,995</u> | <u>338,856</u> |
| Total purpose restrictions | | |
| | <u>238,995</u> | <u>338,856</u> |
| Endowment | | |
| Subject to endowment spending policy | | |
| ELCA Next Generation fund | <u>110,255</u> | <u>92,091</u> |
| | <u>110,255</u> | <u>92,091</u> |
| Total net assets with donor restrictions | <u>\$ 349,250</u> | <u>\$ 430,947</u> |

NOTE 8 – ENDOWMENTS

The Synod's endowment consists of donor-restricted funds as well as Synod designated funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Synod has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Synod classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not

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classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Synod in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Synod and its Synod Endowment Committee considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a) The duration and preservation of the fund;
- b) The purposes of the Synod and the donor-restricted endowment fund;
- c) General economic conditions;
- d) The possible effect of inflation and deflation;
- e) The expected total return from income and the appreciation of investments;
- f) Other resources of the Synod; and
- g) The investment policies of the Synod.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable state law requires the Synod to retain as a fund of perpetual duration.

In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of January 31, 2023 and 2022.

Return Objectives and Risk Parameters

The Synod has adopted investment and spending policies for endowment assets to achieve growth in principal value while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Synod must hold in perpetuity or for a donor-specified period(s). The Synod expects its endowment funds, over time, to provide a reasonable level of current income to support the spending policy authorized by the Synod Council and to grow equity assets. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

The assets will be managed on a total return basis. While the Synod recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. It is not a breach of fiduciary responsibility to pursue riskier investment strategies if such strategies are in the Synod's best interest on a risk-adjusted basis. Risk management of the investment program is focused on understanding both the investment and operational risks to which the Synod is exposed. The objective is to minimize operational risks and require appropriate compensation for investment risks which the Synod is willing to accept.

Spending Policy and How the Investment Objectives Relate to Spending Policy

It is the Synod's policy to withdraw quarterly distributions of earnings and dividends from the endowment's market value. It is understood that the total return basis for calculating spending is sanctioned by UPMIFA, under which guidelines the Synod is permitted to spend an amount in excess of the current yield (interest and dividends earned), including realized or unrealized appreciation.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022**

Changes in the Synod's endowment are as follows for the years ended:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---------------------------|--|---|--------------------------|
| Balance, January 31, 2021 | \$ 115,556 | \$ 91,441 | \$ 206,997 |
| Contributions | - | 11,130 | 11,130 |
| Net appreciation | <u>5,384</u> | <u>4,913</u> | <u>10,297</u> |
| Balance, January 31, 2022 | 120,940 | 107,484 | 228,424 |
| Contributions | - | 18,190 | 18,190 |
| Net appreciation | <u>(9,812)</u> | <u>(11,288)</u> | <u>(21,100)</u> |
| Balance, January 31, 2023 | \$ <u><u>111,128</u></u> | \$ <u><u>114,386</u></u> | \$ <u><u>225,514</u></u> |

NOTE 9 – PENSION AND BENEFIT PLAN

The Synod participates in a pension and benefit plan through Portico. This is a defined contribution plan which covers all employees who work a minimum of 20 hours a week for six months or more per year. Contributions are the following percentages of the total salary and housing allowance: 10% for the Bishop and 12% for pastoral and support staff. Contributions totaled \$45,469 and \$33,211 for the years ended January 31, 2023 and 2022, respectively.

NOTE 10 – RELATED PARTY

The Synod is related to the ELCA through common management and religious affiliation. The Synod's policy is to give the ELCA 47% of its mission support revenue each year. Contributions to the ELCA, including pass-through payments, for the years ended January 31, 2023 and 2022 totaled \$638,437 and \$635,304, respectively, with a year-end payable balance of \$154,437 and \$145,923, respectively.

The Synod is one of the nine ELCA Synods that comprise Region 3 ELCA. Contributions to Region 3 ELCA for the years ended January 31, 2023 and 2022 totaled \$6,643 and \$6,278, respectively.

NOTE 11 – LEASES

A lease is defined as a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment over a contracted period in exchange for payment. The Synod evaluates if an arrangement is a lease as of the commencement date of the lease agreement. Right-of-use ("ROU") assets and lease liabilities are recognized based on the present value of future minimum lease payments over the lease term. Lease liabilities are classified between current and long-term liabilities based on their payment terms. The Synod's leases may include renewal options, and those renewal options are included in the lease term when it is concluded that it is reasonably certain the Synod will exercise that option. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate, such as the Synod's proportionate share of actual costs for utilities, common area maintenance, insurance, and property taxes, are excluded from the measurement of the lease liability, unless subject to fixed minimum requirements and are recognized as variable lease cost when the obligation for that payment is incurred.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022**

As the Synod's leases do not provide the lease implicit rates, the Synod has elected to use the risk-free rate of return as the discount rate. The risk-free rate used approximates the lease term at the commencement date of the lease agreement.

The Synod leases operating facilities and equipment with varying rental payment and maturity dates. A summary of the Synod's lease information is as follows as of January 31, 2023:

| | <u>Balance Sheet Location</u> | <u>2023</u> |
|---|-------------------------------|--------------------|
| Assets | | |
| Right-of -use asset | Assets | \$ <u>35,337</u> |
| Liabilities | | |
| Current lease liability | Current liabilities | 27,518 |
| Long-term lease liability | Long-term liabilities | <u>7,819</u> |
| Total lease liability | | \$ <u>35,337</u> |
| Other information | | |
| Cash paid for amounts included in the measurement of lease measurement of lease liabilities | | |
| Operating cash flows from operating leases | | \$ 25,402 |
| ROU assets obtained in exchange for new operating lease liabilities | | \$ 40,233 |
| Weighted average remaining lease term (in years) operating leases | | 1.98 |
| Weighted average discount rate operating leases | | 3.70% |

Minimum annual rental commitments of non-cancelable operating leases at January 31, 2023, are as follows:

| | |
|------------------------------|------------------|
| 2024 | \$ 27,518 |
| 2025 | 2,729 |
| 2026 | 1,956 |
| 2027 | 1,956 |
| 2028 | <u>2,567</u> |
| | 36,726 |
| Less: present value discount | <u>(1,389)</u> |
| | \$ <u>35,337</u> |

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The Synod was a party to litigation in the ordinary course of business. In 2023 this pending litigation was closed. There was no financial loss from the Synod as a result of this litigation.

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**SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022**

**NORTHWESTERN MINNESOTA SYNOD OF THE
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**SCHEDULE OF ACTIVITY FOR DONOR RESTRICTED NET ASSETS FOR A SPECIFIC PURPOSE
FOR THE YEAR ENDED JANUARY 31, 2023**

| | Balance 1/31/22 | Revenue, Grants, and Support | Transfers | Net Assets Released from Restrictions | Balance 1/31/23 |
|--|--------------------|------------------------------------|--------------|--|--------------------|
| Subject to expenditure for a specific purpose | | | | | |
| Accompaniment team | \$ 48 | \$ - | \$ - | \$ - | \$ 48 |
| Anti-Racism Training | - | 2,717 | - | 602 | 2,115 |
| Candidacy grants & retreats | 64 | - | - | - | 64 |
| Companion Synod - general | 8,613 | 1,500 | - | 747 | 9,366 |
| Discovering vitality - small ELCA cong | 9,000 | - | - | - | 9,000 |
| Domestic Hunger Grant | - | 10,000 | - | - | 10,000 |
| Easter appeal | 907 | - | - | - | 907 |
| Easter appeal - 2022 | - | 13,070 | - | 13,070 | - |
| Endowment earnings | 15,147 | (11,016) | - | - | 4,131 |
| Evangelism | 22,732 | 22,538 | - | 11,217 | 34,053 |
| Fall theological offering | - | 1,425 | - | 1,425 | - |
| Farm relief | 500 | - | - | - | 500 |
| Fostering vibrant faith | 25,040 | - | - | - | 25,040 |
| Give MN | 4,637 | - | (4,637) | - | - |
| Give At Home MN | 2,683 | - | (2,683) | - | - |
| Give to the Max 2020 | 8,041 | - | (8,041) | - | - |
| Give to the Max 2021 | 78,255 | - | (78,255) | - | - |
| Give to the Max 2022 | - | 52,765 | (225) | 10,944 | 41,596 |
| Giving Hearts Day 2021 | 38,220 | - | (37,774) | 446 | - |
| Giving Hearts Day 2022 | 50,725 | 21,925 | (71,057) | 1,593 | - |
| Giving Hearts Day 2023 | - | 25,500 | - | 858 | 24,642 |
| Harold Lohr Memorial Fund | 435 | - | - | - | 435 |
| Hunger Grant | 3,411 | - | - | - | 3,411 |
| Lilly III grant funds | 10,441 | - | (10,441) | - | - |
| Lutheran Campus Ministry | - | 200 | - | 200 | - |
| Macedonia project | 5,380 | - | (5,380) | - | - |
| Made Known Loved Project | - | 600 | - | 179 | 421 |
| Memorial for Survivors of Sexual Assault and Abuse | 3,525 | - | - | 3,525 | - |
| Middle School Gathering Offering | - | 1,554 | - | 1,554 | - |
| Native Neighbors Table | 11,692 | 475 | - | 2,302 | 9,865 |
| Office furnishings & equipment | 33 | - | - | - | 33 |
| Parish Nurse Program | - | 500 | - | - | 500 |
| Power & boundary training | 2,557 | 472 | - | 1 | 3,028 |
| Racial equity | 19,850 | 3,773 | - | 23,557 | 66 |
| Red River Leadership | 492 | - | - | 492 | - |
| Resilient Communities Grants | 735 | - | (735) | - | - |
| Rural internships - Horizon | 100 | - | - | - | 100 |
| Rural Revival Fund | - | 38,918 | - | 14,695 | 24,223 |
| SAM Training Fund | 3,311 | 375 | - | 200 | 3,486 |
| School of Lay Ministry (GIFTS Grant) | 647 | - | - | - | 647 |
| Seminary Student Scholarship | 34 | - | - | - | 34 |
| Spouse of Rostered Ministers Retreat | 1,657 | 3,145 | - | 2,666 | 2,136 |
| Spring appeal 2023 | - | 125 | - | - | 125 |
| Stewardship SOLI Grant | 1,215 | 2,756 | - | 1,761 | 2,210 |
| Sustaining Rural Ministry | 8,229 | 17,386 | 37,289 | 54,535 | 8,369 |
| Synod assembly offering | 500 | 500 | - | - | 1,000 |
| Synod storm relief | - | 17,276 | - | 500 | 16,776 |
| Women's resiliency | - | 2,977 | - | 2,309 | 668 |
| Total purpose restrictions | \$ 338,856 | \$ 231,456 | \$ (181,939) | \$ 149,378 | \$ 238,995 |

**NORTHWESTERN MINNESOTA SYNOD OF THE
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**SCHEDULE OF ACTIVITY FOR DONOR RESTRICTED NET ASSETS FOR A SPECIFIC PURPOSE
FOR THE YEAR ENDED JANUARY 31, 2022**

| | Balance 1/31/21 | Revenue, Grants, and Support | Net Assets Released from Restrictions | Balance 1/31/22 |
|--|----------------------------|---|--|----------------------------|
| Subject to expenditure for a specific purpose | | | | |
| Accompaniment team | \$ - | \$ 48 | \$ - | \$ 48 |
| Candidacy grants & retreats | 64 | - | - | 64 |
| Companion Synod - general | 7,144 | 1,469 | - | 8,613 |
| Discovering vitality - small ELCA cong | 10,000 | 1,500 | 2,500 | 9,000 |
| Easter appeal | - | 44,603 | 43,696 | 907 |
| Endowment earnings | 10,056 | 5,091 | - | 15,147 |
| Evangelism | 16,060 | 31,885 | 25,213 | 22,732 |
| Farm relief | 500 | - | - | 500 |
| Fostering vibrant faith | 25,040 | - | - | 25,040 |
| Give MN | 4,637 | - | - | 4,637 |
| Give At Home MN | 2,983 | - | 300 | 2,683 |
| Give to the Max 2020 | 8,441 | - | 400 | 8,041 |
| Give to the Max 2021 | - | 78,255 | - | 78,255 |
| Giving Hearts Day 2021 | 10,886 | 49,010 | 21,676 | 38,220 |
| Giving Hearts Day 2022 | - | 50,725 | - | 50,725 |
| Harold Lohr Memorial Fund | - | 435 | - | 435 |
| Hunger Grant | 3,411 | - | - | 3,411 |
| Lilly III Grant Funds | 10,441 | - | - | 10,441 |
| Macedonia project | 5,434 | - | 54 | 5,380 |
| Memorial for Survivors of Sexual Assault and Abuse | - | 4,000 | 475 | 3,525 |
| Native Neighbors Table | 12,963 | 1,650 | 2,921 | 11,692 |
| Office furnishings & equipment | 33 | - | - | 33 |
| Power & boundary training | 2,718 | 2,251 | 2,412 | 2,557 |
| Racial equity | 25,000 | - | 5,150 | 19,850 |
| Red River Leadership | 2,972 | - | 2,480 | 492 |
| Resilient Communities Grants | 3,135 | - | 2,400 | 735 |
| Rural Internships - Horizon | 100 | - | - | 100 |
| SAM Training Fund | 3,311 | - | - | 3,311 |
| School of Lay Ministry (GIFTS Grant) | 647 | - | - | 647 |
| Seminary Student Scholarship | 34 | - | - | 34 |
| Spouse of Rostered Ministers Retreat | 3,040 | - | 1,383 | 1,657 |
| Stewardship SOLI Grant | 1,215 | - | - | 1,215 |
| Sustaining Rural Ministry | 654 | 7,575 | - | 8,229 |
| Synod assembly offering | 500 | - | - | 500 |
| Women's resiliency | 119 | 3,896 | 4,015 | - |
| | <u>\$ 171,538</u> | <u>\$ 282,393</u> | <u>\$ 115,075</u> | <u>\$ 338,856</u> |
| Total purpose restrictions | \$ 171,538 | \$ 282,393 | \$ 115,075 | \$ 338,856 |

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**SCHEDULE OF PARTNERS IN MINISTRY SUPPORT
FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022**

| | <u>2023</u> | <u>2022</u> |
|---|------------------------------|------------------------------|
| Region 3 Support | \$ 6,643 | \$ 6,278 |
| Lutheran Campus Ministry - BSU | 26,586 | 27,529 |
| Lutheran Campus Ministry - MSUM | 26,586 | 27,529 |
| Companion Synod Relationship | (610) | 1,469 |
| Minnesota Council of Churches | 9,309 | 9,634 |
| Lutheran Advocacy Minnesota | 2,792 | 2,890 |
| Parish Nurse Program | 486 | 908 |
| Synod Outreach Ministries | - | 9,250 |
| Luther Seminary | 63,814 | 66,072 |
| ELCA Colleges | 2,840 | 2,998 |
| Oak Grove Lutheran School | 988 | 1,414 |
| Racial equity | <u>-</u> | <u>20</u> |
| Total support to Partners in Ministry | \$ <u><u>139,434</u></u> | \$ <u><u>155,991</u></u> |