

Northwestern Ohio Synod of the Evangelical Lutheran Church in America

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

January 31, 2021 and 2020

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

**Financial Statements with Supplementary Information
January 31, 2021 and 2020**

Table of Contents

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities	7
Statements of Functional Expenses	9
Statements of Changes in Net Assets	11
Statements of Cash Flows	12
Notes to the Financial Statements	13
Supplementary Information	
Schedule of Changes in Net Assets Without Donor Restrictions - Council-Designated and Net Assets With Donor Restrictions	22
Schedules of Unrestricted Expenses	24

Independent Auditor's Report

To the Synod Council
Evangelical Lutheran Church in America
Northwestern Ohio Synod

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, 2021 and 2020 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2021 and 2020, 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.

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Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information 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. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Apple Growth Partners

Akron, Ohio
May 5, 2021

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

	January 31,	
	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents:		
Commercial deposits	\$ 216,632	\$ 218,864
Money market funds	255,400	255,240
	472,032	474,104
Advances	2,959	1,372
Prepaid expenses	14,330	14,032
Total current assets	489,321	489,508
Investments		
Certificates of deposit	58,291	57,615
Mutual funds	999,715	874,266
Annuity	217,621	202,201
	1,275,627	1,134,082
Equipment, furniture and vehicles		
Equipment, furniture and vehicles	127,348	124,705
Less accumulated depreciation	(107,504)	(95,719)
Net equipment, furniture and vehicles	19,844	28,986
Land - administration facility		
Land - administration facility	44,086	44,086
Administration facility	390,220	390,220
Less accumulated depreciation	(285,514)	(275,540)
Property and facility, net	148,792	158,766
Long-term investments		
Trust	44,658	43,172
	\$ 1,978,242	\$ 1,854,514
	\$ 1,978,242	\$ 1,854,514

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

	January 31,	
	2021	2020
LIABILITIES		
Current liabilities		
Accounts payable	\$ 154,135	\$ 213,631
Accrued expenses	9,917	6,038
Funds held for others	17,752	-
Total current liabilities	181,804	219,669
NET ASSETS		
Without donor restrictions - General	593,851	553,564
Without donor restrictions - Council-Designated		
Synod Endowment Funds	540,144	500,707
Reserves (Boerger)	106,993	106,993
Building and IT Improvements	37,028	37,228
International Travel Fund	9,318	4,242
Mission Fund (NWOS Evangelical Outreach)	-	1,390
Bishop's Discretionary Fund (Council)	4,361	4,361
Rave Scholarship Fund	14,460	14,710
First Call Theological Education	6,368	6,956
Synod Assembly Carryover	21,089	21,089
Churchwide Assembly	4,591	3,591
Boundaries Workshop	3,151	3,151
Macedonia Projects / 4G	13,359	21,709
Automobile Replacement	33,098	25,424
Office Equipment Replacement	12,071	11,298
Program Year Fund	2,169	2,169
Candidacy Fund	2,335	235
Total without donor restrictions - Council-Designated	810,535	765,253
Total without donor restrictions	1,404,386	1,318,817

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

	January 31,	
	2021	2020
With donor restrictions		
Bishop's Discretionary Fund (Donor)	\$ 8,326	\$ 9,165
Rural and Small Town	4,097	11,596
Seminary Scholarships	46,654	46,309
Healthy Leaders, Healthy Lives	13,900	19,440
Cherish all Children NWOS	5,304	5,304
Music Programming	2,808	2,808
Book of Faith	-	35
Dodoma Companion Synod	64,739	62,892
Slovak Companion Synod	28,487	28,487
Mexico Companion Synod	3,540	3,860
Evangelism Leader Training	764	764
CRTeam	1,661	1,440
Discipleship Institute	37,467	54,165
GMB General	14,850	14,850
Sonnenberg Mission Trip	6,382	3,860
Diakonia	14,105	-
Imagining	6,147	-
Makumira Seminary	10,816	-
Lakeside Youth Events	7,781	7,881
On the Way	69,566	-
Weber Trust	44,658	43,172
Total with donor restrictions	392,052	316,028
Total net assets	1,796,438	1,634,845
	\$ 1,978,242	\$ 1,854,514

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

For the year ended January 31, 2021

	Without Donor Restrictions			Total 2021
	General	Council- Designated	With Donor Restrictions	
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	36,825	17,641	1,253	55,719
TOTAL SUPPORT AND REVENUE	<u>1,627,592</u>	<u>33,834</u>	<u>153,330</u>	<u>1,814,756</u>
NET ASSETS RELEASED FROM COUNCIL DESIGNATION OR RESTRICTION				
	107,354	(27,056)	(80,298)	-
	<u>1,734,946</u>	<u>6,778</u>	<u>73,032</u>	<u>1,814,756</u>
EXPENSES				
Program expenses	1,407,522	-	-	1,407,522
Management and general expenses	332,953	-	-	332,953
TOTAL EXPENSES	<u>1,740,475</u>	<u>-</u>	<u>-</u>	<u>1,740,475</u>
Transfer of net assets	<u>(9,097)</u>	<u>9,097</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN ON INVESTMENTS				
	(14,626)	15,875	73,032	74,281
Unrealized gain on investments	<u>54,913</u>	<u>29,407</u>	<u>2,992</u>	<u>87,312</u>
CHANGE IN NET ASSETS	<u>\$ 40,287</u>	<u>\$ 45,282</u>	<u>\$ 76,024</u>	<u>\$ 161,593</u>

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

For the year ended January 31, 2020

	Without Donor Restrictions			Total 2020
	General	Council- Designated	With Donor Restrictions	
SUPPORT AND REVENUE				
Unrestricted mission support	\$ 1,456,831	\$ -	\$ -	\$ 1,456,831
ELCA CSM Support	40,396	-	-	40,396
Gifts designated for Synod	45,914	-	68,195	114,109
Miscellaneous income	(1,890)	-	-	(1,890)
Investment return	36,658	24,973	2,252	63,883
TOTAL SUPPORT AND REVENUE	1,577,909	24,973	70,447	1,673,329
 NET ASSETS RELEASED FROM COUNCIL DESIGNATION OR RESTRICTION	 91,334	 (43,704)	 (47,630)	 -
	1,669,243	(18,731)	22,817	1,673,329
 EXPENSES				
Program expenses	1,342,695	-	-	1,342,695
Management and general expenses	367,219	-	-	367,219
TOTAL EXPENSES	1,709,914	-	-	1,709,914
Transfer of net assets	(12,718)	(4,282)	17,000	-
 CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN (LOSS) ON INVESTMENTS	 (53,389)	 (23,013)	 39,817	 (36,585)
Unrealized gain (loss) on investments	47,129	24,573	(1,801)	69,901
 CHANGE IN NET ASSETS	 \$ (6,260)	 \$ 1,560	 \$ 38,016	 \$ 33,316

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

For the year ended January 31, 2021

	Programs					Total Expenses
	Developing Disciples	Parish Vitality	Transforming The World	Total Programs	Management and General	
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
Statement of Functional Expenses**

For the year ended January 31, 2020

	Programs					
	Developing Disciples	Parish Vitality	Transforming The World	Total Programs	Management and General	Total Expenses
Program grants	\$ 92,229	\$ 30,000	\$ 752,113	\$ 874,342	\$ -	\$ 874,342
Synod programs and assistance	40,421	1,344	-	41,765	3,052	44,817
Compensation and benefits	121,790	168,473	37,878	328,141	208,195	536,336
Professional and administrative services	9,117	20,661	-	29,778	61,909	91,687
Office operations	6,587	6,996	860	14,443	57,414	71,857
Information technology	2,918	5,586	750	9,254	7,420	16,674
Occupancy	8,169	8,355	1,205	17,729	17,615	35,344
Travel	3,688	4,704	5,343	13,735	2,844	16,579
Depreciation	5,051	7,049	1,408	13,508	8,770	22,278
	<u>\$ 289,970</u>	<u>\$ 253,168</u>	<u>\$ 799,557</u>	<u>\$ 1,342,695</u>	<u>\$ 367,219</u>	<u>\$ 1,709,914</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 Restriction		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, 2019	\$ 523,920	\$ 35,904	\$ 707,723	\$ 55,970	\$ 301,853	\$ (23,841)	\$ 1,601,529
Change in net assets	<u>(53,389)</u>	<u>47,129</u>	<u>(23,013)</u>	<u>24,573</u>	<u>39,817</u>	<u>(1,801)</u>	<u>33,316</u>
Balance at January 31, 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	<u>\$ 455,905</u>	<u>\$ 137,946</u>	<u>\$ 700,585</u>	<u>\$ 109,950</u>	<u>\$ 414,702</u>	<u>\$ (22,650)</u>	<u>\$ 1,796,438</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,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 161,593	\$ 33,316
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	21,759	22,278
Unrealized gain on investments	(87,312)	(69,901)
Changes in operating assets and liabilities:		
Advances	(1,587)	492
Prepaid expenses	(298)	12,316
Accounts payable	(59,496)	149,040
Accrued expenses	3,879	1,043
Funds held for others	17,752	(3,825)
Net cash provided by operating activities	56,290	144,759
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(55,719)	(53,249)
Purchases of fixed assets	(2,643)	-
Net cash used in investing activities	(58,362)	(53,249)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,072)	91,510
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	474,104	382,594
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 472,032	\$ 474,104

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2021 and 2020**

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, 2021 and 2020.

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, 2021 and 2020.

Use of Estimates - The presentation of financial statements in conformity with accounting principles generally accepted in the United States, 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.

Mission Fund (NWOS Evangelical Outreach) - Established by Synod Council to provide funding for new and expanding synod mission opportunities.

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2021 and 2020**

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

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

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

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.

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2021 and 2020**

Seminary Scholarships - Established with contributions restricted for seminary scholarship.

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

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

Music Programming - Established with contributions restricted for music programming.

Book of Faith - Established with funding from ELCA Churchwide for Book of Faith project.

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.

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2021 and 2020**

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

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

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 from the fund.

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:

Office and computer equipment	3 - 8 years
Furniture and fixtures	5 - 8 years
Vehicles	3 - 4 years
Administration facility	5 - 40 years

During the fiscal year ended January 31, 2021 and 2020, depreciation expense was \$21,333 and \$22,278, respectively.

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.

Recently Issued Accounting Pronouncements - From time to time, new accounting pronouncements are issues by the Financial Accounting Standards Board (“FASB”) and are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes the impact of other recently issued accounting pronouncements will not have a material impact on the financial statements or do not apply to the Company’s operations.

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. 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.

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2021 and 2020**

Reclassifications - Certain reclassifications have been made to the January 31, 2020 financial statements in order to conform to the January 31, 2021 presentation. Such reclassifications have no effect on previously reported changes in net assets.

Subsequent Events - The Synod has evaluated subsequent events through May 5, 2021, the date that the Company'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	2021	2020
Cash & cash equivalents	\$ 472,032	\$ 474,104
Certificates of deposit	58,291	57,615
Mutual funds	999,715	874,266
Annuity	217,621	202,201
Total financial assets	\$ 1,747,659	\$ 1,608,186
Less financial assets not available		
Funds held for others	17,752	-
Net assets with donor restrictions	392,052	316,028
Net assets designated by synod council	810,535	765,253
Annuity	217,621	202,201
Total financial assets not available	1,437,960	1,283,482
Net financial assets available to meet general expenditures within one year	\$ 309,699	\$ 324,704

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 \$130,000 and \$110,000 during the years ended January 31, 2021 and 2020, respectively.

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2021 and 2020**

F. INVESTMENT FUNDS

A substantial portion of the investment funds' abilities to honor their contracts or 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, 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
Variable annuity contract	<u>217,621</u>	<u>-</u>	<u>-</u>	<u>217,621</u>
Total	<u>\$ 1,105,198</u>	<u>\$ 247,976</u>	<u>\$ 32,889</u>	<u>\$ 1,320,285</u>
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
January 31, 2020				
Certificates of deposit	\$ 57,615	\$ -	\$ -	\$ 57,615
Mutual funds				
Equity securities	480,267	172,294	-	652,561
Fixed income	230,423	-	8,718	221,705
Total mutual funds	<u>710,690</u>	<u>172,294</u>	<u>8,718</u>	<u>874,266</u>
Trust	68,814	-	25,642	43,172
Variable annuity contract	<u>202,201</u>	<u>-</u>	<u>-</u>	<u>202,201</u>
Total	<u>\$ 1,039,320</u>	<u>\$ 172,294</u>	<u>\$ 34,360</u>	<u>\$ 1,177,254</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>

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2021 and 2020**

The following is a summary of investment income and its classification in the Statement of Activities for the fiscal year ended January 31, 2020:

	January 31, 2020			Total
	General	Council- Designated	With Donor Restrictions	
Dividends and interest	\$ 36,658	\$ 24,973	\$ 2,252	\$ 63,883

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). 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.

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2021 and 2020**

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

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

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

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

The following table sets forth by level, within the fair value hierarchy, the Synod’s assets at fair value as of January 31, 2021:

	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	\$ 1,320,285	\$ 999,715	\$ 320,570

	January 31, 2020	Quoted Market Prices In Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)
Certificates of deposit	\$ 57,615	\$ -	\$ 57,615
Mutual funds			
Equity securities	652,561	652,561	-
Fixed income	221,705	221,705	-
Total mutual funds	874,266	874,266	-
Variable annuity contract	202,201	-	202,201
Interest in trust	43,172	-	43,172
Total assets	\$ 1,177,254	\$ 874,266	\$ 302,988

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2021 and 2020**

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 as unrestricted income. Changes in the perpetual trust net assets are reported as permanently restricted.

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 these financial statement.

I. DONATED SERVICES

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

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, 2022	\$	8,400
2023		<u>2,700</u>
	\$	<u>11,100</u>

Total rent expense under all operating leases was approximately \$21,400 and \$22,700 during the years ended January 31, 2021 and 2020, 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, 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><u>\$ 1,081,281</u></u>	<u><u>\$ 416,329</u></u>	<u><u>\$ 295,023</u></u>	<u><u>\$ 1,202,587</u></u>

**Northwestern Ohio Synod
of the Evangelical Lutheran Church in America
Schedule of Changes in Net Assets Without Donor Restrictions -
Council-Designated and Net Assets With Donor Restrictions
For the year ended January 31, 2020**

	Balance February 1, 2019	Additions	Deductions	Balance January 31, 2020
NET ASSETS WITHOUT DONOR RESTRICTIONS -				
COUNCIL DESIGNATED:				
Synod Endowment Funds	\$ 481,670	\$ 45,077	\$ 26,040	\$ 500,707
Reserves (Boerger)	109,420	-	2,427	106,993
Building and IT Improvements	41,475	-	4,247	37,228
International Travel Fund	773	3,469	-	4,242
Mission Fund (NWOS Evangelical Outreach)	1,390	-	-	1,390
Bishop's Discretionary Fund (Council)	12,466	-	8,105	4,361
Rave Scholarship Fund	20,383	-	5,673	14,710
First Call Theological Education	6,956	-	-	6,956
Synod Assembly Carryover	21,581	-	492	21,089
Churchwide Assembly	7,044	1,000	4,453	3,591
Boundaries Workshop	3,151	-	-	3,151
Macedonia Projects / 4G	21,709	-	-	21,709
Automobile Replacement	17,111	8,313	-	25,424
Office Equipment Replacement	6,893	4,405	-	11,298
Program Year Fund	3,513	-	1,344	2,169
Candidacy Fund	8,158	-	7,923	235
	<u>763,693</u>	<u>62,264</u>	<u>60,704</u>	<u>765,253</u>
NET ASSETS WITH DONOR RESTRICTIONS:				
Bishop's Discretionary Fund (Donor)	-	11,470	2,305	9,165
Rural and Small Town	11,596	-	-	11,596
Seminary Scholarships	51,590	6,659	11,940	46,309
Healthy Leaders, Healthy Lives	26,976	-	7,536	19,440
Cherish all Children NWOS	5,304	-	-	5,304
Music Programming	2,808	-	-	2,808
Book of Faith	890	-	855	35
Dodoma Companion Synod	62,382	1,024	514	62,892
Slovak Companion Synod	28,487	-	-	28,487
Mexico Companion Synod	3,585	275	-	3,860
Evangelism Leader Training	764	-	-	764
CRTeam	3,017	210	1,787	1,440
Discipleship Institute	29,196	41,807	16,838	54,165
GMB General	5,654	9,196	-	14,850
Sonnenberg Mission Trip	2,988	6,366	5,494	3,860
Diakonia	-	309	309	-
Lakeside Youth Events	-	7,881	-	7,881
Weber Trust	42,775	449	52	43,172
	<u>278,012</u>	<u>85,646</u>	<u>47,630</u>	<u>316,028</u>
Total Changes in Net Assets Without Donor Restrictions - Council-Designated and Net Assets With Donor Restrictions	<u>\$ 1,041,705</u>	<u>\$ 147,910</u>	<u>\$ 108,334</u>	<u>\$ 1,081,281</u>

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

	For the year ended January 31,	
	2021	2020
TRANSFORMING THE WORLD:		
ELCA Proportionate Share	\$ 735,896	\$ 743,155
Ohio Council of Churches	2,950	2,950
	738,846	746,105
DEVELOPING DISCIPLES:		
Ohio Lutheran Campus Ministries	1,275	4,254
Lutheran Outdoor Ministries	25,000	31,314
ELCA Ohio Universities	5,000	5,000
Trinity Lutheran Seminary	20,000	20,000
TEEM Program Scholarships	9,950	-
Special Events	84	6,286
Candidacy (net receipts)	8,623	9,009
	69,932	75,863
PARISH VITALITY:		
Mission Opportunity Salem, Toledo	10,000	9,000
Mission Opportunity Redeemer, Toledo	10,000	9,000
Mission Opportunity St. John's at the Bay	2,000	2,000
Mission Opportunity LIFT	17,500	10,000
Deans and Call Facilitators	18,551	18,019
	58,051	48,019
OFFICE OF THE BISHOP:		
Synod Staff		
Professional Staff	234,222	202,977
Support Staff	170,519	187,211
Benefits	133,322	115,684
Payroll Taxes and Expenses	18,784	19,901
Professional Expenses	5,561	5,606
Auto Expenses	3,264	11,875
Automobile Depreciation/Replacement	7,611	8,374
Vacation Accrual	3,709	1,213
Staff Continuing Education	10,430	9,350
Total Synod Staff	587,422	562,191
Synod Office Building		
Utilities	4,321	5,642
Insurance	10,585	12,107
Property Taxes	4,590	4,659
Janitorial	2,861	3,434
Grounds Care Expenses	6,461	6,604
Building Depreciation	9,973	10,586
Building Maintenance	847	1,432
Total Synod Office Building	39,638	44,464

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

	For the year ended January 31,	
	2021	2020
Synod Office Operations		
Auditing and Accounting	\$ 60,035	\$ 52,932
Telephone and Internet	11,423	14,478
Office Supplies	3,183	4,891
Printer and Postage Meter Lease	1,993	2,460
Postage	3,276	1,714
Copier Lease	9,373	8,216
Subscriptions	13,038	12,832
Legal Fees	2,846	2,740
Bank Service Charges and Fees	7,773	4,256
IT Support	10,581	16,674
Office Equipment Depreciation / Replacement	4,173	3,933
Region 6 Archives	9,500	9,500
Total Synod Office Operations	137,194	134,626
	764,254	741,281
Less: net assets designated by Synod Council	(11,849)	(1,772)
	752,405	739,509
 COMMITTEES, COUNCIL, ASSEMBLY		
Synod Council and Committees	283	1,078
Churchwide Assembly	-	1,000
	283	2,078
 TOTAL UNRESTRICTED EXPENSES	\$ 1,619,517	\$ 1,611,574