

The Northern Illinois Synod of The Evangelical Lutheran Church in America

Financial Statements and Supplemental Information

Year Ended January 31, 2022



Northern Illinois Synod
Evangelical Lutheran Church in America
God's work. Our hands.

WIPFLI

The Northern Illinois Synod of the Evangelical Lutheran Church in America

January 31, 2022

Table of Contents

Independent Auditor's Report	1 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
Statement of Functional Expenses	7
Notes to Financial Statements	8 - 19
Supplementary Information	
Supplemental Schedule of Selected Contributions and Bequests and Selected Expenses	20

Independent Auditor's Report

Synod Council
The Northern Illinois Synod of the Evangelical
Lutheran Church in America

Opinion

We have audited the accompanying financial statements of The Northern Illinois Synod of the Evangelical Lutheran Church in America, (a nonprofit organization) which comprise the statement of financial position as of January 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Northern Illinois Synod of the Evangelical Lutheran Church in America as of January 31, 2022, and the changes in its net assets and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report below. We are required to be independent of The Northern Illinois Synod of the Evangelical Lutheran Church in America and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 that The Northern Illinois Synod of the Evangelical Lutheran Church in America's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards (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 The Northern Illinois 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 The Northern Illinois Synod of the Evangelical Lutheran Church in America's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited The Northern Illinois Synod of the Evangelical Lutheran Church in America's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended January 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of selected contributions and bequests and selected expenses for the year ended January 31, 2022 on page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We have previously audited The Northern Illinois Synod of the Evangelical Lutheran Church in America's 2021 supplementary information, and our report dated May 18, 2021, stated that in our opinion, the supplementary information was fairly stated in all material respects in relation to the 2021 financial statements as a whole. In our opinion, the 2021 summarized comparative information presented herein as supplementary information as of and for the year ended January 31, 2021, is consistent, in all material respects, with the 2021 audited financial statements from which it has been derived.

Wipfli LLP

Rockford, Illinois
May 31, 2022

The Northern Illinois Synod of the Evangelical Lutheran Church in America

Statement of Financial Position

January 31, 2022 with Comparative totals as of January 31, 2021

	2022	2021 As restated
Assets		
Cash	\$ 592,054	\$ 388,613
Accounts receivable	25,561	657
Prepaid expenses	15,927	57,650
Investments	1,890,438	1,823,275
Property and equipment, net of accumulated depreciation	41,904	56,313
Assets designated by Synod Council for use by Jenny Lind Chapel	506,677	490,676
Total assets	\$ 3,072,561	\$ 2,817,184
Liabilities and Net Assets		
Accounts payable	\$ 29,268	\$ 33,642
Accrued expenses	6,756	13,031
SBA PPP Loan Note	-	134,900
Deferred revenue	-	126,412
Due to Evangelical Lutheran Church in America	246,751	127,179
Total liabilities	282,775	435,164
Net Assets		
Net assets without donor restrictions	1,926,651	1,496,743
Net assets with donor restrictions	863,135	885,277
Total net assets	2,789,786	2,382,020
Total liabilities and net assets	\$ 3,072,561	\$ 2,817,184

The Northern Illinois Synod of the Evangelical Lutheran Church in America

Statement of Activities

Year ended January 31, 2022 with comparative totals for the year ended January 31, 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	As restated Total
Support and revenue				
Contributions and bequests	\$ 2,203,909	\$ 325,169	\$ 2,529,078	\$ 2,523,538
Fees for services	69,480	-	69,480	11,952
Support and revenue earned (lost)				
Jenny Lind Chapel	30,220	-	30,220	39,996
Investment income	27,071	29,915	56,986	97,171
Gain on ppp loan forgiveness	134,900	-	134,900	-
Miscellaneous income	50,125	-	50,125	-
Net gain (loss) on disposal of assets	-	-	-	2,895
Net assets released from restrictions	377,226	(377,226)	-	-
Total revenues, gains (losses) and other support	2,892,931	(22,142)	2,870,789	2,675,552
Expenses				
Program	1,658,965	-	1,658,965	1,543,926
Management and general	804,058	-	804,058	888,306
Total expenses	2,463,023	-	2,463,023	2,432,232
Changes in net assets	429,908	(22,142)	407,766	243,320
Net assets at beginning of year	1,496,743	885,277	2,382,020	2,138,700
Net assets at end of year	\$ 1,926,651	\$ 863,135	\$ 2,789,786	\$ 2,382,020

The Northern Illinois Synod of the Evangelical Lutheran Church in America

Statement of Cash Flows

Year ended January 31, 2022, with comparative totals for the year ended January 31, 2021

	2022	2021
Cash Flows From Operating Activities		
Changes in net assets	\$ 407,766	\$ 369,732
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	14,409	16,117
Unrealized Gain/Loss on sale of assets	(43,658)	2,895
PPP loan forgiveness	(134,900)	-
Jenny Lind Chapel net (income) expense	16,001	25,941
Change in assets - (increase) decrease:		
Accounts receivable	(24,904)	3,148
Prepaid expenses	41,723	(43,915)
Change in liabilities - increase (decrease):		
Accounts payable and accrued expenses	(4,374)	12,110
Accrued expenses	(6,275)	828
Due to Evangelical Lutheran Church in America	119,572	(32,983)
Contributions restricted for long-term investment	(2,606)	(2,777)
Net cash flows from operating activities	382,754	351,096
Cash Flows From Investing Activities		
Purchase of property and equipment	-	(24,977)
Proceeds of exchanged assets	-	10,000
Sale (purchase) of investments	(181,919)	(356,423)
Net cash flows from investing activities	(181,919)	(371,400)
Cash Flows From Financing Activities		
Proceeds from PPP loan	-	134,900
Contributions restricted for long-term investment	2,606	2,777
Net cash flows from financing activities	2,606	137,677
Net increase (decrease) in cash and cash equivalents	203,441	117,373
Cash		
Beginning	388,613	271,240
Ending	\$ 592,054	\$ 388,613

See accompanying notes to financial statements.

The Northern Illinois Synod of the Evangelical Lutheran Church in America

Statement of Functional Expenses

Year ended January 31, 2022, with comparative totals for the year ended January 31, 2021

	2022		2021	
	Program	Management and General	Total	Total
Contributions to Evangelical Lutheran Church in America	\$ 1,471,737	\$ -	\$ 1,471,737	\$ 1,344,659
Non-ELCA designated payments	12,015	-	12,015	31,108
Contributions to other agencies and institutions	133,733	-	133,733	130,909
Synod programs	41,480	-	41,480	37,250
Payroll and benefits	-	614,705	614,705	634,731
Travel	-	7,016	7,016	3,575
Office operations	-	17,018	17,018	20,455
Legal and professional	-	75,275	75,275	53,800
Insurance	-	11,684	11,684	12,715
Occupancy	-	-	-	13,918
Synod assembly	-	4,854	4,854	2,299
Synod council	-	-	-	446
Equipment, repairs and maintenance	-	5,674	5,674	17,115
Use of designated funds	-	35,203	35,203	92,062
Miscellaneous	-	4,177	4,177	7,018
Jenny Lind Chapel	-	14,043	14,043	14,055
Depreciation	-	14,409	14,409	16,117
Total	\$ 1,658,965	\$ 804,058	\$ 2,463,023	\$ 2,432,232

The Northern Illinois Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements

Note 1 Nature of Operations and Significant Accounting Policies

Nature of Operations

The Northern Illinois Synod (Synod) of the Evangelical Lutheran Church in America (ELCA) is a not-for-profit religious organization established to coordinate the operations of the ELCA in northern Illinois.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Synod's financial statements for the year ended January 31, 2021 from which the summarized information was derived.

Basis of Accounting

The financial statements of the Synod have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Payments to Evangelical Lutheran Church in America

The Synod gives a proportional share of congregational mission support based on a consultation with churchwide and approval at the synod assembly. Currently, fifty-five percent of amounts received for congregational mission support from the various congregations within the Synod are remitted to the Evangelical Lutheran Church in America.

Cash and Cash Equivalents

For financial statement purposes, the Synod defines cash accounts such as checking and money markets as cash and cash equivalents.

The Northern Illinois Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements

Note 1 Nature of Operations and Significant Accounting Policies (Continued)

Property and Equipment

All property and equipment is recorded at cost except donated assets and the Jenny Lind Chapel, which is a historical building. Donated assets are recorded at estimated fair market value as of the date of the gift. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

The Jenny Lind Chapel building, surrounding land, and historical contents were valued at estimated fair values as of the date received by the Synod.

Expenditures for fixed assets in excess of \$5,000 are capitalized at cost and depreciated over the estimated useful lives of the respective assets. Property and equipment depreciation is provided using the straight-line method over the useful lives of the assets ranging from 5 to 10 years.

In accordance with *Recognition of Depreciation by Not-for-Profit Organization* Standard, since the building and contents are historic treasures, depreciation expense is not recognized on the Jenny Lind Chapel or its contents. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts with any resulting gain or loss reflected in operations.

Contribution Revenue

Contributions including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor 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 Northern Illinois Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements

Note 1 Nature of Operations and Significant Accounting Policies (Continued)

In-Kind Contributions

Volunteers contribute significant amounts of time to our program services and administration; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Synod records donated professional services at the respective fair values of the services received if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Synod. No significant contributions of such goods or services were received during the year ended January 31, 2022.

Functional Allocation of Expenses

The costs of program and supporting service 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. Expenses that can be identified with a specific program are recorded directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various methods.

Congregational Support Designated for Future Periods

Congregational mission support contributions received prior to year end that was designated for a future period, is included in the financial statements as net assets with donor restrictions in accordance with accounting standards.

Investments

Investments in certificates of deposit, U.S. Treasury Notes, and U.S. Treasury Bills within Mission Investment are initially recorded at cost when purchased. All investments are expected to be held to maturity. Investments are stated at fair value as determined by quoted market prices or at estimated fair value if quoted prices are not available. Investment transactions are recognized on a trade-date basis.

Net Assets

Net assets, revenues, gains and losses are classified on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

The Northern Illinois Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements

Note 1 Nature of Operations and Significant Accounting Policies (Continued)

Net Assets (Continued)

Net Assets Without Donor Restrictions- Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions net assets for various ministerial purposes.

Net Assets With Donor Restrictions- Net assets subject to donor (or certain grantor) 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 resources are to be maintained in perpetuity. Unconditional promises to give or cash received for the acquisition or construction of long lived assets are recognized as revenue when pledged or received for the capital campaign (and no other stipulation exists) and released when expended on the related capital project. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has lapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Pending Accounting Pronouncements

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. ASU 2016-02 must be applied modified retrospectively. Management is evaluating what impact this new standard will have on its financial statements.

In 2020, the FASB issued ASU No. 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-profit Entities for Contributed Nonfinancial Assets*, which will require a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities and disclose certain information about contributed nonfinancial assets. ASU No. 2020-07 is effective for fiscal years beginning after June 15, 2022, with early adoption permitted. ASU No. 2020-07 must be applied retrospectively. Management is evaluating what impact this new standard will have on its financial statements.

Subsequent Events

The Synod has evaluated subsequent events through May 31, 2022, which is the date these financial statements were issued. All subsequent events requiring recognition as of January 31, 2022 have been incorporated herein. There are no subsequent events that require disclosure.

The Northern Illinois Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements

Note 2 Investments

A summary of investments are as follows as of January 31, 2022:

	<u>Cost</u>	<u>Fair Value</u>
Evangelical Lutheran Church in America		
Mission Investment – Term Select	\$ 849,745	\$ 849,745
Mission Investment – Mission Plus	244,290	244,290
Mission Investment Fund	20,889	20,889
ELCA Endowment Fund Pooled Trust	<u>641,720</u>	<u>775,514</u>
	<u>\$1,719,288</u>	<u>\$1,890,438</u>

Investment gain (loss) for the year ended January 31, 2022:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>
Interest and dividends	\$13,220	\$ 108
Net realized gains on investments	<u>13,851</u>	<u>29,807</u>
Total investments	<u>\$27,071</u>	<u>\$29,915</u>

Note 3 Fair Value

Fair Value Measurements, 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 fair value hierarchy under *Fair Value Measurements* are described as follows:

The Northern Illinois Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements

Note 3 Fair Value (Continued)

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan 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; or 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 market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at January 31, 2022.

Mission investment fund and pooled funds: Valued at the net asset value (NAV) of shares held by the Plan at year end, which are valued based on the underlying investments in the pool.

The fair value of the Synod's securities are primarily determined by level 1 pricing, or quoted market which the Synod has the ability to access as of the measurement date.

The following table presents the Synod's approximate fair value hierarchy for the assets measured at fair value on a recurring basis at January 31, 2022:

<u>Description</u>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Assets measured at fair value on a recurring basis:				
Evangelical Lutheran Church in America				
Mission Investment – Term Select	\$ 849,745	\$ -	\$849,745	-
Mission Investment – Mission Plus	244,290	-	244,290	-
Mission Investment Fund	20,889	-	20,889	-
ELCA Endowment Fund Pooled Trust	<u>775,514</u>	<u>-</u>	<u>775,514</u>	<u>-</u>
	1,890,438	-	1,890,438	-
Jenny Lind Chapel Endowment Trust	<u>344,573</u>	<u>-</u>	<u>344,573</u>	<u>-</u>
	<u>\$2,235,011</u>	<u>\$ -</u>	<u>\$2,235,011</u>	<u>\$ -</u>

The Northern Illinois Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements

Note 3 Fair Value (Continued)

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

Information regarding the Organization's investments in the Pooled Trust that calculate NAV per share or its equivalent for the year ended January 31, 2022, is as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice</u>
Hard Assets:				
Pooled Trust	\$775,514	\$ -	Quarterly	5 days

Note 4 Endowment Funds

The Synod's endowment consists of one individual fund established for a variety of purposes. Its endowment includes donor-restricted 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.

Investment Return Objectives, Risk Parameters and Strategies. The Synod has adopted investment and spending policies, approved by the Synod Council, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in the Mission Investment Fund.

Spending Policy. The Synod has a policy of distributing the income annually and at such other times as deemed necessary and/or feasible to accomplish the purposes of the fund. The Synod Endowment Fund Committee shall recommend to the Synod Council on an annual basis the amounts and purposes for expenditure of income earned during the prior year. In establishing this policy, the Synod considered the long-term expected return on its investment assets, the nature and duration of the endowment funds, all of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Synod expects the current spending policy to allow its endowment funds to grow annually at a nominal average return. This is consistent with the Synod's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

The Northern Illinois Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements

Note 4 Endowment Funds (Continued)

Endowment net asset composition by type of fund as of January 31, 2022 is as follows:

	<u>With Donor Restriction</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowment funds	<u>\$740,270</u>	<u>\$740,270</u>

Changes in Endowment net assets as of January 31, 2022 are as follows:

	<u>With Donor Restriction</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$707,856	\$707,856
Contributions	2,556	2,556
Net appreciation (depreciation)	<u>29,858</u>	<u>29,858</u>
Endowment net assets, end of year	<u>\$740,270</u>	<u>\$740,270</u>

Note 5 Accounts Receivable

Accounts receivable consist of \$100 of mission support and \$461 miscellaneous receivables and a non-interest bearing loan to GPS Faith Community in the amount of \$25,000 for the year ended January 31, 2022. The loan to GPS Faith Community will be repaid over the course of 7 years.

The Synod considers all accounts receivable to be fully collectible within the next year; accordingly, no allowance for doubtful accounts is required at this time. If amounts become uncollectible, they will be charged to operations when that determination is made.

Note 6 Property and Equipment

Property and equipment as of January 31, 2022 consists of:

Furniture, fixtures and equipment	\$14,601
Vehicles	<u>74,385</u>
	88,986
Less accumulated depreciation	<u>47,082</u>
Total property and equipment	<u>\$ 41,904</u>

The Northern Illinois Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements

Note 7 Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise of the following as of January 31, 2022:

Cash and cash equivalents	\$592,054
Accounts receivable	25,561
Investments: unrestricted	<u>307,847</u>
	<u>\$925,462</u>

The Synod does not have a formal liquidity policy. The Synod invests cash in excess of daily requirements in short term investments and money market funds. Occasionally, the Council designates a portion of any operating surplus to its reserves, which totaled \$175,257 as of January 31, 2022.

Note 8 Tax Status

The Synod was formed as a not-for-profit entity and has been granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements.

The Synod accounts for income taxes in accordance with Financial Accounting Standards Board *Accounting for Uncertainty In Income Taxes*. The standard provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements and requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The Synod has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. No federal returns would be subject to examination by major jurisdictions as the Synod is not required to file because it is a religious organization.

Note 9 Employee Benefits

The Synod participates in the defined contribution pension and health and welfare plans of the ELCA. The plan covers Synod employees and is administered by Portico Benefit Services, ELCA. These plans provide health, dental, disability, and pension benefits. Employer contributions under the pension plan are determined as a percent of each employee's compensation and under the health and welfare plan are determined by the Portico Benefit Services, ELCA based on actuarial studies. Contributions by the Synod to the Portico Benefit Services, ELCA for the year ended January 31, 2022 was \$175,228 which includes \$8,763 that is reflected under use of designated fund in the Statement of Activities.

The Northern Illinois Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements

Note 10 Long Term Obligations

As of January 31, 2021, the Synod had an outstanding loan of \$134,900 from the Small Business Administration's (SBA) Paycheck Protection Program (PPP), as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. On April 26, 2021, the Synod received notice the loan was completely forgiven and as a result, the income was recognized in the current fiscal year.

Note 11 Jenny Lind Chapel

At January 31, 2022 assets held by the Synod pertaining to the Jenny Lind Chapel consisted of the following:

Cash	\$ 10,009
Jenny Lind Chapel Endowment Trust	<u>344,573</u>
Total cash and invested assets	354,582
Furniture and equipment	17,845
Land and building	<u>134,250</u>
	<u>\$506,677</u>

The Jenny Lind Chapel Endowment Trust was provided by donors and established by the Synod Council for the purpose of providing income for the future maintenance of the Chapel. The trust is governed by a board of five trustees appointed by the Synod Council. Members of the Synod Council and employees of the Synod are not eligible to act as trustees. Upon termination of the trust, any remaining funds will be returned to the Synod. At January 31, 2022 funds held by the trust consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Evangelical Lutheran Church in America		
Mutual funds, at fair value	\$ 3,269	\$ 3,269
Endowment fund pooled trust	<u>249,393</u>	<u>341,304</u>
	<u>\$252,662</u>	<u>\$344,573</u>

The Northern Illinois Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements

Note 12 Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of January 31, 2022:

Subject to expenditure for specified purpose:	
Synod Conference Programs	\$ 21,357
Clergy (Retired Rostered) & Spouse	5,775
Congregational Mission Support designated for future periods	-
Diakonia Program	7,493
ELCA Deacon Affinity Group	1,724
Equity, Inclusion & Diversity	14,801
Global Ministries NIS Committee	644
Grace, Woodstock Mission Founder	954
Latino Ministries	-
Men In Mission	968
Men In Mission - Reorganization	3,472
Martin Msseemmaa Scholarship	18,897
Seminarian Scholarships	8,806
Stewardship Project	2,369
Tanzania Nursing School	2,895
Vitality Project	28,544
Women's Retreat	1,749
Worship	364
Youth Ministry	2,052
Endowment subject to spending policy and appropriation	<u>740,270</u>
Net assets with donor restrictions	<u>\$863,135</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended January 31, 2022:

Payments to Evangelical Lutheran Church in America:	
World Hunger	\$155,860
Mission gifts	27,392
Others	<u>89,911</u>
	273,163
Other payments:	
Non-ELCA designated payments	12,015
Various	<u>92,048</u>
Total	<u>\$377,226</u>

The Northern Illinois Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements

Note 13 Concentration of Credit Risk

At year end, the carrying amount of the Synod's deposits in checking account was \$592,054 and the bank balance was \$587,796. Of the bank balance, \$446,608 was covered by federal depository insurance and \$141,188 was uninsured.

Note 14 Prior year restatement

Prior year net assets have been restated by \$126,412 for entries that had been made on the books but also adjusted with audit adjusting entries in error.

Supplementary Information

The Northern Illinois Synod of the Evangelical Lutheran Church in America

Supplemental Schedules of Selected Contributions and Bequests and Selected Expenses

Year Ended January 31, 2022 with Comparative Totals for the Year Ended January 31, 2021

	2022	2021	Increase or (Decrease)
Contributions and bequests			
Congregational mission support	\$ 2,203,909	\$ 2,149,931	\$ 53,978
Mission gifts	31,166	25,508	5,658
World hunger	155,860	126,462	29,398
Other	100,334	218,860	(118,526)
Restricted contributions	2,606	2,777	(171)
	\$ 2,493,875	\$ 2,523,538	\$ (29,663)
Expenses			
Payments to Evangelical Lutheran Church in America:			
Congregational mission support	\$ 1,198,574	\$ 1,174,012	\$ 24,562
Mission gifts	27,392	24,694	2,698
World hunger	155,860	126,462	29,398
Other	89,911	19,491	70,420
Non-ELCA designated payments	12,015	31,108	(19,093)
	\$ 1,483,752	\$ 1,375,767	\$ 107,985
Contributions to other agencies and institutions:			
ELCA related colleges	\$ -	\$ 5,470	\$ (5,470)
Campus ministry	21,600	20,540	1,060
Seminaries	34,900	32,376	2,524
Lutheran Social Services of Illinois	60,800	59,240	1,560
Lutheran Outdoor Ministries Center	11,700	11,700	-
Illinois Conference of Churches	48	600	(552)
Regional ministries	4,685	983	3,702
	\$ 133,733	\$ 130,909	\$ 2,824
Synod programs	\$ 41,480	\$ 37,250	\$ 4,230
General administration:			
Payroll and benefits	\$ 614,705	\$ 634,731	\$ (20,026)
Travel	7,016	3,575	3,441
Office Operations	17,018	20,455	(3,437)
Legal and professional	75,275	53,800	21,475
Insurance	11,684	12,715	(1,031)
Occupancy	-	13,918	(13,918)
Synod assembly	4,854	2,299	2,555
Synod council	-	446	(446)
Equipment, repairs and maintenance	5,674	17,115	(11,441)
Miscellaneous	4,177	7,018	(2,841)
	\$ 740,403	\$ 766,072	\$ (25,669)