

**CENTRAL STATES SYNOD
OF THE EVANGELICAL
LUTHERAN CHURCH IN
AMERICA**

FINANCIAL STATEMENTS

January 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Council
Central States Synod of The Evangelical Lutheran Church in America
Kansas City, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Central States Synod of the Evangelical Lutheran Church in America (a not-for-profit organization), which comprise the statement of financial position as of January 31, 2023, 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 Central States Synod of the Evangelical Lutheran Church in America as of January 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Central States 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 for our audit opinion.

Change in Accounting Principles

As described in Note 1 to the financial statements, Central States Synod of the Evangelical Lutheran Church in America adopted Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases* and Financial Accounting Standards Board Accounting Standards Update 2020-07, *Not-for-Profit Entities - Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Central States 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central States 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 Central States 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 Central States Synod of the Evangelical Lutheran Church in America's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 10, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended January 31, 2022, 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 schedules of agency and institution grants; Synod program committee expenditures; and receipts and expenditures for funds with donor restrictions, funds held for others, and board-designated funds are presented for purposes of additional analysis and are 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.

Ifft + Co. PA

February 11, 2026

**CENTRAL STATES SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF FINANCIAL POSITION
January 31, 2023**

(With Summarized Financial Information as of January 31, 2022)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>	
			<u>2023</u>	<u>2022</u>
ASSETS				
Cash and cash equivalents	\$ 708,229	1,028,298	1,736,527	1,687,927
Receivables - congregations	52,300	-	52,300	67,860
Receivables - other	-	5,687	5,687	9,838
Pledges receivable - fund appeal, net	-	48,454	48,454	48,454
ELCA Foundation Endowment Fund investments	107,589	672,005	779,594	859,466
Mission Investment Fund certificates of deposit	-	117,890	117,890	117,706
Prepaid expenses	7,489	-	7,489	4,193
Property and equipment, less accumulated depreciation	<u>852,290</u>	<u>-</u>	<u>852,290</u>	<u>878,235</u>
 TOTAL ASSETS	 <u>\$ 1,727,897</u>	 <u>1,872,334</u>	 <u>3,600,231</u>	 <u>3,673,679</u>
 LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 21,011	-	21,011	30,549
Due to ELCA	165,450	-	165,450	63,697
Funds held for others	<u>-</u>	<u>45,376</u>	<u>45,376</u>	<u>66,263</u>
 TOTAL LIABILITIES	 186,461	 45,376	 231,837	 160,509
 NET ASSETS				
Without donor restrictions				
Undesignated	1,112,411	-	1,112,411	1,128,908
Board-designated	<u>429,025</u>	<u>-</u>	<u>429,025</u>	<u>530,890</u>
Total without donor restrictions	1,541,436	-	1,541,436	1,659,798
With donor restrictions				
Perpetual in nature	-	975,017	975,017	975,017
Purpose restrictions	<u>-</u>	<u>851,941</u>	<u>851,941</u>	<u>878,355</u>
Total with donor restrictions	<u>-</u>	<u>1,826,958</u>	<u>1,826,958</u>	<u>1,853,372</u>
 TOTAL NET ASSETS	 <u>1,541,436</u>	 <u>1,826,958</u>	 <u>3,368,394</u>	 <u>3,513,170</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,727,897</u>	 <u>1,872,334</u>	 <u>3,600,231</u>	 <u>3,673,679</u>

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

**CENTRAL STATES SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF ACTIVITIES
For the Year Ended January 31, 2023**

(With Summarized Financial Information for the Year Ended January 31, 2022)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>	
			<u>2023</u>	<u>2022</u>
SUPPORT AND REVENUES				
Congregational and other contributions	\$ 1,409,212	670,878	2,080,090	1,838,567
Annual appeal	18,546	-	18,546	16,167
Non-congregational contributions	99,997	-	99,997	64,388
Paycheck Protection Program loan forgiveness	-	-	-	167,200
In-kind rent	13,400	-	13,400	13,400
Unrealized gain (loss) on investments	(15,144)	(95,739)	(110,883)	12,161
Net investment income	8,598	53,870	62,468	66,409
	<u>1,534,609</u>	<u>629,009</u>	<u>2,163,618</u>	<u>2,178,292</u>
Net assets released from restrictions	<u>655,423</u>	<u>(655,423)</u>	<u>-</u>	<u>-</u>
	2,190,032	(26,414)	2,163,618	2,178,292
EXPENSES				
Program services				
Leadership Growth	540,774	-	540,774	463,177
Congregational Mission	209,404	-	209,404	171,780
Pastoral Care	171,364	-	171,364	157,611
Strengthening Relationships/ Interpreting Work of Church	<u>1,253,336</u>	<u>-</u>	<u>1,253,336</u>	<u>1,145,122</u>
	2,174,878	-	2,174,878	1,937,690
Supporting services				
Management and general	<u>133,516</u>	<u>-</u>	<u>133,516</u>	<u>127,603</u>
	<u>2,308,394</u>	<u>-</u>	<u>2,308,394</u>	<u>2,065,293</u>
 CHANGE IN NET ASSETS	 (118,362)	 (26,414)	 (144,776)	 112,999
 NET ASSETS, BEGINNING OF YEAR	 <u>1,659,798</u>	 <u>1,853,372</u>	 <u>3,513,170</u>	 <u>3,400,171</u>
 NET ASSETS, END OF YEAR	 <u>\$ 1,541,436</u>	 <u>1,826,958</u>	 <u>3,368,394</u>	 <u>3,513,170</u>

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

**CENTRAL STATES SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended January 31, 2023**

(With Summarized Financial Information for the Year Ended January 31, 2022)

	Leadership Growth	Congregational Mission	Pastoral Care	Strengthening Relationships/ Interpreting Work of Church	Total Program Services	Management and General	Totals	
							<u>2023</u>	<u>2022</u>
Salaries and fringe benefits	\$ 289,733	96,489	96,489	91,664	574,375	93,964	668,339	608,425
Contributions to ELCA	-	-	-	727,074	727,074	-	727,074	776,903
Grants to other organizations	55,000	-	-	10,000	65,000	-	65,000	65,000
In-kind donation	-	13,400	-	-	13,400	-	13,400	13,400
Other program services	166,880	66,520	57,216	379,717	670,333	-	670,333	445,244
Candidacy	6,000	-	-	-	6,000	-	6,000	1,926
Travel	10,830	7,220	7,220	10,830	36,100	-	36,100	29,390
Rent and occupancy	2,400	2,400	2,400	2,400	9,600	14,400	24,000	24,000
Professional services	257	-	257	257	771	514	1,285	10,355
Service contracts/maintenance agreements	1,522	-	1,522	1,522	4,566	3,044	7,610	6,500
Planned Giving Partnership	-	22,625	-	-	22,625	-	22,625	22,625
Telephone	1,060	-	1,060	1,060	3,180	2,120	5,300	5,110
Postage	511	-	511	511	1,533	1,022	2,555	3,875
Miscellaneous	984	-	984	984	2,952	2,368	5,320	2,810
Call process ministries	-	-	150	-	150	-	150	150
Insurance	2,461	-	2,461	2,461	7,383	4,921	12,304	7,575
Supplies	344	-	344	344	1,032	688	1,720	2,435
Synod Council/Executive Committee	1,667	-	-	1,667	3,334	-	3,334	2,844
Bishop's Transition Set Aside	-	-	-	-	-	10,000	10,000	10,000
Depreciation	1,125	750	750	22,845	25,470	475	25,945	26,726
	<u>\$ 540,774</u>	<u>209,404</u>	<u>171,364</u>	<u>1,253,336</u>	<u>2,174,878</u>	<u>133,516</u>	<u>2,308,394</u>	<u>2,065,293</u>

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

**CENTRAL STATES SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENT OF CASH FLOWS
For the Year Ended January 31, 2023**

(With Summarized Financial Information for the Year Ended January 31, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (144,776)	112,999
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	25,945	26,726
Unrealized (gain) loss on investments	110,883	(12,161)
Contributions with donor restrictions in perpetuity	-	(126)
Paycheck Protection Program loan forgiveness	-	(167,200)
Changes in operating assets and liabilities		
Receivables - congregations	15,560	(7,797)
Receivables - other	4,151	(1,320)
Prepaid expenses	(3,296)	(341)
Accounts payable	(9,538)	11,177
Due to ELCA	101,753	67
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>100,682</u>	<u>(37,976)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in funds held for others	(20,887)	17,231
Reinvestment of earnings on investments	<u>(31,195)</u>	<u>(29,431)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(52,082)</u>	<u>(12,200)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions with donor restrictions in perpetuity	<u>-</u>	<u>126</u>
CHANGE IN CASH AND CASH EQUIVALENTS	48,600	(50,050)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,687,927</u>	<u>1,737,977</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,736,527</u>	<u>1,687,927</u>

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

**CENTRAL STATES SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Central States Synod of the Evangelical Lutheran Church in America (the Synod) is primarily responsible for the life and mission of the Evangelical Lutheran Church in America (ELCA) in Kansas and Missouri. The Synod provides oversight and support services to member congregations and provides developmental support for new congregations. In addition, the Synod provides administrative services for the collection and remittance of designated funds for member congregations. The Synod's revenue and other support are derived principally from contributions from affiliated congregations.

Basis of Accounting

The Synod's policy is to prepare its financial statements on the accrual basis of accounting.

Summarized Financial Information

The financial statements include certain 2022 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Synod's financial statements for the year ended January 31, 2022, from which the summarized information was derived.

Property and Equipment

Property and equipment are recorded at cost for all significant asset additions. Donated assets are recorded at fair value at the date of donation. Depreciation is computed using an accelerated method of depreciation over the estimated useful lives of the assets ranging from three to thirty-nine years.

Accounts Receivable

Accounts receivable are stated at the amounts due from member congregations and others. Accounts receivable are ordinarily due within thirty days. No allowance for doubtful accounts is considered necessary. Delinquent receivables are written off based on individual credit circumstances of the member congregation.

Cash Equivalents

The Synod considers highly liquid investments purchased with initial maturities of three months or less to be cash equivalents.

**CENTRAL STATES SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pledges Receivable

Unconditional pledges to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. At January 31, 2023 and 2022, the Synod considered pledges receivable to be fully collectible; accordingly, no allowance for doubtful accounts was recorded.

Net Assets

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

- Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions. The Synod's Council (the Council) has designated, from net assets without donor restrictions, certain funds for Synod expenses approved by the Council.
- 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 those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When donor-imposed restrictions are released, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the accompanying statement of activities. The accompanying statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

**CENTRAL STATES SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Synod is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Synod recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Synod is subject to income tax regulations in the U.S. federal jurisdiction and certain state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Synod is no longer subject to income tax examinations by the applicable tax authorities for the years before 2020. If any were to be incurred, the Synod's policy is to record penalties and interest assessed by income tax authorities as operating expenses.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Change in Accounting Principles

Effective February 1, 2022, the Synod adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842 *Leases*. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for all leases with terms longer than twelve months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of less than twelve months will not record an ROU asset and lease liability, and the payments will be recognized into expense on a straight-line basis over the lease term. None of the Synod's leases have terms longer than twelve months. The adoption had no effect on the previously reported change in net assets.

**CENTRAL STATES SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Change in Accounting Principles - Continued

The Synod also adopted FASB Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities - Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, retroactively to February 1, 2021, which changed the presentation and disclosure for contributions other than financial assets. The adoption had no effect on the previously reported change in net assets.

Subsequent Events

Subsequent events have been evaluated through February 11, 2026, which is the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at January 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,736,527	1,687,927
Receivables	106,441	126,152
Certificates of deposit	117,890	117,706
Investments	<u>779,594</u>	<u>859,466</u>
Financial assets at year-end	2,740,452	2,791,251
Less those unavailable for general expenditure within one year, due to:		
Funds held for others	45,376	66,263
Perpetual donor restricted	975,017	975,017
Donor restricted for specified purpose	851,941	878,355
Board-designated	<u>429,025</u>	<u>530,890</u>
Financial assets available for general expenditure within one year	<u>\$ 439,093</u>	<u>340,726</u>

As part of the Synod's liquidity management plan, the Synod periodically invests cash in short-term investments, money market funds, and certificates of deposit. The Council has designated certain assets for specific purposes, but certain of these designations can be changed to meet liquidity needs.

**CENTRAL STATES SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023**

NOTE 3 - FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. In accordance with ASC 820, the Synod classifies its investments into Level 1 (securities valued using quoted market prices from active markets for identical assets), Level 2 (securities not traded on an active market for which observable inputs are readily available), and Level 3 (securities valued based on significant unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies and inputs for investments measured at fair value, as well as the general classification pursuant to the valuation hierarchy.

- Investments in ELCA pooled trust are valued using quoted market prices for the underlying securities. Fair values of securities for which market prices are not readily available are determined based on quoted market prices for similar issues, dealer quotes, or pricing models utilizing market observable inputs from comparable securities. This total fair value is divided by the total number of units in the pool to determine the per-share value that is assigned to the trust's units. These investments are classified as Level 2 in the valuation hierarchy.

The following tables summarize the valuation of investments measured at fair value on a recurring basis in the accompanying statement of financial position, including the additional requirement to classify securities by major category, which is defined as the major security type classifications within ASC 820.

	<u>Assets at Fair Value as of January 31, 2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ELCA Pooled Trust				
Cash and equivalents	\$ -	23,388	-	23,388
Alternative investments	-	109,143	-	109,143
Fixed income securities	-	140,327	-	140,327
U.S. common stocks	-	210,490	-	210,490
Non-U.S. stocks	-	257,266	-	257,266
Real estate securities	-	38,980	-	38,980
	<u>\$ -</u>	<u>779,594</u>	<u>-</u>	<u>779,594</u>

**CENTRAL STATES SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023**

NOTE 3 - FAIR VALUE MEASUREMENTS - Continued

	<u>Assets at Fair Value as of January 31, 2022</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
ELCA Pooled Trust				
Cash and equivalents	\$ -	30,108	-	30,108
Alternative investments	-	240,195	-	240,195
Fixed income securities	-	69,727	-	69,727
U.S. common stocks	-	235,645	-	235,645
Non-U.S. stocks	-	245,751	-	245,751
Real estate securities	-	<u>38,040</u>	-	<u>38,040</u>
	<u>\$ -</u>	<u>859,466</u>	<u>-</u>	<u>859,466</u>

The tables below present additional information for the Synod's investments for which fair value is estimated using the practical expedient of reported net asset value (NAV).

	<u>Fair value*</u>	<u>Unfunded Commitments</u>	<u>Expected Liquidation Term</u>	<u>Redemption Terms</u>	<u>Redemption Restrictions</u>
<u>January 31, 2023</u>					
ELCA Pooled Trust	<u>\$ 779,594</u>	None	N/A	None	None
<u>January 31, 2022</u>					
ELCA Pooled Trust	<u>\$ 859,466</u>	None	N/A	None	None

*Estimated using the NAV of the funds.

**CENTRAL STATES SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023**

NOTE 4 - ENDOWMENT FUNDS

The Synod maintains its Endowment Funds with the Evangelical Lutheran Church in America Endowment Fund Pooled Trust (the Trust). The endowment funds include funds with donor restrictions and board-designated funds. These investments are recorded at the fair value as provided by the Trust. Investment income, including net gains and losses, is reported in the accompanying statement of activities.

The Synod has established policies that assets of the Endowment Funds should be invested with the long-term goal to realize competitive returns without exposure to undue risk. Funds are to be allocated among various classes of investments in a manner consistent with the actions of a prudent investor who is mindful of the fiduciary responsibilities of the Synod Mission Endowment Fund Committee. No recommended asset mix has been established. All expenditures are approved by the Synod Mission Endowment Fund Committee.

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 net assets with perpetual donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual 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 endowment fund with donor restrictions that is not perpetual in nature is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Synod in a manner consistent with the standard of prudence prescribed by UPMIFA.

The following tables present a reconciliation of the beginning and ending balances of the endowment funds with donor restrictions and Board-designated endowment funds for the years ended January 31, 2023 and 2022:

**CENTRAL STATES SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023**

NOTE 4 - ENDOWMENT FUNDS - Continued

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Balance, January 31, 2021	\$ 394,389	1,164,104	1,558,493
Contributions	-	126	126
Gains	11,062	62,890	73,952
Expenditures	(35,000)	(30,650)	(65,650)
Transfers	-	<u>2,500</u>	<u>2,500</u>
Balance, January 31, 2022	370,451	1,198,970	1,569,421
Losses	(7,628)	(46,648)	(54,276)
Expenditures	(75,720)	(63,149)	(138,869)
Transfers	<u>26,066</u>	<u>7,910</u>	<u>33,976</u>
Balance, January 31, 2023	<u>\$ 313,169</u>	<u>1,097,083</u>	<u>1,410,252</u>

As of January 31, 2023 and 2022, the Synod had the following endowment net asset composition by type of fund:

	<u>January 31, 2023</u>		
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Board-designated	\$ 313,169	-	313,169
Donor-restricted			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	-	975,017	975,017
Accumulated investment gains	-	113,215	113,215
Subject to expenditure for specific purpose	<u>-</u>	<u>8,851</u>	<u>8,851</u>
Total	<u>\$ 313,169</u>	<u>1,097,083</u>	<u>1,410,252</u>

**CENTRAL STATES SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023**

NOTE 4 - ENDOWMENT FUNDS - Continued

	<u>January 31, 2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated	\$ 370,451	-	370,451
Donor-restricted			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	-	975,017	975,017
Accumulated investment gains	-	215,167	215,167
Subject to expenditure for specified purpose	-	8,786	8,786
Total	\$ 370,451	1,198,970	1,569,421

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of January 31:

	<u>2023</u>	<u>2022</u>
Fund appeal	\$ 100,000	100,000
Discount to present value	(51,546)	(51,546)
	\$ 48,454	48,454
Due within one year	\$ -	-
Due in two to five years	-	-
Due thereafter	48,454	48,454
	\$ 48,454	48,454

Pledges receivable were discounted using a rate of 4% at January 31, 2023 and 2022.

NOTE 6 - MISSION INVESTMENT FUND CERTIFICATES OF DEPOSIT

Mission Investment Fund certificates of deposit represent funds deposited in the Evangelical Lutheran Church in America Loan Fund. These funds are reflected as net assets with donor restrictions of the Synod.

**CENTRAL STATES SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023**

NOTE 7 - PROPERTY AND EQUIPMENT

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

	<u>2023</u>	<u>2022</u>
Buildings	\$ 865,610	865,610
Office equipment	91,588	91,588
Automobiles	58,959	58,959
Furniture and fixtures	44,406	44,406
Tomah Shinga land	<u>90,322</u>	<u>90,322</u>
	1,150,885	1,150,885
Accumulated depreciation	<u>(298,595)</u>	<u>(272,650)</u>
	<u>\$ 852,290</u>	<u>878,235</u>

NOTE 8 - BOARD-DESIGNATED NET ASSETS

Board-designated net assets consisted of the following as of January 31:

	<u>2023</u>	<u>2022</u>
Eugene T. Hackler Scholarship Fund	\$ 32,671	32,468
Council Discretionary Fund	115,856	160,439
Central States Legacy Fund	<u>280,498</u>	<u>337,983</u>
	<u>\$ 429,025</u>	<u>530,890</u>

NOTE 9 - RETIREMENT PLANS

The Synod maintains a 403(b) retirement plan for covered employees that provides for voluntary salary deferrals. The Synod also contributes to a defined contribution plan. Retirement plan expenses under these plans for the years ended January 31, 2023 and 2022 were \$65,787 and \$57,849, respectively, and are included in salaries and fringe benefits on the accompanying statement of functional expenses. Contributions are determined in accordance with the provisions of the plans.

NOTE 10 - RELATED PARTY

The Synod remits a percentage of congregational support to the national office of the ELCA. Total contribution expense for the years ended January 31, 2023 and 2022 was \$727,074 and \$776,903, respectively. As of January 31, 2023 and 2022, contributions and other amounts due to the national office totaled \$165,450 and \$63,697, respectively.

**CENTRAL STATES SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023**

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions subject to expenditure for a specified purpose were available for the following purposes as of January 31:

	<u>2023</u>	<u>2022</u>
Endowment earnings to be used on programs	\$ 122,066	223,953
New and future congregations	29,747	29,561
Synod mission activity	50,716	122,660
Synod assembly	14,747	16,038
Synod agencies	22,975	35,821
Educational opportunities	126,907	52,802
Fund appeal	81,207	81,013
Other purposes	<u>403,576</u>	<u>316,507</u>
	<u>\$ 851,941</u>	<u>878,355</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors were as follows for the years ended January 31:

	<u>2023</u>	<u>2022</u>
Endowment earnings to be used on programs	\$ 63,149	30,650
Synod mission activity	144,563	125,427
Synod assembly	81,295	22,640
Synod agencies	34,788	35,359
Educational opportunities	44,365	28,996
Fund appeal	-	1,310
Other purposes	<u>287,263</u>	<u>158,176</u>
	<u>\$ 655,423</u>	<u>402,558</u>

Net assets with perpetual donor restrictions consisted of the following as of January 31:

	<u>2023</u>	<u>2022</u>
Endowed account - principal	\$ 24,502	24,502
Maurer Fund - principal	25,000	25,000
Eugene T. Hackler Scholarship Fund - principal	141,179	141,179
Helena Gillberg Estate - principal	381,126	381,126
Leadership for Mission - principal	106,831	106,831
Abiding Savior Mission Endowment - principal	220,554	220,554
New Mission Congregations - principal	<u>75,825</u>	<u>75,825</u>
	<u>\$ 975,017</u>	<u>975,017</u>

**CENTRAL STATES SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023**

NOTE 12 - OPERATING LEASES

The Synod entered into a one-year lease for office space during the year ended January 31, 2019. The office lease automatically renews if neither party gives notice of its election not to renew. The Synod also has an operating lease for office equipment that expires in September 2023. Total lease expense for the years ended January 31, 2023 and 2022 was \$31,609 and \$30,498, respectively, and is recorded in rent and occupancy expense and miscellaneous expense on the accompanying statement of functional expenses.

Future minimum lease payments at January 31, 2023 were as follows:

<u>Years Ending January 31,</u>	<u>Amount</u>
2024	<u>\$ 2,648</u>

NOTE 13 - FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salary and benefit related expenses are allocated on the basis of estimates of time and effort, while depreciation and other occupancy related expenses are allocated on a square footage basis.

NOTE 14 - CONCENTRATIONS OF CREDIT RISK

The Synod maintains its cash balances in financial institutions in Kansas City, Missouri and St. Louis, Missouri. Balances were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. Uninsured balances at January 31, 2023 and 2022 were \$102,701 and \$186,569, respectively.

The Synod also maintains money market accounts and certificates of deposit in the Mission Investment Fund. These balances, totaling \$1,294,495 and \$1,253,132 at January 31, 2023 and 2022, respectively, were not insured by the FDIC.

The Synod invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of financial position.

**CENTRAL STATES SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023**

NOTE 15 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Synod received a \$167,200 loan under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrued interest at 1%, but payments were not required to begin for ten months after the end of an eight- to 24-week loan forgiveness covered period. The loan was uncollateralized and was fully guaranteed by the Federal government. The loan and related interest were forgiven in March 2021 upon meeting the requirements of the program during the covered period. Accordingly, upon being released from the loan obligation and related interest, the Synod recorded loan forgiveness of \$167,200 in the accompanying statement of activities for the year ended January 31, 2022. No payment was made on this loan.

NOTE 16 - SUBSEQUENT EVENTS

In January 2022, a member congregation closed, and its building was transferred to the Synod in February 2022. The estimated fair value of the building was \$862,300. The Synod gifted the property to another not-for-profit organization during the year ended January 31, 2024.

Another member congregation decided to disaffiliate from the ELCA in August 2023 and entered into an agreement with the ELCA and the Synod to receive approval for the disaffiliation and to return \$60,000 to the ELCA.

A third member congregation was closed by the Synod in October 2022, and its building was transferred to the Synod. The Synod sold the building for \$500,000 during the year ended January 31, 2025.

During the year ended January 31, 2019, Children's Memorial Lutheran Church closed and donated its building to the Synod. In September 2024, the Synod sold the building for \$200,000.

SUPPLEMENTARY INFORMATION

**CENTRAL STATES SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
SCHEDULES OF AGENCY AND INSTITUTION GRANTS
For the Years Ended January 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Seminaries	\$ 30,000	30,000
Bethany College	15,000	15,000
Camp Tomah Shinga	10,000	10,000
Hollis Center - Outdoor Ministries	5,000	5,000
Kansas Interfaith Action Coalition	2,500	2,500
Missouri Voices of Faith	<u>2,500</u>	<u>2,500</u>
	<u>\$ 65,000</u>	<u>65,000</u>

**CENTRAL STATES SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
SCHEDULES OF SYNOD PROGRAM COMMITTEE EXPENDITURES
For the Years Ended January 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Bishop's Convocation	\$ 4,000	\$ 4,000
Candidacy	5,999	1,927
Faith Innovations	-	10,000
Leadership Training	-	6,444
Parish Ministry Associates	580	516
Other	400	-
	<u>\$ 10,979</u>	<u>22,887</u>

**CENTRAL STATES SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
SCHEDULE OF RECEIPTS AND EXPENDITURES FOR FUNDS WITH DONOR
RESTRICTIONS, FUNDS HELD FOR OTHERS, AND BOARD-DESIGNATED FUNDS
For the Year Ended January 31, 2023**

	Balance January 31, 2022	Earnings/Losses, Receipts, and Transfers	Expenditures	Balance January 31, 2023
Funds With Perpetual Donor Restrictions				
Endowed Account - principal	\$ 24,502	-	-	24,502
Maurer Fund - principal	25,000	-	-	25,000
	<u>49,502</u>	<u>-</u>	<u>-</u>	<u>49,502</u>
Endowment Funds - With Perpetual Donor Restrictions				
Helena Gillberg Estate - principal	381,126	-	-	381,126
Eugene T. Hackler Scholarship Fund - principal	141,179	-	-	141,179
Leadership for Mission - principal	106,831	-	-	106,831
Abiding Savior Mission Endowment	220,554	-	-	220,554
New Mission Congregations - principal	75,825	-	-	75,825
	<u>925,515</u>	<u>-</u>	<u>-</u>	<u>925,515</u>
Total funds with perpetual donor restrictions	<u>\$ 975,017</u>	<u>-</u>	<u>-</u>	<u>975,017</u>
Funds Held for Others				
Held for Monthly Distribution				
Missions	\$ 26,230	41,430	63,685	3,975
Synod Pass-Through Funds	29,039	45,381	34,197	40,223
World Hunger	10,994	38,172	47,988	1,178
	<u>66,263</u>	<u>124,983</u>	<u>145,870</u>	<u>45,376</u>
Total funds held for others	<u>\$ 66,263</u>	<u>124,983</u>	<u>145,870</u>	<u>45,376</u>
Without Donor Restrictions - Board-Designated Funds				
Eugene T. Hackler Scholarship Fund	\$ 32,468	203	-	32,671
Council Discretionary Fund	160,439	5,668	50,251	115,856
Central States Legacy Fund	337,983	18,235	75,720	280,498
	<u>530,890</u>	<u>24,106</u>	<u>125,971</u>	<u>429,025</u>
Total without donor restrictions - board-designated	<u>\$ 530,890</u>	<u>24,106</u>	<u>125,971</u>	<u>429,025</u>
Endowment Funds - With Donor Restrictions for Purpose				
Helena Gillberg Estate - earnings	\$ 108,530	(17,448)	18,620	72,462
Eugene T. Hackler Scholarship Fund - earnings	28,946	(9,324)	6,600	13,022
Leadership for Mission - earnings	21,040	(4,936)	7,381	8,723
Abiding Savior Mission Endowment - earnings	33,189	(3,669)	16,548	12,972
New Mission Congregations - earnings	23,462	(3,426)	14,000	6,036
Mission Endowment Campaign	8,786	65	-	8,851
	<u>223,953</u>	<u>(38,738)</u>	<u>63,149</u>	<u>122,066</u>
Synod Funds - With Donor Restrictions for Purpose				
Held for New and Future Congregations				
Peace, Newton, Kansas	29,561	186	-	29,747
	<u>29,561</u>	<u>186</u>	<u>-</u>	<u>29,747</u>

**CENTRAL STATES SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
SCHEDULE OF RECEIPTS AND EXPENDITURES FOR FUNDS WITH DONOR
RESTRICTIONS, FUNDS HELD FOR OTHERS, AND BOARD-DESIGNATED FUNDS
For the Year Ended January 31, 2023**

	Balance January 31, 2022	Earnings/Losses, Receipts, and Transfers	Expenditures	Balance January 31, 2023
Held for Synod Mission Activity				
Companion Synod Visitation	\$ 6,860	1,535	2,384	6,011
LDR Deployed Staff	103,729	188	102,322	1,595
The Listening Post	3	-	-	3
Synod Mission Table	5,852	66,667	37,660	34,859
Russian Pastor Salary Support	2,202	4,207	1,646	4,763
Synod Outreach Events	4,014	22	551	3,485
	<u>122,660</u>	<u>72,619</u>	<u>144,563</u>	<u>50,716</u>
Held for Synod Assembly				
Assembly Partnership	1,867	782	1,305	1,344
Assembly Travel Equalization	3,155	3,637	2,355	4,437
Synod Assembly Fund	11,016	75,585	77,635	8,966
	<u>16,038</u>	<u>80,004</u>	<u>81,295</u>	<u>14,747</u>
Held for Synod Agencies				
Lutheran School of Theology - St. Louis	35,821	21,942	34,788	22,975
	<u>35,821</u>	<u>21,942</u>	<u>34,788</u>	<u>22,975</u>
Held for Educational Opportunities				
Bethany House of Studies	12,220	72	-	12,292
Bishop Kemper for PMA Studies	322	2	-	324
Bishop's Convocation	941	15,567	16,508	-
Continuing Education	13,406	5,943	10,393	8,956
Professional Development	4,019	6,577	5,672	4,924
Quality of Call Initiative	-	85,983	6,138	79,845
First Call Theological Education	1,071	1,978	1,510	1,539
Kansas Leadership Center Program	5,314	30	2,145	3,199
Leadership Camps for MLM	962	5	-	967
Seminarian Scholarship Fund	704	532	-	1,236
Parish Ministry Associate Program (PMAP)	13,843	1,781	1,999	13,625
	<u>52,802</u>	<u>118,470</u>	<u>44,365</u>	<u>126,907</u>

**CENTRAL STATES SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
SCHEDULE OF RECEIPTS AND EXPENDITURES FOR FUNDS WITH DONOR
RESTRICTIONS, FUNDS HELD FOR OTHERS, AND BOARD-DESIGNATED FUNDS
For the Year Ended January 31, 2023**

	Balance January 31, 2022	Earnings/Losses, Receipts, and Transfers	Expenditures	Balance January 31, 2023
Fund Appeal				
Equipping People	\$ 24,032	142	-	24,174
Igniting Spiritual Renewal	5,442	33	-	5,475
Raising Up Leaders	486	3	-	489
Building Bridges	1,424	9	-	1,433
Malaria/HIV Initiative	1	-	-	1
Changed, Sent, Serve Endowment	3	-	-	3
Resource Development Costs	1,171	7	-	1,178
Pledges Receivable	48,454	-	-	48,454
	<u>81,013</u>	<u>194</u>	<u>-</u>	<u>81,207</u>
Held for Other Purposes				
Area Ministry 7	1,206	7	-	1,213
Area Ministry 8	172	2	-	174
Bethany LC, Webster Groves, MO	-	97,524	4,864	92,660
Asset Replacement Fund	51,968	10,168	-	62,136
Bishop's Good Samaritan Fund	6,195	170	3,643	2,722
Bishop Transition Fund	23,083	12,739	-	35,822
Campus Ministry Fund	8,902	150,972	152,301	7,573
Congregational Renewal/Vitality	85,596	25,517	26,149	84,964
COVID-19 Grant Fund	6	-	-	6
Health and Wellness Fund	15,183	321	1,175	14,329
Kansas Disaster Response	1,073	1	1,072	2
LSS Refund Fund	24,285	150	-	24,435
Lutherans Restoring Creation	2,651	714	588	2,777
Maurer Fund - Earnings	200	744	-	944
Region IV	128	1	-	129
Resurrection LC Building, St. Louis	-	9,993	9,993	-
Social Ministry Fund	7,998	14,580	7,500	15,078
SOLI Grant - Earth Charter Implementation	8,538	218	6,543	2,213
Stewardship Programs and Events	776	5	-	781
Synod Disaster Ministry	31,019	40,437	41,128	30,328
Transitional Ministry	14,610	7,163	19,073	2,700
Tri State Area Ministry	2,515	25	-	2,540
Youngblom Fund	1,970	321	-	2,291
Youth Ministry Development Fund	11,541	2,478	10,000	4,019
500th Anniversary Fund	16,892	82	3,234	13,740
	<u>316,507</u>	<u>374,332</u>	<u>287,263</u>	<u>403,576</u>
Total funds with donor restrictions for purpose	<u>\$ 878,355</u>	<u>629,009</u>	<u>655,423</u>	<u>851,941</u>