

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

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**FINANCIAL STATEMENTS**

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**January 31, 2022**

**IFFT & CO. PA**  
*Certified Public Accountants*

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**INDEPENDENT AUDITORS' REPORT**

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

**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, 2022, 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, 2022, 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.

**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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 28, 2023. 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 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.

IFF+ & Co. PA

February 10, 2025

**CENTRAL STATES SYNOD OF THE  
EVANGELICAL LUTHERAN CHURCH IN AMERICA  
STATEMENT OF FINANCIAL POSITION  
January 31, 2022**

(With Summarized Financial Information as of January 31, 2021)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>	
			<u>2022</u>	<u>2021</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 685,144	1,002,783	1,687,927	1,737,977
Receivables - congregations	67,860	-	67,860	60,063
Receivables - other	-	9,838	9,838	8,518
Pledges receivable - fund appeal, net	-	48,454	48,454	48,454
ELCA Foundation Endowment Fund investments	118,612	740,854	859,466	818,468
Mission Investment Fund certificates of deposit	-	117,706	117,706	117,112
Prepaid expenses	4,193	-	4,193	3,852
Property and equipment, less accumulated depreciation	<u>878,235</u>	<u>-</u>	<u>878,235</u>	<u>904,961</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,754,044</u></b>	<b><u>1,919,635</u></b>	<b><u>3,673,679</u></b>	<b><u>3,699,405</u></b>
 <b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 30,549	-	30,549	19,372
Due to ELCA	63,697	-	63,697	63,630
Paycheck Protection Program note payable	-	-	-	167,200
Funds held for others	<u>-</u>	<u>66,263</u>	<u>66,263</u>	<u>49,032</u>
<b>TOTAL LIABILITIES</b>	<b>94,246</b>	<b>66,263</b>	<b>160,509</b>	<b>299,234</b>
 <b>NET ASSETS</b>				
Without donor restrictions				
Undesignated	1,128,908	-	1,128,908	976,237
Board-designated	<u>530,890</u>	<u>-</u>	<u>530,890</u>	<u>548,594</u>
<b>Total without donor restrictions</b>	<b>1,659,798</b>	<b>-</b>	<b>1,659,798</b>	<b>1,524,831</b>
With donor restrictions				
Perpetual in nature	-	975,017	975,017	974,891
Purpose restrictions	<u>-</u>	<u>878,355</u>	<u>878,355</u>	<u>900,449</u>
<b>Total with donor restrictions</b>	<b><u>-</u></b>	<b><u>1,853,372</u></b>	<b><u>1,853,372</u></b>	<b><u>1,875,340</u></b>
<b>TOTAL NET ASSETS</b>	<b><u>1,659,798</u></b>	<b><u>1,853,372</u></b>	<b><u>3,513,170</u></b>	<b><u>3,400,171</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,754,044</u></b>	<b><u>1,919,635</u></b>	<b><u>3,673,679</u></b>	<b><u>3,699,405</u></b>

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, 2022**

(With Summarized Financial Information for the Year Ended January 31, 2021)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>	
			<u>2022</u>	<u>2021</u>
<b>SUPPORT AND REVENUES</b>				
Congregational and other contributions	\$ 1,524,587	313,980	1,838,567	1,891,630
Annual appeal	16,167	-	16,167	24,814
Non-congregational contributions	64,388	-	64,388	50,114
Paycheck Protection Program loan forgiveness	167,200	-	167,200	-
In-kind rent	13,400	-	13,400	-
Realized loss on investments	-	-	-	(5,711)
Unrealized gain on investments	2,190	9,971	12,161	31,790
Net investment income	9,770	56,639	66,409	70,894
	<u>1,797,702</u>	<u>380,590</u>	<u>2,178,292</u>	<u>2,063,531</u>
Net assets released from restrictions	<u>402,558</u>	<u>(402,558)</u>	<u>-</u>	<u>-</u>
	2,200,260	(21,968)	2,178,292	2,063,531
<b>EXPENSES</b>				
Program services				
Leadership Growth	463,177	-	463,177	445,153
Congregational Mission	171,780	-	171,780	199,157
Pastoral Care	157,611	-	157,611	179,175
Strengthening Relationships/ Interpreting Work of Church	<u>1,145,122</u>	<u>-</u>	<u>1,145,122</u>	<u>1,055,160</u>
	1,937,690	-	1,937,690	1,878,645
Supporting services				
Management and general	<u>127,603</u>	<u>-</u>	<u>127,603</u>	<u>125,363</u>
	<u>2,065,293</u>	<u>-</u>	<u>2,065,293</u>	<u>2,004,008</u>
 CHANGE IN NET ASSETS	 134,967	 (21,968)	 112,999	 59,523
 NET ASSETS, BEGINNING OF YEAR	 <u>1,524,831</u>	 <u>1,875,340</u>	 <u>3,400,171</u>	 <u>3,340,648</u>
 NET ASSETS, END OF YEAR	 <u>\$ 1,659,798</u>	 <u>1,853,372</u>	 <u>3,513,170</u>	 <u>3,400,171</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, 2022**

**(With Summarized Financial Information for the Year Ended January 31, 2021)**

	Leadership Growth	Congregational Mission	Pastoral Care	Strengthening Relationships/ Interpreting Work of Church	Total Program Services	Management and General	Totals	
							2022	2021
Salaries and fringe benefits	\$ 272,149	84,766	84,766	80,528	522,209	86,216	608,425	549,769
Contributions to ELCA	-	-	-	776,903	776,903	-	776,903	808,028
Grants to other organizations	55,000	-	-	10,000	65,000	-	65,000	60,000
In-kind donation	-	13,400	-	-	13,400	-	13,400	-
Other program services	113,573	36,229	57,935	237,507	445,244	-	445,244	436,921
Candidacy	1,926	-	-	-	1,926	-	1,926	2,934
Travel	8,817	5,878	5,878	8,817	29,390	-	29,390	18,496
Rent and occupancy	2,400	2,400	2,400	2,400	9,600	14,400	24,000	24,000
Professional services	71	71	71	71	284	10,071	10,355	12,405
Service contracts/maintenance agreements	1,300	1,300	1,300	1,300	5,200	1,300	6,500	8,771
Planned Giving Partnership	-	22,625	-	-	22,625	-	22,625	22,625
Telephone	1,022	1,022	1,022	1,022	4,088	1,022	5,110	2,828
Postage	775	775	775	775	3,100	775	3,875	2,900
Miscellaneous	562	562	562	562	2,248	562	2,810	4,120
Call process ministries	-	-	150	-	150	-	150	168
Insurance	1,515	1,515	1,515	1,515	6,060	1,515	7,575	10,550
Supplies	487	487	487	487	1,948	487	2,435	780
Synod Council/Executive Committee	2,455	-	-	389	2,844	-	2,844	1,206
Bishop's Transition Set Aside	-	-	-	-	-	10,000	10,000	10,000
Depreciation	1,125	750	750	22,846	25,471	1,255	26,726	27,507
	<u>\$ 463,177</u>	<u>171,780</u>	<u>157,611</u>	<u>1,145,122</u>	<u>1,937,690</u>	<u>127,603</u>	<u>2,065,293</u>	<u>2,004,008</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, 2022**

**(With Summarized Financial Information for the Year Ended January 31, 2021)**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 112,999	59,523
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	26,726	27,507
Unrealized gain on investments	(12,161)	(31,790)
Contributions with donor restrictions in perpetuity	(126)	-
Realized loss on investments	-	5,711
Paycheck Protection Program loan forgiveness	(167,200)	-
Changes in operating assets and liabilities		
Receivables - congregations	(7,797)	(1,482)
Receivables - other	(1,320)	2,103
Prepaid expenses	(341)	(319)
Accounts payable	11,177	(10,891)
Due to ELCA	67	7,257
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(37,976)</b>	<b>57,619</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of investments	-	35,642
Change in funds held for others	17,231	26,787
Reinvestment of earnings on investments	(29,431)	(28,170)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(12,200)</b>	<b>34,259</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions with donor restrictions in perpetuity	126	-
Proceeds from Paycheck Protection Program note payable	-	167,200
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>126</b>	<b>167,200</b>
 <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(50,050)</b>	<b>259,078</b>
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,737,977</b>	<b>1,478,899</b>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,687,927</b>	<b>1,737,977</b>

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, 2022**

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 2021 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, 2021, 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, 2022**

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, 2022 and 2021, 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, 2022**

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 2019. 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.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 retains a distinction between operating leases and financing leases, and the classification criteria are substantially similar to previous lease guidance. The main change in the new guidance is the requirement for all leases to be recognized on the statement of financial position at the present value of lease payments. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) - Effective Dates for Certain Entities*, which delayed the effective date of ASU 2016-02, such that amendments are now required to be adopted for the Synod's January 31, 2023 financial statements. Early adoption is permitted. The Synod is currently evaluating the expected impact on the financial statements.

**CENTRAL STATES SYNOD OF THE EVANGELICAL  
LUTHERAN CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS  
January 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Pronouncements - Continued

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) - Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which will change the presentation and disclosure for contributions other than financial assets. The Synod will adopt ASU 2020-07 in the reporting period beginning February 1, 2022. Adoption is not expected to significantly impact the financial statements.

Subsequent Events

Subsequent events have been evaluated through February 10, 2025, 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,687,927	1,737,977
Receivables	126,152	117,035
Certificates of deposit	117,706	117,112
Investments	<u>859,466</u>	<u>818,468</u>
Financial assets at year-end	2,791,251	2,790,592
Less those unavailable for general expenditure within one year, due to:		
Funds held for others	66,263	49,032
Perpetual donor restricted	975,017	974,891
Donor restricted for specified purpose	878,355	900,449
Board-designated	<u>530,890</u>	<u>548,594</u>
Financial assets available for general expenditure within one year	<u>\$ 340,726</u>	<u>317,626</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, 2022**

NOTE 3 - FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (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, 2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ELCA Pooled Trust				
Cash and equivalents	\$ -	30,108	-	30,108
Hedge funds	-	40,863	-	40,863
Fixed income securities	-	69,727	-	69,727
Infrastructure	-	37,942	-	37,942
Private markets	-	72,001	-	72,001
U.S. common stocks	-	235,645	-	235,645
High yield securities	-	44,309	-	44,309
Non-U.S. stocks	-	245,751	-	245,751
Real estate securities	-	38,040	-	38,040
U.S. inflation-indexed securities	<u>-</u>	<u>45,080</u>	<u>-</u>	<u>45,080</u>
	<u>\$ -</u>	<u>859,466</u>	<u>-</u>	<u>859,466</u>

**CENTRAL STATES SYNOD OF THE EVANGELICAL  
LUTHERAN CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS  
January 31, 2022**

NOTE 3 - FAIR VALUE MEASUREMENTS - Continued

	<u>Assets at Fair Value as of January 31, 2021</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
ELCA Pooled Trust				
Cash and equivalents	\$ -	26,606	-	26,606
Hedge funds	-	42,254	-	42,254
Fixed income securities	-	61,949	-	61,949
Infrastructure	-	38,699	-	38,699
Private markets	-	40,005	-	40,005
U.S. common stocks	-	223,456	-	223,456
High yield securities	-	42,195	-	42,195
Non-U.S. stocks	-	265,206	-	265,206
Real estate securities	-	37,214	-	37,214
U.S. inflation-indexed securities	-	40,884	-	40,884
	<u>\$ -</u>	<u>818,468</u>	<u>-</u>	<u>818,468</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, 2022</u>					
ELCA Pooled Trust	<u>\$ 859,466</u>	None	N/A	None	None
<u>January 31, 2021</u>					
ELCA Pooled Trust	<u>\$ 818,468</u>	None	N/A	None	None

\*Estimated using the NAV of the funds.

**CENTRAL STATES SYNOD OF THE EVANGELICAL  
LUTHERAN CHURCH IN AMERICA  
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January 31, 2022**

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, 2022 and 2021:

**CENTRAL STATES SYNOD OF THE EVANGELICAL  
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January 31, 2022**

NOTE 4 - ENDOWMENT FUNDS - Continued

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Balance, January 31, 2020	\$ 431,790	1,092,783	1,524,573
Gains	14,587	80,372	94,959
Expenditures	(24,888)	(10,000)	(34,888)
Transfers	<u>(27,100)</u>	<u>949</u>	<u>(26,151)</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>-</u>	<u>2,500</u>	<u>2,500</u>
Balance, January 31, 2022	<u>\$ 370,451</u>	<u>1,198,970</u>	<u>1,569,421</u>

As of January 31, 2022 and 2021, the Synod had the following endowment net asset composition by type of fund:

	Without Donor <u>Restrictions</u>	<u>January 31, 2022</u> With Donor <u>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 specific purpose	<u>-</u>	<u>8,786</u>	<u>8,786</u>
Total	<u>\$ 370,451</u>	<u>1,198,970</u>	<u>1,569,421</u>

**CENTRAL STATES SYNOD OF THE EVANGELICAL  
LUTHERAN CHURCH IN AMERICA  
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January 31, 2022**

NOTE 4 - ENDOWMENT FUNDS - Continued

	<u>January 31, 2021</u>		
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Board-designated	\$ 394,389	-	394,389
Donor-restricted			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	-	974,891	974,891
Accumulated investment gains	-	182,965	182,965
Subject to expenditure for specified purpose	<u>-</u>	<u>6,248</u>	<u>6,248</u>
Total	<u>\$ 394,389</u>	<u>1,164,104</u>	<u>1,558,493</u>

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of January 31:

	<u>2022</u>	<u>2021</u>
Fund appeal	\$ 100,000	100,000
Discount to present value	<u>(51,546)</u>	<u>(51,546)</u>
	<u>\$ 48,454</u>	<u>48,454</u>
Due within one year	\$ -	-
Due in two to five years	-	-
Due thereafter	<u>48,454</u>	<u>48,454</u>
	<u>\$ 48,454</u>	<u>48,454</u>

Pledges receivable were discounted using a rate of 4% at January 31, 2022 and 2021.

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, 2022**

NOTE 7 - PROPERTY AND EQUIPMENT

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

	<u>2022</u>	<u>2021</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>(272,650)</u>	<u>(245,924)</u>
	<u>\$ 878,235</u>	<u>904,961</u>

NOTE 8 - BOARD-DESIGNATED NET ASSETS

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

	<u>2022</u>	<u>2021</u>
Eugene T. Hackler Scholarship Fund	\$ 32,468	32,013
Council Discretionary Fund	160,439	154,205
Central States Legacy Fund	<u>337,983</u>	<u>362,376</u>
	<u>\$ 530,890</u>	<u>548,594</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, 2022 and 2021 were \$57,849 and \$52,975, 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, 2022 and 2021 was \$776,903 and \$808,028, respectively. As of January 31, 2022 and 2021, contributions and other amounts due to the national office totaled \$63,697 and \$63,630, respectively.

**CENTRAL STATES SYNOD OF THE EVANGELICAL  
LUTHERAN CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS  
January 31, 2022**

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>2022</u>	<u>2021</u>
Endowment earnings to be used on programs	\$ 223,953	189,213
New and future congregations	29,561	29,100
Synod mission activity	122,660	232,718
Synod assembly	16,038	8,474
Synod agencies	35,821	41,457
Educational opportunities	52,802	55,037
Fund appeal	81,013	82,204
Other purposes	<u>316,507</u>	<u>262,246</u>
	<u>\$ 878,355</u>	<u>900,449</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>2022</u>	<u>2021</u>
Endowment earnings to be used on programs	\$ 30,650	10,000
Synod mission activity	125,427	148,421
Synod assembly	22,640	9,071
Synod agencies	35,359	27,985
Educational opportunities	28,996	11,742
Fund appeal	1,310	1,763
Other purposes	<u>158,176</u>	<u>224,018</u>
	<u>\$ 402,558</u>	<u>433,000</u>

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

	<u>2022</u>	<u>2021</u>
Endowed account - principal	\$ 24,502	24,502
Maurer Fund - principal	25,000	25,000
Eugene T. Hackler Scholarship Fund - principal	141,179	141,053
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>974,891</u>

**CENTRAL STATES SYNOD OF THE EVANGELICAL  
LUTHERAN CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS  
January 31, 2022**

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 to not 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, 2022 and 2021 was \$30,498 and \$32,772, 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, 2022 are as follows:

<u>Years Ending January 31,</u>	<u>Amount</u>
2023	\$ 28,694
2024	<u>2,648</u>
	<u>\$ 31,342</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, 2022 and 2021 were \$186,569 and \$460,242, respectively.

The Synod also maintains money market accounts and certificates of deposit in the Mission Investment Fund. These balances, totaling \$1,253,132 and \$1,065,716 at January 31, 2022 and 2021, respectively, were not insured by the FDIC.

**CENTRAL STATES SYNOD OF THE EVANGELICAL  
LUTHERAN CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS  
January 31, 2022**

NOTE 14 - CONCENTRATIONS OF CREDIT RISK - Continued

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.

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 payments were 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 of partnership support funds 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.

**SUPPLEMENTARY INFORMATION**

**CENTRAL STATES SYNOD OF THE  
EVANGELICAL LUTHERAN CHURCH IN AMERICA  
SCHEDULES OF AGENCY AND INSTITUTION GRANTS  
For the Years Ended January 31, 2022 and 2021**

	<u>2022</u>	<u>2021</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	-
Missouri Voices of Faith	<u>2,500</u>	<u>-</u>
	<u>\$ 65,000</u>	<u>60,000</u>

**CENTRAL STATES SYNOD OF THE  
EVANGELICAL LUTHERAN CHURCH IN AMERICA  
SCHEDULES OF SYNOD PROGRAM COMMITTEE EXPENDITURES  
For the Years Ended January 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Bishop's Convocation	\$ 4,000	\$ 2,000
Candidacy	1,926	2,934
Faith Innovations	10,000	-
Leadership Training	6,444	-
Parish Ministry Associates	516	446
Area Ministry Program	-	475
Miscellaneous (Unallocated)	-	1,000
	<u>          </u>	<u>          </u>
	<u>\$ 22,886</u>	<u>6,855</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, 2022**

	Balance January 31, 2021	Receipts and Transfers	Expenditures	Balance January 31, 2022
<b>Funds With Perpetual Donor Restrictions</b>				
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>
<b>Endowment Funds - With Perpetual Donor Restrictions</b>				
Helena Gillberg Estate - principal	381,126	-	-	381,126
Eugene T. Hackler Scholarship Fund - principal	141,053	126	-	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>925,389</u>	<u>126</u>	<u>-</u>	<u>925,515</u>
Total funds with perpetual donor restrictions	<u>\$ 974,891</u>	<u>126</u>	<u>-</u>	<u>975,017</u>
<b>Funds Held for Others</b>				
Held for Monthly Distribution				
Missions	\$ 14,547	49,592	37,909	26,230
Synod Pass-Through Funds	26,169	57,465	54,595	29,039
World Hunger	8,316	43,144	40,466	10,994
	<u>49,032</u>	<u>150,201</u>	<u>132,970</u>	<u>66,263</u>
Total funds held for others	<u>\$ 49,032</u>	<u>150,201</u>	<u>132,970</u>	<u>66,263</u>
<b>Without Donor Restrictions - Board-Designated Funds</b>				
Eugene T. Hackler Scholarship Fund	\$ 32,013	455	-	32,468
Council Discretionary Fund	154,205	6,234	-	160,439
Central States Legacy Fund	362,376	10,607	35,000	337,983
	<u>548,594</u>	<u>17,296</u>	<u>35,000</u>	<u>530,890</u>
Total without donor restrictions - board-designated	<u>\$ 548,594</u>	<u>17,296</u>	<u>35,000</u>	<u>530,890</u>
<b>Endowment Funds - With Donor Restrictions for Purpose</b>				
Helena Gillberg Estate - earnings	\$ 93,191	27,839	12,500	108,530
Eugene T. Hackler Scholarship Fund - earnings	29,191	13,755	14,000	28,946
Leadership for Mission - earnings	15,728	7,462	2,150	21,040
Abiding Savior Mission Endowment - earnings	26,936	8,253	2,000	33,189
New Mission Congregations - earnings	17,918	5,544	-	23,462
Mission Endowment Campaign	6,249	2,537	-	8,786
	<u>189,213</u>	<u>65,390</u>	<u>30,650</u>	<u>223,953</u>
<b>Synod Funds - With Donor Restrictions for Purpose</b>				
Held for New and Future Congregations				
Peace, Newton, Kansas	29,100	461	-	29,561
	<u>29,100</u>	<u>461</u>	<u>-</u>	<u>29,561</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, 2022**

	Balance January 31, 2021	Receipts and Transfers	Expenditures	Balance January 31, 2022
<b>Held for Synod Mission Activity</b>				
Companion Synod Visitation	\$ 7,828	8,423	9,391	6,860
LDR Deployed Staff	209,929	612	106,812	103,729
The Listening Post	3	-	-	3
Synod Mission Table	10,957	657	5,762	5,852
Russian Pastor Salary Support	2	5,662	3,462	2,202
Synod Outreach Events	3,999	15	-	4,014
	<u>232,718</u>	<u>15,369</u>	<u>125,427</u>	<u>122,660</u>
<b>Held for Synod Assembly</b>				
Assembly Partnership	1,820	47	-	1,867
Assembly Travel Equalization	3,143	12	-	3,155
Synod Assembly Fund	3,511	30,145	22,640	11,016
	<u>8,474</u>	<u>30,204</u>	<u>22,640</u>	<u>16,038</u>
<b>Held for Synod Agencies</b>				
Lutheran School of Theology - St. Louis	41,457	29,723	35,359	35,821
	<u>41,457</u>	<u>29,723</u>	<u>35,359</u>	<u>35,821</u>
<b>Held for Educational Opportunities</b>				
Bethany House of Studies	12,175	45	-	12,220
Bishop Kemper for PMA Studies	321	1	-	322
Bishop's Convocation	2,650	15,547	17,256	941
Continuing Education	14,924	5,351	6,869	13,406
Professional Development	1,763	3,867	1,611	4,019
First Call Theological Education	1,939	7	875	1,071
Kansas Leadership Center Program	5,295	19	-	5,314
Leadership Camps for MLM	958	4	-	962
Seminarian Scholarship Fund	702	2	-	704
Parish Ministry Associate Program (PMAP)	14,310	1,918	2,385	13,843
	<u>55,037</u>	<u>26,761</u>	<u>28,996</u>	<u>52,802</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, 2022**

	Balance January 31, 2021	Receipts and Transfers	Expenditures	Balance January 31, 2022
<b>Fund Appeal</b>				
Equipping People	\$ 23,945	87	-	24,032
Igniting Spiritual Renewal	5,422	20	-	5,442
Raising Up Leaders	1,792	4	1,310	486
Building Bridges	1,420	4	-	1,424
Malaria/HIV Initiative	1	-	-	1
Changed, Sent, Serve Endowment	3	-	-	3
Resource Development Costs	1,167	4	-	1,171
Pledges Receivable	48,454	-	-	48,454
	<u>82,204</u>	<u>119</u>	<u>1,310</u>	<u>81,013</u>
<b>Held for Other Purposes</b>				
Area Ministry 7	1,206	-	-	1,206
Area Ministry 8	171	1	-	172
Asset Replacement Fund	41,978	9,990	-	51,968
Bishop's Good Samaritan Fund	2,215	101	(3,879)	6,195
Bishop Transition Fund	10,000	10,043	(3,040)	23,083
Campus Ministry Fund	11,125	108,944	111,167	8,902
Congregational Renewal/Vitality	50,364	47,699	12,467	85,596
COVID-19 Grant Fund	6	-	-	6
Health and Wellness Fund	16,857	139	1,813	15,183
Kansas Disaster Response	1,069	4	-	1,073
LSS Refund Fund	24,020	265	-	24,285
Lutherans Restoring Creation	2,641	10	-	2,651
Maurer Fund - Earnings	3,470	120	3,390	200
Region IV	677	364	913	128
Social Ministry Fund	7,948	7,692	7,642	7,998
SOLI Grant - Earth Charter Implementation	7,060	7,628	6,150	8,538
Stewardship Programs and Events	773	3	-	776
Synod Disaster Ministry	29,597	1,422	-	31,019
Transitional Ministry	25,559	7,601	18,550	14,610
Tri State Area Ministry	2,502	13	-	2,515
Youngblom Fund	1,676	294	-	1,970
Youth Ministry Development Fund	4,168	10,042	2,669	11,541
500th Anniversary Fund	17,164	62	334	16,892
	<u>262,246</u>	<u>212,437</u>	<u>158,176</u>	<u>316,507</u>
<b>Total funds with donor restrictions for purpose</b>	<u>\$ 900,449</u>	<u>380,464</u>	<u>402,558</u>	<u>878,355</u>