

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

Financial Statements and
Independent Auditor's Report with
Supplementary Information

January 31, 2021 and 2020

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

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

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Independent Auditor's Report

To the Synod Council
Northeastern Ohio Synod of the
Evangelical Lutheran Church in America

We have audited the accompanying financial statements of the Northeastern Ohio Synod of the Evangelical Lutheran Church in America, (the "Synod") (a nonprofit organization) which comprise the statements of financial position as of January 31, 2021 and 2020, and the related statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Synod as of January 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Apple Growth Partners

Akron, Ohio

October 14, 2021

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

	January 31,	
	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents:		
Commercial deposits	\$ 462,682	\$ 268,481
Money market funds	39,775	110,931
ELCA Mission Plus Fund	361,091	356,362
	863,548	735,774
Prepaid expenses	1,715	9,079
Total current assets	865,263	744,853
Investments		
ELCA endowment fund	414,196	369,612
ELCA Mission Term Investment	58,444	57,018
Government and agencies	211,860	239,603
Mutual funds	400,960	318,336
Corporate bonds	390,625	268,278
	1,476,085	1,252,847
Equipment and furniture	30,574	30,574
Less accumulated depreciation	(23,650)	(22,417)
Net equipment and furniture	6,924	8,157
Administration facility	859,228	859,228
Administration facility improvements	40,758	40,758
Land - administration facility	80,800	80,800
Land - adjacent property	49,370	49,370
Less accumulated depreciation	(446,536)	(423,460)
Net property	583,620	606,696
Property, equipment, and furniture, net	590,544	614,853
Other Assets		
Deposits	-	766
Total other assets	-	766
	\$ 2,931,892	\$ 2,613,319

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

	January 31,	
	2021	2020
LIABILITIES		
Current liabilities		
Accounts payable	\$ 7,651	\$ 16,023
Accrued expenses	9,472	12,186
Funds held for others	101,947	13,052
Total current liabilities	119,070	41,261
NET ASSETS		
Without donor restrictions - General	1,192,222	1,139,489
Without donor restrictions - Council Designated		
Capital Assets	19,616	18,383
Bishop's Discretionary Fund	6,684	6,697
New Bishop Installation	7,500	-
Staff Education	6,000	6,000
Budget Deficits and Projects	126,944	108,032
PNC Investment	609,259	502,718
Facility Upkeep	21,810	16,360
Mission Development and Congregational Redevelopment	149,940	149,940
New Mission Starts	54,216	54,216
Region 6 Archives	2,467	-
Youngstown City Ministries	5,404	5,404
Resource Center	973	1,832
Synod Assembly Carryover	10,321	9,433
Campus Ministries	-	35,636
New Bishop's Vision	6,233	6,233
First, Fairport Harbor	-	20,853
LuTMA	1,309	69
Parsons Bequest	126,496	126,496
Mitchel Bequest	33,567	-
Total Without donor restrictions - Council Designated	1,188,739	1,068,302
Total without donor restrictions	\$ 2,380,961	\$ 2,207,791

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

	January 31,	
	2021	2020
With donor restrictions		
Elderly Persons' Assistance Fund	\$ 118,784	\$ 103,365
Disabled Children's Fund	109,046	88,418
Resource Center Acquisitions	83	130
Mideast Task Force Program	7,278	7,278
First, Fairport Harbor, Endowment	25,783	21,036
Eastern Conference Seminarians	33	33
Gratzer Ecumenism Endowment	14,086	11,493
Book of Faith	1,223	1,223
Cleveland West Conference	213	213
Small Town and Rural	1,679	1,679
Mission Development and Congregational Redevelopment	18,227	30,508
CRTeam	3,851	4,209
Area Ministry Task Force	2,714	2,714
Campaign Fund	6,872	6,872
Wellness Grants	10,349	11,599
CRTeam Assistance Fund	6,257	6,615
Lay Academy	3,000	3,000
Stewardship Education	810	810
Bishop's Discretionary Fund	181	1,465
New Missions	65,559	54,591
Financial Aid for Seminarians	-	5,000
Macedonia (Stewardship)	2,016	2,016
Christian Education	33,567	-
LYO Gathering 2022	250	-
Total with donor restrictions	431,861	364,267
 Total net assets	 2,812,822	 2,572,058
	\$ 2,931,892	\$ 2,613,319

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

For the year ended January 31, 2021

	Without Donor Restrictions		With Donor Restrictions	Total 2021
	General	Council Designated		
SUPPORT AND REVENUE				
Unrestricted congregational mission support	\$ 1,227,466	\$ -	\$ -	\$ 1,227,466
Investment return	5,336	211,407	15,401	232,144
Bequests/Special gifts	2,322	-	-	2,322
Outreach grant income	9,800	-	-	9,800
Synod assembly fees	23,269	-	-	23,269
Miscellaneous income	5,846	-	-	5,846
Income and contributions	-	47,017	61,014	108,031
PPP grant	82,832	-	-	82,832
TOTAL SUPPORT AND REVENUE	1,356,871	258,424	76,415	1,691,710
 NET ASSETS RELEASED FROM COUNCIL DESIGNATION OR RESTRICTIONS				
	98,764	(56,055)	(42,709)	-
	1,455,635	202,369	33,706	1,691,710
 EXPENSES				
Program expenses	1,217,122	-	-	1,217,122
Management and general expenses	165,559	-	-	165,559
TOTAL EXPENSES	1,382,681	-	-	1,382,681
 Transfers of net assets	(18,320)	18,320	-	-
 CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN (LOSS) ON INVESTMENTS				
	54,634	220,689	33,706	309,029
 Unrealized gain (loss) on investments	(1,901)	(100,252)	33,888	(68,265)
 CHANGE IN NET ASSETS	\$ 52,733	\$ 120,437	\$ 67,594	\$ 240,764

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

For the year ended January 31, 2020

	Without Donor Restrictions		With Donor Restrictions	Total 2020
	General	Council Designated		
SUPPORT AND REVENUE				
Unrestricted congregational mission support	\$ 1,231,764	\$ -	\$ -	\$ 1,231,764
Investment return	11,227	29,454	7,893	48,574
Bequests/Special gifts	4,746	-	-	4,746
Outreach grant income	12,009	-	-	12,009
Miscellaneous income	1,370	-	-	1,370
Income and contributions	-	183,317	23,341	206,658
TOTAL SUPPORT AND REVENUE	1,261,116	212,771	31,234	1,505,121
NET ASSETS RELEASED FROM COUNCIL DESIGNATION OR RESTRICTIONS	69,813	(47,282)	(22,531)	-
	1,330,929	165,489	8,703	1,505,121
EXPENSES				
Program expenses	1,212,807	-	-	1,212,807
Management and general expenses	181,622	-	-	181,622
TOTAL EXPENSES	1,394,429	-	-	1,394,429
Transfers of net assets	24,118	(24,118)	-	-
CHANGE IN NET ASSETS BEFORE UNREALIZED GAIN ON INVESTMENTS	(39,382)	141,371	8,703	110,692
Unrealized gain on investments	8,632	72,258	15,869	96,759
CHANGE IN NET ASSETS	\$ (30,750)	\$ 213,629	\$ 24,572	\$ 207,451

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

For the year ended January 31, 2021

	Programs						
	Broader Church	Congregational Relationships	Youth and Campus Ministries	Leadership Development	Total Programs	Management & General	Total Expenses
Program grants	\$ 615,515	\$ -	\$ 49,000	\$ 15,500	\$ 680,015	\$ -	\$ 680,015
Synod programs & assistance	7,108	47,121	35,636	31,354	121,219	550	121,769
Compensation & benefits	29,235	149,155	13,733	138,635	330,758	97,746	428,504
Professional & administrative services	-	8,400	-	5,982	14,382	39,906	54,288
Office operations	877	12,206	745	3,829	17,657	7,773	25,430
Information technology	473	4,797	253	2,162	7,685	3,361	11,046
Occupancy	553	17,300	679	3,263	21,795	11,255	33,050
Travel	85	3,149	79	693	4,006	264	4,270
Depreciation	526	15,272	766	3,041	19,605	4,704	24,309
	<u>\$ 654,372</u>	<u>\$ 257,400</u>	<u>\$ 100,891</u>	<u>\$ 204,459</u>	<u>\$ 1,217,122</u>	<u>\$ 165,559</u>	<u>\$ 1,382,681</u>

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

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

For the year ended January 31, 2020

	Programs				Total Programs	Management & General	Total Expenses
	Church in Society	Congregation Life	Faith and Life	Leadership			
Program grants	\$ 625,393	\$ -	\$ 54,000	\$ 18,000	\$ 697,393	\$ -	\$ 697,393
Synod programs & assistance	1,303	22,346	-	44,777	68,426	12,671	81,097
Compensation & benefits	28,279	146,566	13,550	135,586	323,981	94,378	418,359
Professional & administrative Services	-	8,400	-	2,444	10,844	39,824	50,668
Office operations	1,101	15,201	1,025	4,286	21,613	9,578	31,191
Information technology	482	4,881	257	2,199	7,819	3,420	11,239
Occupancy	594	18,591	729	3,506	23,420	11,838	35,258
Travel	7,460	21,074	690	10,228	39,452	5,152	44,604
Depreciation	540	15,401	812	3,106	19,859	4,761	24,620
	<u>\$ 665,152</u>	<u>\$ 252,460</u>	<u>\$ 71,063</u>	<u>\$ 224,132</u>	<u>\$ 1,212,807</u>	<u>\$ 181,622</u>	<u>\$ 1,394,429</u>

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

**Northeastern Ohio Synod of the
Evangelical Lutheran Church in America
Statements of Changes in Net Assets**

	Without Donor Restrictions		Without Donor Restrictions- Council Designated		With Donor Restrictions		Total Net Assets
	General	Unrealized Gain (Loss) on Investments	Council Designated	Unrealized Gain (Loss) on Investments	Restricted Net Assets	Unrealized Gain (Loss) on Investments	
Balance at February 1, 2019	\$ 1,177,870	\$ (7,631)	\$ 720,444	\$ 134,229	\$ 378,367	\$ (38,672)	\$ 2,364,607
Change in net assets	<u>(39,382)</u>	<u>8,632</u>	<u>141,371</u>	<u>72,258</u>	<u>8,703</u>	<u>15,869</u>	<u>207,451</u>
Balance at January 31, 2020	\$ 1,138,488	\$ 1,001	\$ 861,815	\$ 206,487	\$ 387,070	\$ (22,803)	\$ 2,572,058
Change in net assets	<u>54,634</u>	<u>(1,901)</u>	<u>220,689</u>	<u>(100,252)</u>	<u>33,706</u>	<u>33,888</u>	<u>240,764</u>
Balance at January 31, 2021	<u>\$ 1,193,122</u>	<u>\$ (900)</u>	<u>\$ 1,082,504</u>	<u>\$ 106,235</u>	<u>\$ 420,776</u>	<u>\$ 11,085</u>	<u>\$ 2,812,822</u>

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

**Northeastern Ohio Synod of the
Evangelical Lutheran Church in America
Statements of Cash Flows**

	For the years ended	
	January 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 240,764	\$ 207,451
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	24,309	24,620
Unrealized loss (gain) on investments	68,265	(96,759)
Realized gain on sale of investments	(184,131)	(7,720)
Changes in operating assets and liabilities:		
Prepaid expenses	7,364	1,185
Deposits	766	-
Accounts payable and accrued expenses	(11,086)	634
Funds held for others	88,895	(32,166)
Net cash provided by operating activities	235,146	97,245
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(582,428)	(37,070)
Proceeds from sales of investments	475,056	21,581
Net cash used in investing activities	(107,372)	(15,489)
NET INCREASE IN CASH AND CASH EQUIVALENTS	127,774	81,756
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	735,774	654,018
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 863,548	\$ 735,774

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Northeastern Ohio Synod (the "Synod") is presented to assist in understanding the Synod's financial statements. The financial statements and notes are representations of the Synod's management, who is responsible for their integrity and objectivity.

Organization Activity - The Synod is a regional religious organization located in Northeast Ohio which receives contributions from 159 congregations and other sources. Some of the funds received are forwarded to the Evangelical Lutheran Church in America (ELCA). The remaining funds not forwarded to the ELCA are used to support synodical ministries.

Tax Status - The Synod is exempt from income taxes under applicable provisions of Section 501(c)(3) of the Internal Revenue Code. There are no uncertain positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements. No cash was paid for taxes on unrelated business income in 2021 and 2020.

Use of Estimates - The presentation of financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation - The financial statements are presented in accordance with the Standards of Accounting and Financial Reporting for Certain Nonprofit Organizations issued by the American Institute of Certified Public Accountants. All accounting is on the accrual basis except mission support contributions which are recognized when received because their receipt is on a voluntary basis. The Synod has adopted the Statement of Financial Accounting Standard for Financial Statements of Not-for-Profit Organizations. Under this standard, the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Descriptions are as follows:

Net Assets Without Donor Restrictions - Net assets for the general operations and not subject to donor restrictions. The Synod Council has designated, from net assets without donor restrictions, net assets for a specific use. These uses are:

Capital Assets - Established as a provision for future purchase/replacement of Synod assets, including office furniture and equipment. Increased annually based on depreciation.

Bishop's Discretionary Fund - Established for confidential assistance at the sole discretion of the bishop. Funded through budget.

Bishop Installation - Established as a carryover fund from the current year budget to be used for the Bishop Installation ceremony postponed to the next fiscal year.

Staff Education - Established in accordance with continuing education carryover provisions of synod staff personnel policy. Funded through budget.

Budget Deficits And Special Projects - Established by the Synod Council from unrestricted reserves to provide funding for possible future budget deficits and special projects authorized by the Synod Council.

**Northeastern Ohio Synod of the
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January 31, 2021 and 2020**

PNC Bank Investments - Established to record all the income and expenses related to the Synod portfolio managed by PNC Bank and offset economic fluctuations.

Facility Upkeep - Established for major building repairs and improvements. Funded through budget.

Mission Development and Congregational Redevelopment - Established with unrestricted contributions from closing congregations and individuals for Synod development and redevelopment efforts.

New Mission Starts - Established to assist with development of new missions within the Synod. Funded through budget.

Region 6 Archives Escrow - Established as a carryover fund from the current year budget which funds are earmarked for Capital University, Region 6 archival location, pending resolution of matters related to access and management.

Youngstown City Ministries - Established by the Synod Council for metropolitan ministries in Youngstown. Funded with unrestricted gifts originating in the Youngstown area.

Resource Center - Established with unexpended Resource Center budget for future expenses of Resource Center operations.

Synod Assembly Carryover - Established as a carryover fund for future assemblies. Funded from excess Synod assembly registrations.

Campus Ministries - Established with unexpended campus ministries budgets for future campus ministry funding in conjunction with the Bishop's vision.

New Bishop's Vision - Established to maintain 2015 one-time budget provision for Bishop Allende's vision projects.

First, Fairport Harbor - Established with proceeds from dissolution of First Evangelical Lutheran Church (Fairport Harbor) and endowed by Synod Council, with earnings used for global mission travel scholarships.

LuTMA - Established to record receipts, expenses, and carryover related to events held in conjunction with the Lutheran Transition Ministry Association (formerly NALIP).

Parsons Bequest - Established by Synod Council with unrestricted bequest proceeds received from First Lutheran Church (Lorain).

Covid-19 - The ELCA Churchwide Organization distributed funds to each of the 65 ELCA synods. based on needs identified by the synods identifying congregations of essential need during the Pandemic. The funds were received in three incremental payments during the year. The synod then distributed the funds to the identified congregations.

Mitchell Bequest - Established by Synod Council from unrestricted bequest proceeds received from Christ Lutheran Church (Avon).

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

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized.

All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The net assets with donor restrictions includes:

Elderly Persons' Assistance Fund - Established with bequest and endowed by Synod Council, earnings are used for the care and assistance of elderly people.

Disabled Children's Fund - Established with bequest and endowed by Synod Council, earnings are used for the care and assistance of physically and mentally handicapped children.

Resource Center Acquisitions - Established for contributions restricted for Resource Center acquisitions.

Mideast Task Force Program - Established by individual contributors for use of Mideast task force to provide Synod programs.

First, Fairport Harbor, Endowment - Established as endowment by First Evangelical Lutheran Church (Fairport Harbor), with earnings used for global mission travel scholarships.

Eastern Conference Seminarians Funds - Established with contributions to support seminarian education for Eastern Conference students.

Gratzer Ecumenism Endowment - Established as an endowment fund by individual contributors, with earnings used for ecumenical work of the synod.

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

Cleveland West Conference - Established by individual contributors for program expenses of Cleveland West Conference.

Small Town and Rural - Established with contributions for programs supporting Small Town and Rural Ministry.

Mission Development and Congregational Redevelopment - Established with contributions from congregations and individuals for Synod development and redevelopment efforts.

CRTeam - Established with restricted contributions to enable CRTeam to be self-supporting.

Area Ministry Task Force - Established for contributions and expenditures related to conference-level gatherings.

Campaign Fund - Established with contributions donated toward costs of a proposed giving campaign.

Wellness Grants - Established with Portico wellness grants for Synod wellness projects.

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

CRTeam Assistance Fund - Established with grant for financial assistance to congregations and individuals participating in the CRTeam program.

Lay Academy - Established with grant for proposed lay academy.

Stewardship Education - Established with contributions restricted for stewardship education.

Bishop's Discretionary Fund - Established for confidential assistance at the sole discretion of bishop. Funded with restricted contributions.

New Missions - Established with restricted contributions to assist with the development of new missions within the Synod.

Financial Aid for Seminarians - Established with restricted contribution for financial assistance to Synod seminarians.

Macedonia (Stewardship) - Established with grant for Synod stewardship activities.

Christian Education - Established with a bequest from proceeds received from Christ Lutheran Church (Avon).

ELCA Youth Gathering - Established as a carryover fund from the current year budget to be used for the 2022 Lutheran Youth Organization Conference.

Cash and Cash Equivalents - Cash equivalents are all highly liquid investments and deposits with maturities of three months or less when originally deposited or purchased. The carrying amount of cash equivalents (cost) approximates the fair value of such assets.

Investments - The Synod carries its investment fund at fair value and reflects the changes in unrealized appreciation or depreciation in the Statement of Activities. The investment fund assets have been designated by the Synod Council as long-term.

The specific identification method is used in determining gains or losses realized from the sale of investments from the fund.

Property and Equipment - Fixed assets purchased are recorded at cost and those donated are recorded at fair market value at the date of gift. Upon disposal, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in current operations. Expenditures for routine maintenance, repairs, and renewals are charged to expense as incurred, whereas betterments and improvements that extend the useful lives of the assets are capitalized. Depreciation is computed on the straight-line method using the following lives for each asset classification:

Office and computer equipment	3 - 10 years
Furniture and Fixtures	3 - 10 years
Building and Land acquisitions	39 years

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function.

Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

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

Subsequent events - The Synod has evaluated subsequent events through October 14, 2021, the date that the Organization’s annual financial statements were issued.

B. LIQUIDITY AND AVAILABILITY

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

Financial assets at January 31	2021	2020
Cash	\$ 462,682	\$ 268,481
ELCA mission investment fund	361,091	356,362
Money market funds	39,775	110,931
Government and agencies	211,860	239,603
Mutual funds	400,960	318,336
Corporate bonds	390,625	268,278
ELCA endowment fund	414,196	369,612
ELCA mission term investment	58,444	57,018
Total financial assets	\$ 2,339,633	\$ 1,988,621
Less financial assets not available		
Funds held for others	101,947	13,052
Net assets with donor restrictions	431,861	364,267
Net assets designated by synod council	1,188,739	1,068,302
Total financial assets not available	1,722,547	1,445,621
Net financial assets available to meet general expenditures within one year	\$ 617,086	\$ 543,000

C. CONCENTRATIONS OF CREDIT RISK

The Synod maintains its commercial deposits with a local financial institution. Commercial deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time, the cash balances on deposit may exceed the FDIC insured limits. To date, the Synod has not experienced any losses in such account and believes it is not exposed to any significant credit risk on its cash deposits.

D. FUNDS HELD FOR OTHERS

Contributions that are designated for specific organizations or ministries not administered by the Synod are recorded as a current liability until forwarded to the proper organization or agency. The Synod’s policy is to distribute the contributions on a monthly basis.

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

E. ELCA CHURCHWIDE PARTICIPATION

The percentage of participation of the Synod in ministry through the ELCA to the net unrestricted mission support contributions received for both of the periods ending January 31, 2021 and 2020 was approximately 47.5%.

F. PENSION AND BENEFIT PLANS

All eligible employees of the Synod are covered by various defined contribution pension and other benefit plans administered by the ELCA. The Synod's expense for these plans was approximately \$125,000 and \$121,000 during the years ended January 31, 2021 and 2020, respectively.

G. INVESTMENT FUND

Investments consisted of the following assets measured at fair value on a recurring basis, as determined by PNC Bank, at January 31, 2021 and 2020:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
January 31, 2021				
U.S. Government Obligations	\$ 125,556	\$ 86,304	\$ -	\$ 211,860
Corporate Bonds	373,387	17,238	-	390,625
Fixed Maturities	498,943	103,542	-	602,485
Equity Mutual Funds	361,535	39,425	-	400,960
	<u>\$ 860,478</u>	<u>\$ 142,967</u>	<u>\$ -</u>	<u>\$ 1,003,445</u>
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
January 31, 2020				
U.S. Government Obligations	\$ 105,287	\$ 134,316	\$ -	\$ 239,603
Corporate Bonds	256,561	11,717	-	268,278
Fixed Maturities	361,848	146,033	-	507,881
Equity Mutual Funds	222,484	95,852	-	318,336
	<u>\$ 584,332</u>	<u>\$ 241,885</u>	<u>\$ -</u>	<u>\$ 826,217</u>

This investment group contains marketable securities that consist primarily of fixed and equity securities.

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Investments consisted of the following assets measured at fair value based on NAV per share, by ELCA investment funds, at January 31, 2021 and 2020:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
January 31, 2021				
ELCA pooled fund	\$ 402,244	\$ 11,952	\$ -	\$ 414,196
January 31, 2020				
ELCA pooled fund	\$ 388,313	\$ -	\$ (18,701)	\$ 369,612

The following is a summary of investment income and its classification in the Statement of Activities for the years ended January 31, 2021 and 2020:

	January 31, 2021			
	Without Donor Restrictions	Without Donor Restrictions Council Designated	With Donor Restrictions	Total
Dividends and interest	\$ 5,336	\$ 27,276	\$ 15,401	\$ 48,013
Realized gain	-	184,131	-	184,131
	<u>\$ 5,336</u>	<u>\$ 211,407</u>	<u>\$ 15,401</u>	<u>\$ 232,144</u>
January 31, 2020				
	Unrestricted General	Unrestricted Council Designated	Temporarily Restricted	Total
Dividends and interest	\$ 11,227	\$ 27,631	\$ 7,893	\$ 46,751
Realized gain	-	7,720	-	7,720
Investment advisory and safekeeping fees	-	(5,897)	-	(5,897)
	<u>\$ 11,227</u>	<u>\$ 29,454</u>	<u>\$ 7,893</u>	<u>\$ 48,574</u>

Allocation of investment return between Unrestricted General and Unrestricted Council - Designated is determined by Synod Council policy.

H. FAIR VALUE MEASUREMENTS

FASB Codification for Fair Value Measurements and Disclosures establishes a framework for measuring fair value.

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That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under this standard are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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

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

Bonds and Government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

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

ELCA pooled fund: Market values of units held in the ELCA pooled fund are determined daily by the ELCA based upon the initial value assignment, the NAV of the mutual fund investments.

Certificate of deposit - The CD held with the Mission Investment Fund is valued at cost, which approximates fair value. The balance of the CD is included in "Investments" within the accompanying statements of financial position, and is classified as a Level 2 asset.

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

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The following tables set forth by level, within the fair value hierarchy, the Company's assets at fair value as of January 31, 2021 and 2020.

Assets at fair value as of January 31, 2021				
	Level 1	Level 2	Alternative Investments Measured at NAV	Total
U.S. Government Obligations	\$ 211,860	\$ -	\$ -	\$ 211,860
Corporate Bonds	390,625	-	-	390,625
Fixed Maturities	602,485	-	-	602,485
Certificate of Deposit	-	58,444	-	58,444
Equity Mutual Funds	400,960	-	-	400,960
ELCA pooled fund	-	-	414,196	414,196
Investments at fair value	\$ 1,003,445	\$ 58,444	\$ 414,196	\$ 1,476,085

Assets at fair value as of January 31, 2020				
	Level 1	Level 2	Alternative Investments Measured at NAV	Total
U.S. Government Obligations	\$ 239,603	\$ -	\$ -	\$ 239,603
Corporate Bonds	268,278	-	-	268,278
Fixed Maturities	507,881	-	-	507,881
Certificate of Deposit	-	57,018	-	57,018
Equity Mutual Funds	318,336	-	-	318,336
ELCA pooled fund	-	-	369,612	369,612
Investments at fair value	\$ 826,217	\$ 57,018	\$ 369,612	\$ 1,252,847

I. PROPERTY AND EQUIPMENT

Property and equipment, at cost, was comprised of the following at:

	January 31,	
	2021	2020
Land - administration facility	\$ 80,800	\$ 80,800
Land - adjacent property	49,370	49,370
Administration facility	859,228	859,228
Administration facility improvements	40,758	40,758
Equipment and furniture	30,574	30,574
	1,060,730	1,060,730
Less accumulated depreciation	(470,186)	(445,877)
	\$ 590,544	\$ 614,853

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J. DONATED SERVICES

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

K. PAYCHECK PROTECTION PROGRAM GRANT

On April 27, 2020, the Synod received loan proceeds in the amount of \$82,832 under the Paycheck Protection Program (“PPP”), which was established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). The PPP loan and related accrued interest can be forgiven, as long as the borrower uses the proceeds for eligible purposes. The Synod recognized the loan proceeds when received as a conditional grant following guidance of Financial Accounting Standards Board ASC 958-605. During the covered period as defined under the PPP and CARES Act the Synod incurred sufficient eligible expenses and met certain personnel headcount requirements. Thus, as of January 31, 2021 the entire amount which was initially recognized as a conditional grant has been recognized as revenue in the Statement of Activities for the year ended January 31, 2021. Subsequent to the current fiscal year end (April 17, 2021), the synod received formal approval of loan forgiveness from both the financial institution through which it applied and also the Small Business Administration (“SBA”).

L. RISKS AND UNCERTAINTIES

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions in the U.S., as federal, state, and local governments reacted to the public health crisis, creating significant uncertainties in the U.S. economy. While the disruption is currently expected to be temporary, there is uncertainty around the duration. The ultimate impact of the pandemic’s affect from the date of this report moving forward on the Synod’s results of operations and financial position cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

**Northeastern Ohio Synod of the
Evangelical Lutheran Church in America**
**Schedule of Changes in Net Assets Without Donor Restrictions - Council Designated
and Net Assets With Donor Restrictions (Unaudited)**
For the year ended January 31, 2021

	Balance February 1, 2020	Additions	Deductions	Balance January 31, 2021
NET ASSETS WITHOUT DONOR RESTRICTIONS-				
COUNCIL DESIGNATED:				
Capital Assets	\$ 18,383	\$ 1,233	\$ -	\$ 19,616
Bishop's Discretionary Fund	6,697	200	213	6,684
New Bishop Installation	-	7,500	-	7,500
Staff Education	6,000	3,777	3,777	6,000
Budget Deficits and Projects	108,032	18,912	-	126,944
PNC Investment	502,718	113,096	6,555	609,259
Facility Upkeep	16,360	6,000	550	21,810
Mission Development and Congregational Redevelopment	149,940	-	-	149,940
New Mission Starts	54,216	-	-	54,216
Region 6 Archives	-	2,467	-	2,467
Youngstown City Ministries	5,404	-	-	5,404
Resource Center	1,832	-	859	973
Synod Assembly Carryover	9,433	888	-	10,321
Campus Ministries	35,636	-	35,636	-
New Bishop's Vision	6,233	-	-	6,233
First, Fairport Harbor	20,853	-	20,853	-
LuTMA	69	13,250	12,010	1,309
Parsons Bequest	126,496	-	-	126,496
Covid-19	-	20,000	20,000	-
Mitchel Bequest	-	33,567	-	33,567
	<u>1,068,302</u>	<u>220,890</u>	<u>100,453</u>	<u>1,188,739</u>
NET ASSETS WITH DONOR RESTRICTIONS:				
Elderly Persons' Assistance Fund	103,365	32,056	16,637	118,784
Disabled Children's Fund	88,418	28,858	8,230	109,046
Resource Center Acquisitions	130	50	97	83
Mideast Task Force Program	7,278	-	-	7,278
First, Fairport Harbor, Endowment	21,036	6,705	1,958	25,783
Eastern Conference Seminarians	33	-	-	33
Gratzer Ecumenism Endowment	11,493	3,663	1,070	14,086
Book of Faith	1,223	-	-	1,223
Cleveland West Conference	213	-	-	213
Small Town and Rural	1,679	-	-	1,679
Mission Development and Congregational Redevelopment	30,508	10,869	23,150	18,227
CRTeam	4,209	-	358	3,851
Area Ministry Task Force	2,714	-	-	2,714
Campaign Fund	6,872	-	-	6,872
Wellness Grants	11,599	-	1,250	10,349
CRTeam Assistance Fund	6,615	-	358	6,257
Lay Academy	3,000	-	-	3,000
Stewardship Education	810	-	-	810
Bishop's Discretionary Fund	1,465	487	1,771	181
New Missions	54,591	14,086	3,118	65,559
Financial Aid for Seminarians	5,000	500	5,500	-
Macedonia (Stewardship)	2,016	-	-	2,016
Christian Education	-	33,567	-	33,567
LYO Gathering 2022	-	250	-	250
	<u>364,267</u>	<u>131,091</u>	<u>63,497</u>	<u>431,861</u>
Total Changes in Net Assets Without Donor Restrictions -Council Designated and Net Assets With Donor Restrictions	<u>\$ 1,432,569</u>	<u>\$ 351,981</u>	<u>\$ 163,950</u>	<u>\$ 1,620,600</u>

**Northeastern Ohio Synod of the
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**Schedule of Changes in Net Assets Without Donor Restrictions - Council Designated
and Net Assets With Donor Restrictions (Unaudited)**
For the year ended January 31, 2020

	Balance February 1, 2019	Additions	Deductions	Balance January 31, 2020
NET ASSETS WITHOUT DONOR RESTRICTIONS-				
COUNCIL DESIGNATED:				
Capital Assets	\$ 16,840	\$ 1,543	\$ -	\$ 18,383
Bishop's Discretionary Fund	6,230	1,000	533	6,697
Staff Education	4,793	1,506	299	6,000
Budget Deficits and Projects	154,031	-	45,999	108,032
PNC Investment	403,211	99,507	-	502,718
Facility Upkeep	10,360	6,000	-	16,360
Mission Development and Congregational Redevelopment	128,623	21,317	-	149,940
New Mission Starts	51,716	2,500	-	54,216
Youngstown City Ministries	5,404	-	-	5,404
Resource Center	-	1,832	-	1,832
Assembly Assistance	1,000	-	1,000	-
Synod Assembly Carryover	19,272	1,000	10,839	9,433
Campus Ministries	28,136	7,500	-	35,636
New Bishop's Vision	6,408	-	175	6,233
First, Fairport Harbor	18,649	2,204	-	20,853
LuTMA	-	21,450	21,381	69
Parsons Bequest	-	140,551	14,055	126,496
	<u>854,673</u>	<u>307,910</u>	<u>94,281</u>	<u>1,068,302</u>
NET ASSETS WITH DONOR RESTRICTIONS:				
Elderly Persons' Assistance Fund	92,443	10,922	-	103,365
Disabled Children's Fund	79,074	9,344	-	88,418
Resource Center Acquisitions	225	80	175	130
Mideast Task Force Program	7,278	-	-	7,278
Campus Ministries	100	-	100	-
First, Fairport Harbor, Endowment	18,813	2,223	-	21,036
Eastern Conference Seminarians	33	-	-	33
Gratzner Ecumenism Endowment	11,325	1,273	1,105	11,493
Book of Faith	1,223	-	-	1,223
Cleveland West Conference	228	225	240	213
Small Town and Rural	1,679	-	-	1,679
Mission Development and Congregational Redevelopment	46,285	2,310	18,087	30,508
CRTeam	5,323	500	1,614	4,209
Area Ministry Task Force	2,644	120	50	2,714
Campaign Fund	6,872	-	-	6,872
Wellness Grants	11,599	-	-	11,599
CRTeam Assistance Fund	7,315	-	700	6,615
Lay Academy	3,000	-	-	3,000
Stewardship Education	750	60	-	810
Bishop's Discretionary Fund	1,725	200	460	1,465
New Missions	41,761	12,830	-	54,591
Financial Aid for Seminarians	-	5,000	-	5,000
Macedonia (Stewardship)	-	2,016	-	2,016
	<u>339,695</u>	<u>47,103</u>	<u>22,531</u>	<u>364,267</u>
Total Changes in Net Assets Without Donor Restrictions -Council Designated and Net Assets With Donor Restrictions	<u>\$ 1,194,368</u>	<u>\$ 355,013</u>	<u>\$ 116,812</u>	<u>\$ 1,432,569</u>

**Northeastern Ohio Synod of the
Evangelical Lutheran Church in America
Schedules of Unrestricted Expenses (Unaudited)**

	Years Ended January 31,	
	2021	2020
MISSION SUPPORT:		
Churchwide:		
ELCA	\$ 583,865	\$ 585,088
Total Churchwide mission support	<u>583,865</u>	<u>585,088</u>
Regional ELCA Ministry Support:		
Trinity Seminary	15,000	17,500
Campus Ministries	-	7,500
Lutheran Outdoor Ministries of OH	45,000	50,000
Lutheran Disaster Response	-	10,000
Colleges and Universities	1,500	1,500
Regional Office Operation	7,400	7,400
Total Regional ELCA Ministry Support	<u>68,900</u>	<u>93,900</u>
Less net assets designated by Synod Council	-	(7,500)
Total Regional ELCA Ministry Support	<u>68,900</u>	<u>86,400</u>
Ecumenical Support:		
Ohio Council of Churches	750	750
Total Ecumenical Support	<u>750</u>	<u>750</u>
Social Ministry Organizations:		
Social Ministry Organizations	8,000	8,000
Total Social Ministry Organizations	<u>8,000</u>	<u>8,000</u>
Support of Students:		
Undergraduate Scholarships - Minorities	500	500
Financial Aid to Seminarians	1,000	9,000
Inclusive Ministry Scholarships	500	500
Total Support of Students	<u>2,000</u>	<u>10,000</u>
Support of Cong. Mission:		
New Mission Starts	-	2,500
Outreach Program	-	10
Lutheran Youth Organization	2,000	2,000
Total Support of Cong. Mission	<u>2,000</u>	<u>4,510</u>
Less net assets designated by Synod Council	-	(2,500)
Total Support of Cong. Mission	<u>2,000</u>	<u>2,010</u>
TOTAL MISSION SUPPORT	<u><u>\$ 665,515</u></u>	<u><u>\$ 692,248</u></u>

**Northeastern Ohio Synod of the
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Schedules of Unrestricted Expenses (Unaudited)**

	Years Ended January 31,	
	2021	2020
PROGRAMS & COMMITTEES:		
Support Through Programs:		
Congregational Life Program	\$ 757	\$ 510
Resource Center	69	3,000
Conference Deans	8,400	8,400
CRTeam Coordination	15,000	15,000
	24,226	26,910
Less net assets designated by Synod Council	(2,467)	(1,832)
Total Support Through Programs	21,759	25,078
Leadership Support & Care:		
Candidacy Program	6,132	3,639
Candidacy Coordination	12,431	23,684
Care of Rostered Persons	100	1,200
Bishop's Discretionary Fund	-	1,000
	18,663	29,523
Less net assets designated by Synod Council	(7,500)	(1,000)
Total Leadership Support and Care	11,163	28,523
Committee Expenses:		
Candidacy	67	1,034
Synod Council	228	3,651
Total Committee Expenses	295	4,685
Synod Liturgies and Programs:		
Special Liturgies and Programs	9,412	3,466
Total Synod Liturgies and Programs	9,412	3,466
TOTAL PROGRAMS & COMMITTEES	\$ 42,629	\$ 61,752

**Northeastern Ohio Synod of the
Evangelical Lutheran Church in America
Schedules of Unrestricted Expenses (Unaudited)**

	Years Ended January 31,	
	2021	2020
ADMINISTRATIVE EXPENSES:		
Synod Office Building Expenses	\$ 24,335	\$ 29,067
Facility Upkeep	6,000	6,000
Synod Office Operation	38,942	41,318
Depreciation expense - office building	23,076	23,076
Depreciation expense - furniture and equipment	1,233	1,544
Unbudgeted expenses	-	1,397
Contracted expenses	39,906	39,824
Synod Staff	422,896	437,698
	<u>556,388</u>	<u>579,924</u>
Less net assets designated by Synod council	(9,267)	(9,500)
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 547,121</u>	<u>\$ 570,424</u>
TOTAL UNRESTRICTED EXPENSES	<u>\$ 1,255,265</u>	<u>\$ 1,324,424</u>