

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
MILWAUKEE, WISCONSIN

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
JANUARY 31, 2025 AND 2024

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
MILWAUKEE, WISCONSIN

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## Independent Auditor's Report

Board of Directors  
Greater Milwaukee Synod of the Evangelical Lutheran Church in America  
Milwaukee, Wisconsin

### **Opinion**

We have audited the accompanying financial statements of Greater Milwaukee Synod of the Evangelical Lutheran Church in America (a nonprofit organization), which comprise the statements of financial position as of January 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years 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 Greater Milwaukee Synod of the Evangelical Lutheran Church in America as of January 31, 2025 and 2024, 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.

### **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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greater Milwaukee 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 Greater Milwaukee Synod of the Evangelical Lutheran Church in America's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted

auditing standards 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, including omissions, 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 Greater Milwaukee 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 Greater Milwaukee 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 Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information Schedule of Changes in Net Assets With Donor Restrictions is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Krause & Associates, SC  
Grafton, Wisconsin  
March 10, 2026

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
STATEMENTS OF FINANCIAL POSITION  
JANUARY 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 1,453,978	\$ 1,590,706
Accounts receivable	16,671	24,458
Prepaid expenses	39,898	24,232
Notes receivable, net	16,634	24,691
Operating lease right of use asset	101,474	-
Finance lease right of use assets	11,333	19,036
Investments	<u>616,709</u>	<u>495,594</u>
Subtotal	2,256,697	2,178,717
<b>PROPERTY AND EQUIPMENT</b>		
Land	53,000	53,000
Building	247,000	247,000
Equipment, furniture and fixtures	<u>42,717</u>	<u>42,717</u>
Total property and equipment	342,717	342,717
Less accumulated depreciation	<u>(61,241)</u>	<u>(53,008)</u>
Property and equipment, net	<u>281,476</u>	<u>289,709</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,538,173</u></b>	<b><u>\$ 2,468,426</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 36,700	\$ 82,409
Contributions payable	167,732	141,852
Other	114	6,670
Operating lease liability	101,474	-
Finance lease liabilities	<u>11,831</u>	<u>19,626</u>
<b>TOTAL LIABILITIES</b>	<b><u>317,851</u></b>	<b><u>250,557</u></b>
<b>NET ASSETS</b>		
Without donor restrictions	387,395	282,632
With donor restrictions	<u>1,832,927</u>	<u>1,935,237</u>
<b>TOTAL NET ASSETS</b>	<b><u>2,220,322</u></b>	<b><u>2,217,869</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,538,173</u></b>	<b><u>\$ 2,468,426</u></b>

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

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JANUARY 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support</b>						
General missions support	\$ 1,564,635	\$ -	\$ 1,564,635	\$ 1,596,731	\$ -	\$ 1,596,731
In-kind contributions	-	-	-	-	-	-
Program and event income	3,076	-	3,076	5,045	-	5,045
Leadership support	29,141	-	29,141	23,909	-	23,909
Other income	143,198	-	143,198	75,146	-	75,146
Investment income, net	65,812	31,618	97,430	27,024	38,707	65,731
Special gifts:						
Designated - ELCA	-	160,298	160,298	-	188,356	188,356
Designated - Other	-	127,981	127,981	-	166,117	166,117
Designated - Synod Ministries	-	1,047,998	1,047,998	-	898,883	898,883
Other Support						
Meru Fund	-	220,270	220,270	-	281,154	281,154
El Savador	-	248,146	248,146	-	195,185	195,185
Net assets released from restrictions	1,938,621	(1,938,621)	-	1,694,821	(1,694,821)	-
Total revenue & support	3,744,483	(102,310)	3,642,173	3,422,676	73,581	3,496,257
<b>Expenses</b>						
<b>Program services</b>	2,753,413	-	2,753,413	2,580,106	-	2,580,106
<b>Supporting services:</b>						
General and administrative	886,307	-	886,307	866,277	-	866,277
Fundraising	-	-	-	-	-	-
Total expenses	3,639,720	-	3,639,720	3,446,383	-	3,446,383
Changes in net assets	104,763	(102,310)	2,453	(23,707)	73,581	49,874
Beginning net assets	282,632	1,935,237	2,217,869	306,339	1,861,656	2,167,995
Ending net assets	<u>\$ 387,395</u>	<u>\$ 1,832,927</u>	<u>\$ 2,220,322</u>	<u>\$ 282,632</u>	<u>\$ 1,935,237</u>	<u>\$ 2,217,869</u>

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

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JANUARY 31, 2025 AND 2024

	2025				2024			
	Program Services	Supporting services		Total	Program Services	Supporting services		Total
		General & Administrative	Fundraising			General & Administrative	Fundraising	
Mission support to ELCA	\$ 635,726	\$ -	\$ -	\$ 635,726	\$ 720,832	\$ -	\$ -	\$ 720,832
Contributions to partnerships	167,270	-	-	167,270	177,007	-	-	177,007
Leadership support	38,530	-	-	38,530	21,556	-	-	21,556
Special gift disbursements:								
Designated - ELCA	160,787	-	-	160,787	188,356	-	-	188,356
Designated - Other	127,860	-	-	127,860	178,132	-	-	178,132
Designated - Synod Ministries	1,198,530	-	-	1,198,530	801,544	-	-	801,544
Meru Fund	216,068	-	-	216,068	260,999	-	-	260,999
El Salvador Fund	202,552	-	-	202,552	210,506	-	-	210,506
Other grants and disbursements	6,090	-	-	6,090	21,174	-	-	21,174
Bank fees	-	5,374	-	5,374	-	5,290	-	5,290
Compensation and employee benefits	-	649,258	-	649,258	-	660,626	-	660,626
Continuing education and training	-	9,218	-	9,218	-	9,704	-	9,704
Depreciation	-	8,233	-	8,233	-	8,233	-	8,233
Dues and subscriptions	-	1,110	-	1,110	-	2,127	-	2,127
Equipment and maintenance	-	14,046	-	14,046	-	15,273	-	15,273
Hospitality	-	-	-	-	-	2,520	-	2,520
Insurance	-	9,972	-	9,972	-	9,039	-	9,039
Miscellaneous	-	17,405	-	17,405	-	8,534	-	8,534
Occupancy	-	29,007	-	29,007	-	26,676	-	26,676
Printing	-	7,829	-	7,829	-	9,043	-	9,043
Postage and delivery	-	10,258	-	10,258	-	9,111	-	9,111
Professional fees	-	78,957	-	78,957	-	59,063	-	59,063
Supplies	-	7,287	-	7,287	-	7,172	-	7,172
Telephone and internet	-	13,167	-	13,167	-	9,526	-	9,526
Travel	-	25,186	-	25,186	-	24,340	-	24,340
<b>Total expenses</b>	<b>\$ 2,753,413</b>	<b>\$ 886,307</b>	<b>\$ -</b>	<b>\$ 3,639,720</b>	<b>\$ 2,580,106</b>	<b>\$ 866,277</b>	<b>\$ -</b>	<b>\$ 3,446,383</b>

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

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JANUARY 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,453	\$ 49,874
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	8,233	8,233
Realized and unrealized (gains) losses on investments	(70,114)	(38,707)
Change in fair value of notes receivable	-	-
Amortization of discount on finance lease liabilities	(93)	179
(Increase) decrease in accounts receivable	7,787	(5,135)
(Increase) decrease in prepaid expenses	(15,665)	565
Increase (decrease) in accounts payable	(45,709)	43,973
Increase (decrease) in contributions payable	25,880	23,105
Increase (decrease) in other liabilities	<u>(6,556)</u>	<u>4,971</u>
Net cash provided by operating activities	(93,784)	87,058
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(51,001)	-
Collection of principal on notes receivable	<u>8,057</u>	<u>48,442</u>
Net cash provided by (used in) investing activities	<u>(42,944)</u>	<u>48,442</u>
Net increase (decrease) in cash and cash equivalents	<u>(136,728)</u>	<u>135,500</u>
Cash and cash equivalents, beginning of year	<u>1,590,706</u>	<u>1,455,206</u>
Cash and cash equivalent, end of year	<u>\$ 1,453,978</u>	<u>\$ 1,590,706</u>
<b>Supplemental cash flow information:</b>		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>
In-kind contributions received	<u>\$ -</u>	<u>\$ -</u>

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

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS  
JANUARY 31, 2025 AND 2024

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Organization and business activity

Greater Milwaukee Synod of the Evangelical Lutheran Church in America (Organization) is a non-profit organization and is incorporated under the laws of the State of Wisconsin. The Organization oversees the life and mission of Lutheran churches in southeastern Wisconsin who are members of the Evangelical Lutheran Church in America (ELCA). Program activities of the Organization consist primarily of mission support to the ELCA and partnership agencies.

2. Cash and cash equivalents

The Organization considers all highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

3. Contributions receivable

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions and grants receivable are written off when deemed uncollectable. At January 31, 2025 and 2024, the Organization has no contributions receivable.

4. Accounts receivable and allowance for credit losses

Accounts receivable are generally uncollateralized obligations due from churches who are members of the ELCA for services performed and expense incurred by the Organization on their behalf. Accounts receivable also includes amounts due from affiliated organizations for expenses incurred by the Organization on behalf of the affiliate. The balances are considered to be fully collectible and accordingly, no allowance for credit losses has been recorded.

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JANUARY 31, 2025 AND 2024

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Note receivable

Note receivable are recorded in the statements of financial position at their unpaid principal amounts. Interest income is accrued based on the outstanding principal amount and contractual terms of each individual note. Once a note becomes six months delinquent in paying the obligation, interest is no longer accrued on that obligation until such time as the delinquency is cleared.

An allowance for doubtful note receivable is based on assessments of certain factors, including historical credit loss experience of similar type loans, the Organization's credit loss experience, the amount of past due and nonperforming notes, specific known risks and current and anticipated economic, country, regulatory and interest rate conditions. The Organization considers all outstanding notes to be current on payments required by the note agreements and collectible; and accordingly, management believes no allowance for credit losses is necessary.

6. Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Investment income is reported in the statements of activities and consists of interest and dividend income, unrealized capital gains and losses, and realized gains and losses less external investment expenses.

Investment securities, in general, are inherently subject to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and statements of activities.

7. Contributions payable

Contributions payable represent grants and awards to partnerships and other designated agencies approved by the Organization's Board of Directors but not distributed by January 31<sup>st</sup>.

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JANUARY 31, 2025 AND 2024

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Property and Equipment

Property and equipment are recorded at cost or fair market value if donated. The Organization's policy is to capitalize all tangible assets which separately or in the aggregate have an acquisition cost of \$2,500 or greater. Major additions and improvements are capitalized. Property and equipment are depreciated over the estimated useful lives of the assets, ranging from 5 to 10 years, using the straight-line method. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation expense for the years ended January 31 2025 and 2024 was \$8,233 and \$8,233, respectively.

9. Net assets

The Organization follows the accrual method of accounting wherein revenues and expenses are recorded in the period earned or incurred. 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 (or certain grantor) restrictions.

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

All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JANUARY 31, 2025 AND 2024

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Revenue and revenue recognition

**Contributions and support**

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of January 31, 2025 and 2024, the Organization has no conditional contributions.

Under the ELCA's constitution and the by-laws of the Organization, when a member ELCA congregation ceases to exist, title to the congregation's property generally passes to the Organization. The Organization records the transfer of these assets as a contribution at the estimated fair value of the assets at the time of the transfer. In November 2022, the Organization was transferred certain real property located in Milwaukee, Wisconsin from a member ELCA congregation. The value of the property received was determined to be \$300,000. See Note J.

**Revenue from contracts with customers**

Revenue from contracts with customers consists primarily of proceeds from programs and events and leadership support activities. Performance obligations consist of event and conference hosting and leadership training. The Organization's contracts with customers are generally single-day events and proceeds are recognized on the date the obligation is satisfied by delivery or performance of services. The Organization determines the base transaction price based on similar transactions and may provide discounts for early registration to certain events. Generally, payment is due from customers upon registration for an event or by the date of the events. Refunds of registration fees are subject to Organization approval. Registration is generally limited to less than one-year in advance of the event. The Organization rarely has material unsatisfied or partially unsatisfied performance obligations at year-end.

Contract assets arise when the Organization transfers goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time, such as work in process or unbilled receivables. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Organization is able to invoice the customer. Contract liabilities represent the Organization's

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JANUARY 31, 2025 and 2024

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Revenue and revenue recognition – continued

obligation to transfer goods or services to a customer when consideration has already been received from the customer, such as deferred revenue. When transfer of control of the related good or service occurs, contract liabilities are reclassified and revenue is recognized. As of January 31, 2025 and 2024, the Organization did not have any contract assets, receivables, or liabilities.

11. Donated services and in-kind contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received. See Note J.

12. Allocation of functional expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. In the accompanying statements of activities, all expenses are allocated based upon the functions to which they relate. All expenses can be identified with a specific function and are allocated directly according to their natural expenditure classification.

13. Use of estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

14. Income taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization is also exempt

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JANUARY 31, 2025 AND 2024

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. Income taxes – continued

from state income taxes on related income and does not file federal or state information returns due to its religious designation.

The Organization evaluates its tax positions and assesses their uncertainty, if any, through review and application of various sources of tax authority including statutes, regulations, rulings, court cases and widely held administrative practices.

15. Subsequent Events

Management has evaluated subsequent events for recognition and disclosure in the financial statements through March 10, 2026, which is the date that the financial statements were available to be issued.

B – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date of January 31, 2025 and 2024, comprise the following:

	2025	2024
Cash and cash equivalents	\$ 1,453,978	\$ 1,590,706
Accounts receivable	16,671	24,458
Notes receivable	9,221	8,427
Investments	616,709	495,594
	2,096,579	2,119,185
Less:		
Contributions payable	(167,732)	(141,852)
Amounts restricted by donors for specified purposes	(1,832,927)	(1,935,237)
Financial assets (deficit) available to meet general expenditures over the next twelve months	\$ 95,920	\$ 42,096

The Organization does not have a formal liquidity policy but strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money-market funds and other short-term investments.

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JANUARY 31, 2025 AND 2024

C – NOTES RECEIVABLE

At January 31, 2025 and 2024, notes receivable consist of the following:

	<u>2025</u>	<u>2024</u>
Promissory note bearing interest at 5% requiring monthly payments of principal and interest totaling \$820 through October 2026. The note is secured by a deed of trust on real property.	<u>\$ 16,634</u>	<u>\$ 24,691</u>

Scheduled maturities of principal on notes receivable are summarized as follows:

2026	\$	9,221
2027		<u>7,413</u>
		16,634
Less discount to net present value at 5.0%		-
Less allowance for credit losses		<u>-</u>
Total notes receivable		<u>\$ 16,634</u>

Notes receivable in over one to five years are not recorded at present value due to the minor impact of the calculated discount.

D – FAIR VALUE MEASUREMENT AND DISCLOSURES

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JANUARY 31, 2025 AND 2024

D – FAIR VALUE MEASUREMENT AND DISCLOSURES – CONTINUED

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Investments in the ELCA Endowment Fund Pooled Trust – ELCA Ministry Growth Fund (Fund) are valued on a net asset value (NAV) per share basis provided by the investment manager. Shares are not exchanged and do not have quoted prices in active markets. Prices for underlying securities in the trust are based on quotes that are obtained from an independent pricing service. Fair values of securities for which market prices are not readily available are determined based upon 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.

Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Assets that were accounted for at fair value on a recurring basis as of January 31, 2025 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ELCA Endowment Fund				
Pooled Trust	\$ -	\$ -	\$ -	\$ 616,709

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JANUARY 31, 2025 AND 2024

D – FAIR VALUE MEASUREMENT AND DISCLOSURES – CONTINUED

Assets that were accounted for at fair value on a recurring basis as of January 31, 2024 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ELCA Endowment Fund				
Pooled Trust	\$ -	\$ -	\$ -	\$ 495,594

In accordance with FASB ASC 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The Fund was established to allow for the collective long-term investment of funds belonging to the ELCA, its congregations, synods, seminaries, and other eligible affiliated entities. The investment objective of the Fund is to provide participants with a stable, quarterly stream of distributable investment income that grows over time approximately in line with the expected long-term rate of inflation. To the extent consistent with this objective, the Fund also seeks to provide participants with long-term capital appreciation. The Fund seeks to achieve its investment objectives by investing in a diversified portfolio of investment pools consisting of global equities and fixed income securities. Distributions are made quarterly at a rate established annually by the Fund's trustee in consideration of the anticipated returns of the Fund and anticipated changes in the purchasing power of the Fund. Withdrawals from the Fund are processed within ten business days and must be in an amount of at least \$2,000. Investments held by the Fund include numerous securities that are combined with the investment portfolios of other ELCA related organizations.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. 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.

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JANUARY 31, 2025 AND 2024

E – NET ASSETS

Contributions received are recorded as donor restricted net assets depending on the existence and or nature of any donor-imposed restrictions. As restrictions are met and funds expended, assets are released from restrictions. Net assets with donor restrictions are restricted for the following purposes as of January 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Specified gifts:		
Designated – ELCA	\$ 626	\$ 1,115
Designated – Synod Ministries	1,586,034	1,727,009
Other	121	-
Milwaukee Lutheran Coalition	8,290	8,290
Meru Fund	41,719	37,517
El Salvador	80,984	35,390
Endowment Fund	<u>115,153</u>	<u>125,916</u>
Total net assets with donor restrictions	<u>\$ 1,832,927</u>	<u>\$ 1,935,237</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended January 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Specified gifts:		
Designated – ELCA	\$ 160,787	\$ 188,356
Designated – Synod Ministries	1,231,354	856,828
Other	127,860	178,132
Milwaukee Lutheran Coalition	-	-
Meru Fund	216,068	260,999
El Salvador	202,552	210,506
Endowment Fund	<u>-</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 1,938,621</u>	<u>\$ 1,694,821</u>

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JANUARY 31, 2025 AND 2024

F – LEASES COMMITMENTS

The Organization leases certain office space and equipment. The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the statements of financial position. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, we estimate an applicable incremental borrowing rate. The incremental borrowing rate is estimated using our applicable borrowing rates and the contractual lease term.

In November 2017, the Organization entered into a finance lease for a copier. The lease was for a five-year term, through November 2022. The lease agreement required monthly payments of \$336. In November 2022, the Organization entered into a finance lease for a copier. This lease is for a five-year term. The lease agreement requires monthly payments of \$360. The Organization also leases a mailing machine, under a finance lease through October 2024. This lease requires quarterly payments of \$1,369.

The Organization leased its office facilities under an operating lease at a rate of \$2,223 per month, with annual increases based on the Consumer Price Index. The terms of the lease require the lessor to pay all operating costs for the facility. The lease was for an initial term of 3 years through September 30, 2016; at which time the lease converted to a month-to-month agreement. Payments on the lease totaled \$29,007 and \$26,676 for the years ended January 31, 2025 and 2024. Due to the short-term nature of the lease agreement (less than 12 months duration), management has determined that a right-of-use lease asset and lease liability did not exist.

On January 1, 2025, the Organization entered into a 3-year extension of the lease noted above at a rate of \$3,000 per month, with annual increases based on the Social Security and Supplemental Income cost of living adjustment. The lease contains an optional 1-year extension. The commencement date of the lease is February 1, 2025. Management has determined that a right-of-use lease asset and lease liability does exist for the lease extension as of January 31, 2025.

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JANUARY 31, 2025 AND 2024

F – LEASES COMMITMENTS – CONTINUED

Total right-of-use assets and lease liabilities at January 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Operating right of use asset – other asset	\$ 101,474	\$ -
Finance right-of-use assets – property and equipment, net	<u>11,333</u>	<u>19,036</u>
Total leased right of use assets	<u>\$ 112,807</u>	<u>\$ 19,036</u>
Operating lease liabilities	\$ 101,474	\$ -
Finance lease liabilities	<u>11,831</u>	<u>19,626</u>
Finance lease liabilities	<u>\$ 113,305</u>	<u>\$ 19,626</u>

Total lease costs for the years ended January 31, 2025 and 2024 is as follows:

Operating lease expense	<u>\$ 29,007</u>	<u>\$ 26,676</u>
Finance lease cost:		
Amortization of right-of-use assets	\$ 7,703	\$ 8,976
Interest expense	<u>633</u>	<u>999</u>
	<u>\$ 8,336</u>	<u>\$ 9,975</u>

The following table summarizes the supplemental cash flow information for the years ended January 31, 2025 and 2024:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 1,054	\$ 646
Financing cash flows from finance leases	<u>8,742</u>	<u>8,222</u>
	<u>\$ 9,796</u>	<u>\$ 8,868</u>
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	<u>\$ 101,474</u>	<u>\$ -</u>
Finance leases	<u>\$ -</u>	<u>\$ -</u>

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JANUARY 31, 2025 AND 2024

F – LEASES COMMITMENTS – CONTINUED

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term in year:		
Operating lease	3.00	-
Finance leases	2.92	4.05
Weighted-average discount rate:		
Operating lease	4.33%	-
Finance leases	4.25%	4.25%

The future minimum lease payments under noncancelable finance leases with terms greater than one year are listed below as of January 31, 2025:

	<u>Operating</u>	<u>Finance</u>
2026	\$ 36,000	\$ 4,320
2027	36,000	4,320
2028	<u>36,000</u>	<u>3,960</u>
Total undiscounted lease payments	108,000	12,600
Less interest	<u>(6,526)</u>	<u>(769)</u>
Present value of lease liabilities	<u>\$ 101,474</u>	<u>\$ 11,831</u>

G – RELATED PARTIES

**Affiliated Organizations**

Outreach for Hope, Inc., Lutheran Campus Ministry in Greater Milwaukee, Inc. (LCM), The Healing Network and Mt. Meru Coffee Project (Mt. Meru), collectively the “Affiliated Organizations”, are nonprofit organizations as described in Section 501(c)(3) of the Code. The Affiliated Organizations are related to the Organization through common management. Additionally, the Affiliated Organizations have committed to be affiliated with the Organization and the ELCA and function in accordance with requirements established by the Organization and the ELCA.

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JANUARY 31, 2025 AND 2024

G – RELATED PARTIES – CONTINUED

The Organization provides administrative services on behalf of the Affiliated Organizations which are then invoiced to the Affiliated Organizations as incurred. Amounts due from the Affiliated Organizations as of January 31, 2025 and 2024, are as follows:

	2025	2024
Outreach for Hope, Inc.	\$ 7,662	\$ 8,523
Lutheran Campus Ministry in Greater Milwaukee, Inc.	5,875	8,857
The Healing Network	-	3,928
Mt. Meru Coffee Project	-	-
Total	\$ 13,537	\$ 21,308

**Partnership Ministries**

The board of directors of the Organization approves grants and awards to the ELCA and LCM. Total awards, including amounts included in contributions payable as of January 31, 2025 and 2024, are as follows:

	2025	2024
Mission support to ELCA	\$ 635,726	\$ 720,832
Contributions to partnerships – Lutheran Campus Ministry in Greater Milwaukee, Inc.	90,818	96,126
Total	\$ 726,544	\$ 816,958

The amounts payable under approved grants and awards included in contributions payable in the statements of financial position as of January 31, 2025 and 2024, are as follows:

	2025	2024
Mission support to ELCA	\$ 167,732	\$ 141,852
Contributions to partnerships – Lutheran Campus Ministry in Greater Milwaukee, Inc.	-	-
Total	\$ 167,732	\$ 141,852

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JANUARY 31, 2025 AND 2024

H – PENSION PLAN

The Organization participates in the Evangelical Lutheran Church in America Pension Plan (the "Plan"). Employees who work twenty or more hours per week and are scheduled to work six or more months during the year are eligible for a contribution of 10% of their annual salary. Employees are immediately vested in the Plan. Expenses recognized by the Organization related to the Plan totaled \$44,547 and \$48,137 for the years ended January 31, 2025 and 2024, respectively.

I – CONCENTRATIONS

The Organization maintains depository relationships with local financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) or Securities Investors Protection Corporation (SIPC) up to specified limits. Balances in excess of these limits are uninsured. The Organization has not experienced any losses with these accounts and management believes the Organization is not exposed to any significant credit risk.

J – DONATED FACILITIES, SERVICES AND PERSONAL PROPERTY

The Organization receives various types of contributed goods and services support, including rent, professional services, and supplies. Donated services are reported in the financial statements for voluntary donations of professional services when those services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically would be purchased if not provided by donation.

Under the ELCA's constitution and the by-laws of the Organization, when a member ELCA congregation ceases to exist, title to the congregation's property generally passes to the Organization. During the year ended January 31, 2023, the Organization received contributed capitalized property with approximate fair value of \$300,000.

The Organization entered into a 10-year lease agreement with a local non-profit organization for an annual rent payment of \$1.

GREATER MILWAUKEE SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN AMERICA  
SCHEDULE OF CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS  
FOR THE YEAR ENDED JANUARY 31, 2025

	2025			
	Beginning balance	Ministry, support and revenue	Grant disbursements & adjustments	Ending balance
<b>Synod Ministries:</b>				
Ken Wheeler Scholarship	\$ 22,136	\$ 2,259	\$ -	\$ 24,395
Bishop's Initiative	8,922	2,865	(4,378)	7,409
Evangelism	814	-	(814)	-
New Mission Starts	171,865	61,620	(76,492)	156,993
Latino Mission Support	-	1,075	-	1,075
Youth and Families	296	2,781	(1,039)	2,038
Tanzania/El Salvador	562	52,268	(53,610)	(780)
Leadership Development	17,445	1,780	-	19,225
Coaching	592	-	(592)	-
Retired Pastors	11,425	-	-	11,425
Salary Retention	57,094	15,257	-	72,351
Authentic Diversity	8,043	2,000	-	10,043
Young Adults	13,375	-	(360)	13,015
Green Synod/Care of Creation	5,147	-	-	5,147
Diakonia	2,781	-	(2,781)	-
Synod Assembly	7,789	83,473	(69,919)	21,343
Prison Ministry	93,936	91,473	(79,854)	105,555
Outreach for Hope	-	52,460	(52,460)	-
Returning Veterans Fund	1,000	-	-	1,000
Daily Bread	5,311	-	(53)	5,258
RIC Task Force	2,385	1,000	(2,148)	1,237
Divine Word/Kingo	4,800	-	(4,800)	-
Rogers Street Property	84,556	17,373	(16,019)	85,910
Wellness - BOP	14,317	2,030	-	16,347
Cross+Generational Ministry	1,638	-	(1,638)	-
The Table Worshiping Community	104,262	232,471	(160,607)	176,126
Urban Internship	171,067	24,396	(36,750)	158,713
GMS Endowment Fund	125,916	(10,763)	-	115,153
Other	1,296	1,521	(2,817)	-
Vibrant Faith - DEM Fund	-	2,707	(2,707)	-
Schaaf Seminary Fund	282,745	1,436	(12,516)	271,665
Wayferers Worshipping Community	945	-	(945)	-
Churchwide Assembly	600	-	-	600
Black String Triage Ensemble	232	206	(438)	-
Vitality Strategy	10,213	152,732	(8,588)	154,357
Building and Legal Fees	-	550	-	550
COVID-19 Relief Fund	2,030	(2,030)	-	-
Cluster 1 & 2	-	4,696	(1,200)	3,496
Great Spirit	-	86,333	(86,333)	-

	Beginning balance	Ministry, support and revenue	Grant disbursements & adjustments	Ending balance
Equipping the Saints	603,000	173,295	(534,964)	241,331
Be Still Ministries	14,390	22,352	(16,532)	20,210
<b>Total Synod Ministries</b>	1,852,925	1,079,616	(1,231,354)	1,701,187
<b>ELCA:</b>				
World Hunger Appeal	1,000	55,069	(54,903)	1,166
Missionary Support	-	10,897	(10,897)	-
Designated Advance Gifts	115	71,450	(72,180)	(615)
Lutheran World Relief	-	22,882	(22,807)	75
<b>Total ELCA</b>	1,115	160,298	(160,787)	626
<b>Other:</b>				
ULPA	-	-	-	-
Serenity Inn	-	-	-	-
Mission Partnership	-	50,233	(50,233)	-
Luther Manor	-	-	-	-
Lutheran Seminaries	-	4,988	(4,988)	-
Lutheran Camps	-	17,589	(17,589)	-
Colleges and Universities	-	513	(513)	-
Meru Coffee	-	-	-	-
Other	-	54,658	(54,537)	121
<b>Total Other</b>	-	127,981	(127,860)	121
<b>Milwaukee Lutheran Coalition</b>	8,290	-	-	8,290
<b>Meru</b>	37,517	220,270	(216,068)	41,719
<b>El Salvador</b>	35,390	248,146	(202,552)	80,984
<b>Totals</b>	<u>\$ 1,935,237</u>	<u>\$ 1,836,311</u>	<u>\$ (1,938,621)</u>	<u>\$ 1,832,927</u>

See Independent Auditor's Report