

**NORTHERN TEXAS - NORTHERN LOUISIANA
SYNOD OF THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

JANUARY 31, 2020 AND 2019

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
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January 31, 2020 and 2019**

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INDEPENDENT AUDITORS' REPORT

To the Council of the
Northern Texas - Northern Louisiana Synod of the Evangelical Lutheran Church in America

We have audited the accompanying financial statements of the Northern Texas - Northern Louisiana Synod of the Evangelical Lutheran Church in America (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of January 31, 2020 and 2019, and the related statements of revenues, expenses, and changes in net assets - modified cash basis and cash flows – modified cash basis 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 the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditors' 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 from 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 auditors' 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 assets, liabilities, and net assets – modified cash basis of the Northern Texas - Northern Louisiana Synod of the Evangelical Lutheran Church in America as of January 31, 2020 and 2019, and the related statements of revenue, expenses and changes in net assets – modified cash basis and its cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 15-18 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.



Salmon Sims Thomas & Associates
A Professional Limited Liability Company

September 9, 2020

**Northern Texas - Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis
January 31, 2020 and 2019**

ASSETS		
	2020	2019
Current Assets		
Cash and cash equivalents	\$ 375,956	\$ 279,001
Prepaid expenses	2,613	2,334
Total Current Assets	378,569	281,335
Noncurrent Assets		
Property and equipment, net	2,904	4,738
Certificates of deposit	100,000	100,000
Investments	1,908,460	1,771,335
Total Noncurrent Assets	2,011,364	1,876,073
TOTAL ASSETS	\$ 2,389,933	\$ 2,157,408
LIABILITIES AND NET ASSETS		
Current Liabilities		
Deferred revenue	\$ 218	\$ -
Other liabilities	-	725
Total Current Liabilities	218	725
Net Assets		
<i>Without Donor Restrictions</i>		
Board designated	785,952	677,272
Undesignated	429,077	304,725
Total Without Donor Restrictions	1,215,029	981,997
<i>With Donor Restrictions</i>		
	1,174,686	1,174,686
Total Net Assets	2,389,715	2,156,683
TOTAL LIABILITIES AND NET ASSETS	\$ 2,389,933	\$ 2,157,408

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

**Northern Texas - Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Statement of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis
For the Year Ended January 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Contributions	\$ 1,506,971	\$ -	\$ 1,506,971
Assembly registration	36,010	-	36,010
Board member income	166	-	166
Interest	4,997	-	4,997
Investment return	210,050	-	210,050
Other	5,565	-	5,565
Total Revenues and Support	<u>1,763,759</u>	<u>-</u>	<u>1,763,759</u>
Expenses			
Program services:			
Mission support	807,486	-	807,486
Mission programs	73,515	-	73,515
Planning	212	-	212
Registration	186	-	186
Fellowship and meals	6,578	-	6,578
Hospitality	151	-	151
Facilities	9,625	-	9,625
Thematic development	318	-	318
Publicity	106	-	106
Worship	2,293	-	2,293
Venue	2,574	-	2,574
Congregational grants	80,000	-	80,000
Miscellaneous expenses	1,881	-	1,881
Supporting activities:			
Support salaries and expenses	375,069	-	375,069
General and administrative	121,833	-	121,833
Travel	46,904	-	46,904
Depreciation	1,834	-	1,834
Transaction fees	162	-	162
Total Expenses	<u>1,530,727</u>	<u>-</u>	<u>1,530,727</u>
Change in Net Assets	233,032	-	233,032
Net Assets, beginning of year	<u>981,997</u>	<u>1,174,686</u>	<u>2,156,683</u>
Net Assets, end of year	<u>\$ 1,215,029</u>	<u>\$ 1,174,686</u>	<u>\$ 2,389,715</u>

The accompanying notes are an integral part of this financial statement.

**Northern Texas - Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Statement of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis
For the Year Ended January 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Contributions	\$ 1,345,353	\$ -	\$ 1,345,353
Assembly registration	55,698	-	55,698
Board member income	2,100	-	2,100
Interest	3,122	-	3,122
Investment loss	(78,441)	-	(78,441)
Other	1,340	-	1,340
Total Revenues and Support	<u>1,329,172</u>	<u>-</u>	<u>1,329,172</u>
Expenses			
Program services:			
Mission support	653,989	-	653,989
Mission programs	92,408	-	92,408
Planning	93	-	93
Registration	828	-	828
Fellowship and meals	10,549	-	10,549
Facilitators	102	-	102
Facilities	12,928	-	12,928
Thematic development	504	-	504
Publicity	107	-	107
Worship	3,301	-	3,301
Congregational grants	75,000	-	75,000
Supporting activities:			
Support salaries and expenses	482,064	-	482,064
General and administrative	110,644	-	110,644
Travel	40,127	-	40,127
Depreciation	1,835	-	1,835
Total Expenses	<u>1,484,479</u>	<u>-</u>	<u>1,484,479</u>
Change in Net Assets	(155,307)	-	(155,307)
Net Assets, beginning of year	<u>1,137,304</u>	<u>1,174,686</u>	<u>2,311,990</u>
Net Assets, end of year	<u>\$ 981,997</u>	<u>\$ 1,174,686</u>	<u>\$ 2,156,683</u>

The accompanying notes are an integral part of this financial statement.

**Northern Texas - Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Statements of Cash Flows - Modified Cash Basis
For the Years Ended January 31, 2020 and 2019**

	2020	2019
Cash Flows From Operating Activities		
Change in Net Assets	\$ 233,032	\$ (155,307)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,834	1,835
Unrealized and realized (gain) loss on investments	(182,745)	103,706
Change in operating assets and liabilities:		
Prepaid expenses	(279)	7,156
Other receivables	-	875
Pass through gifts	-	(16,525)
Accrued mission support	-	(89,838)
Deferred revenue	218	-
Other liabilities	(725)	(150)
Net Cash Provided (Used) by Operating Activities	51,335	(148,248)
Cash Flows From Investing Activities		
Proceeds from sale of investment	66,000	60,000
Purchases and reinvested income of investments	(20,380)	(18,449)
Net Cash Provided By Investing Activities	45,620	41,551
Net Increase (Decrease) in Cash	96,955	(106,697)
Cash, beginning of year	279,001	385,698
Cash, end of year	\$ 375,956	\$ 279,001

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

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2020 and 2019**

NOTE 1: NATURE OF OPERATIONS

Northern Texas - Northern Louisiana Synod of the Evangelical Lutheran Church in America (“Synod”) is a Texas nonprofit corporation located in Argyle, Texas. The Synod was formed to promote the Christian religion according to the tenets of faith set forth in the Constitution of the Evangelical Lutheran Church in America (“ELCA”). The accompanying financial statements include the assets, liabilities, net assets and other material financial activities of the Northern Texas - Northern Louisiana Synod of the Evangelical Lutheran Church in America.

The Synod maintains three separate funds to account for different activities. The Operating Fund is organized and operated to support the general and administrative and program activities of the Synod, as well as to support the annual meeting of the Synod and member congregations’ governing bodies. The Mission Endowment Fund is organized and operated to develop endowment funds, the income from which supports congregations and religious and spiritual activities of the Synodical region. The DiscipleLife Alive! Fund focuses on congregational missions, personal discipleship, and mission leadership. These financial statements include the accounts and activity of the three separate funds.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Synod is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Synod’s management, which is responsible for their integrity and objectivity. These accounting policies conform to the modified cash basis of accounting and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The financial statements of the Synod have been prepared on the modified cash basis of accounting. This method of presentation is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) and therefore precludes the strict application of many professional pronouncements; however, management believes that this method most clearly coincides with the common methods of accounting used by the member congregations of this Synod.

Under the modified cash basis of accounting, certain revenues and the related assets are typically recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Consequently, the Synod has not recognized accounts receivable from members, nor has it recognized accounts payable to vendors. The following are exceptions to the modified cash basis of accounting in the Synod’s financial statements:

1. Registration fees for the fiscal year 2021 assembly conference collected in fiscal year 2020 are deferred at January 31, 2020 to be recognized as income in the year of the conference,
2. Expenses for the fiscal year 2021 assembly conference paid in fiscal year 2020 are recorded as prepaid expenses, to be recognized as expense in the year of the conference,
3. Fixed assets and the related depreciation are recorded, and
4. Investments are recorded at fair value.

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2020 and 2019**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

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

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Synod and/or the passage of time.

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations. Net assets that are without donor restrictions but have been designated for a particular purpose by the Board, if any, are reflected as Board Designated Net Assets.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (*i.e.*, the stipulation has been met and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions of assets other than cash are recorded at their estimated fair value. There were no non-cash assets contributed during the years ended January 31, 2020 and 2019.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in recording depreciation. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could vary from estimates.

Cash and Cash Equivalents

The Synod considers all highly-liquid investments with maturities of three months or less when purchased to be cash equivalents. The Synod places its cash and cash equivalents which, at times, may exceed federally insured limits, with high-credit quality financial institutions. The Synod has not experienced any losses on such amounts. The Synod did not have any cash equivalents at January 31, 2020 and 2019.

Property and Equipment/Depreciation

Property and equipment are stated at cost if purchased, or fair value at the date it is donated, less accumulated depreciation. Major expenditures and those that substantially increase useful lives are capitalized. Maintenance, repairs, and replacements, which do not improve or extend the lives of the respective assets, are recorded as expenses in the statements of revenues, expenses, and changes in net assets – modified cash basis when incurred. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation are removed, and any gain or loss is included in the statements of revenues, expenses, and changes in net assets – modified cash basis.

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2020 and 2019**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment/Depreciation (Continued)

Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives were as follows:

Furniture and fixtures	7 years
Computer equipment	5 years

Investments

The Synod carries investments at their fair values. Unrealized gains and losses are included in the accompanying statements of revenues, expenses, and changes in net assets – modified cash basis.

Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC)* Topic 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC Topic 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Synod 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 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at January 31, 2020 and 2019.

Marketable Securities: Valued at the closing price reported in an active market in which the security is traded.

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2020 and 2019**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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

The provisions of FASB ASC Topic 820 did not have an impact on the Synod's nonfinancial assets and nonfinancial liabilities that are not permitted or required to be measured at fair value on a recurring basis.

Pass Through Gifts

The donor pass through gifts account represents contributions collected and held at the end of the year for other organizations and missions. The Synod's policy is to recognize contributions received and deposited as a liability until paid to the beneficiary. There were no pass through gift liabilities at January 31, 2020 and 2019.

Donated Services

Donations of noncash assets are recorded as contributions at their estimated fair value as of the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Synod. For the years ended January 31, 2020 and 2019, the Synod recorded donations of services valued at \$175 and \$0, respectively.

Income Taxes

The Synod is a nonprofit organization that is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in Section 501(c)(3) of the IRC. The Synod has been classified as an organization that is not a private foundation under IRC Section 509(a)(2), and as such, contributions to the Synod qualify for deductions as charitable contributions. However, income generated from activities unrelated to the Synod's exempt purpose is subject to tax under IRC Section 511.

Accounting for Uncertainty in Income Taxes

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of FASB ASC Topic 740-10, *Accounting for Income Taxes*, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statements of revenues, expenses, and changes in net assets – modified cash basis or accrued in the statements of assets, liabilities, and net assets – modified cash basis. Federal and state tax returns of the Synod are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2020 and 2019**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations

The Synod's revenues are primarily derived from member churches, and their attendees, living in the same geographic area which the Synod covers.

Date of Management's Review

Subsequent events have been evaluated for potential recognition or disclosure through September 9, 2020, which is the date the financial statements were available to be issued. See Notes 5 and 10 for subsequent events.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment at January 31, 2020 and 2019 consisted of the following:

	2020	2019
Furniture and fixtures	\$ 13,298	\$ 13,298
Computer equipment	36,801	36,801
	50,099	50,099
Less: accumulated depreciation	(47,195)	(45,361)
	\$ 2,904	\$ 4,738

NOTE 4: INVESTMENTS

As of January 31, 2020 and 2019, investments consisted of the following:

	2020	2019
Marketable securities	\$ 1,908,460	\$ 1,771,335

For the years ended January 31, 2020 and 2019, investment income consisted of the following:

	2020	2019
Unrealized and realized gain (loss)	\$ 182,745	\$ (103,706)
Interest and dividends, net of fees	27,305	25,265
	\$ 210,050	\$ (78,441)

NOTE 5: CERTIFICATE OF DEPOSIT

At January 31, 2020 and 2019, the Synod's certificate of deposit with the ELCA Mission Investment Fund, valued at cost (which approximated the fair market value), was \$100,000. The certificate of deposit accrued interest at 1.98% and matured in May 2020.

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2020 and 2019**

NOTE 6: LEASE OBLIGATIONS

The Synod leased a copier under a noncancelable operating lease. The lease required monthly payments of approximately \$590 and expired in February 2020. The lease was renewed for another five years in February 2020, requiring monthly payments of approximately \$220, expiring in February 2025.

The Synod also leases certain space within a facility from Briarwood Lutheran Ministries for \$1 a year. As part of the lease, the Synod is required to pay for a prorated share of certain operating costs and is bound by the terms of the lease to provide sufficient funding to cover the mortgage obligation on Briarwood Lutheran Ministries.

Future minimum obligations under these agreements are as follows:

For the years ending January 31,		
2021	\$	3,012
2022		2,641
2023		2,641
2024		2,641
2025		2,641
2026 and thereafter		308
		\$ 13,884

Lease expense for the years ended January 31, 2020 and 2019 was \$6,695 and \$6,841, respectively.

NOTE 7: PENSION BENEFITS

The Synod participates in the ELCA Board of Pension’s defined benefit plan, through which all employees (clergy and laity) of the Synod have pension benefits. The Synod contributes a percentage of each employee’s compensation to the retirement plan as required by the plan. This percentage varies between 10 and 12 percent, depending on the staff position and the year they joined the plan.

Pension benefits expense for the years ended January 31, 2020 and 2019 was \$83,596 and \$122,866, respectively.

NOTE 8: NET ASSETS

Net Assets Without Donor Restrictions

The Synod’s governing body has designated certain net assets without donor restrictions to be set aside for various needs of the Synod. These amounts have been included in the line item called “Board designated” on the statements of assets, liabilities, and net assets – modified cash basis.

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2020 and 2019**

NOTE 8: NET ASSETS (CONTINUED)

Net Assets Without Donor Restrictions (Continued)

At January 31, 2020 and 2019, the balances in the specific board designated funds consisted of the following:

	2020	2019
Congregational life planning	\$ 12,522	\$ 14,822
Bishop's fund	154,596	90,259
Outreach commission	76,878	47,011
Leadership commission	36,558	11,059
DiscipleLife Alive!	25,337	34,061
Teggermann fund	229,677	229,677
Kanouse fund	7,955	7,955
Mark Herbner fund	93,270	93,270
Leif Johnson fund	50,555	50,555
Lutheran endowment	98,604	98,604
	<u>\$ 785,952</u>	<u>\$ 677,273</u>

Net Assets With Donor Restrictions

At January 31, 2020 and 2019, net assets with donor restrictions consisted of the following:

	2020	2019
General endowment	\$ 363,800	\$ 363,800
DL Endowment for Mission	400,000	400,000
Stone endowment	15,000	15,000
St. Paul, Farmers Branch	75,000	75,000
LFSW (Ester Brittain endowment)	53,985	53,985
St. John, Grand Prairie	41,550	41,550
Messiah, Monroe	65,000	65,000
Synodical gifts	160,351	160,351
	<u>\$ 1,174,686</u>	<u>\$ 1,174,686</u>

NOTE 9: RELATED PARTY TRANSACTIONS AND CONTINGENT LIABILITY

The Synod provided a guarantee on the conversion of a construction loan to long-term loan between the lender, Mission Investment Fund of ELCA, and the borrower, Briarwood Lutheran Ministries. The conversion date of the loan was January 22, 2015. The amount of the loan is \$600,000 and is payable in monthly installments of \$2,885, including interest at 4.875%. The interest rate and payment amount will be adjusted every five years through its maturity date of January 2040. As of January 31, 2020 and 2019, the balance was \$443,881 and \$457,158, respectively.

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2020 and 2019**

10: SUBSEQUENT EVENTS

In early 2020, an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. As a result, events have occurred domestically in the United States and globally, including mandates from federal, state, and local authorities, leading to an overall decline in economic activity. The ultimate impact of COVID-19 on the financial performance of the Synod cannot be reasonably estimated at this time. However, the Synod received funding of \$64,495 in April 2020 under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Paycheck Protection Program (PPP) to provide payroll assistance. Management believes the government assistance and ongoing contributions from the member congregations will provide the Synod with its needed liquidity for the foreseeable future.

SUPPLEMENTAL SCHEDULES

Northern Texas - Northern Louisiana Synod of the Evangelical Lutheran Church in America
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis - By Fund
January 31, 2020

ASSETS

	Operating	Missions	Disciple Life Alive	TOTAL
Current Assets				
Cash and cash equivalents	\$ 330,422	\$ 45,534	\$ -	\$ 375,956
Prepaid expenses	2,613	-	-	2,613
Total Current Assets	<u>333,035</u>	<u>45,534</u>	<u>-</u>	<u>378,569</u>
Noncurrent Assets				
Property and equipment, net	2,904	-	-	2,904
Certificates of deposit	-	100,000	-	100,000
Investments	-	1,394,508	513,952	1,908,460
Total Noncurrent Assets	<u>2,904</u>	<u>1,494,508</u>	<u>513,952</u>	<u>2,011,364</u>
TOTAL ASSETS	<u>\$ 335,939</u>	<u>\$ 1,540,042</u>	<u>\$ 513,952</u>	<u>\$ 2,389,933</u>

LIABILITIES AND NET ASSETS

Current Liabilities				
Deferred revenue	\$ 218	\$ -	\$ -	\$ 218
Total Current Liabilities	<u>218</u>	<u>-</u>	<u>-</u>	<u>218</u>
Net Assets				
<i>Without Donor Restrictions</i>				
Board designated	305,891	480,061	-	785,952
Undesignated	29,830	285,295	113,952	429,077
Total Without Donor Restrictions	<u>335,721</u>	<u>765,356</u>	<u>113,952</u>	<u>1,215,029</u>
<i>With Donor Restrictions</i>				
Total Net Assets	<u>-</u>	<u>774,686</u>	<u>400,000</u>	<u>1,174,686</u>
Total Net Assets	<u>335,721</u>	<u>1,540,042</u>	<u>513,952</u>	<u>2,389,715</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 335,939</u>	<u>\$ 1,540,042</u>	<u>\$ 513,952</u>	<u>\$ 2,389,933</u>

Northern Texas - Northern Louisiana Synod of the Evangelical Lutheran Church in America
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis - By Fund
January 31, 2019

ASSETS

	Operating	Missions	Disciple Life Alive	TOTAL
Current Assets				
Cash and cash equivalents	\$ 231,816	\$ 47,185	\$ -	\$ 279,001
Prepaid expenses	2,334	-	-	2,334
Total Current Assets	<u>234,150</u>	<u>47,185</u>	<u>-</u>	<u>281,335</u>
Noncurrent Assets				
Property and equipment, net	4,738	-	-	4,738
Certificates of deposit	-	100,000	-	100,000
Investments	-	1,291,039	480,296	1,771,335
Total Noncurrent Assets	<u>4,738</u>	<u>1,391,039</u>	<u>480,296</u>	<u>1,876,073</u>
TOTAL ASSETS	<u>\$ 238,888</u>	<u>\$ 1,438,224</u>	<u>\$ 480,296</u>	<u>\$ 2,157,408</u>

LIABILITIES AND NET ASSETS

Current Liabilities				
Other liabilities	\$ 725	\$ -	\$ -	\$ 725
Total Current Liabilities	<u>725</u>	<u>-</u>	<u>-</u>	<u>725</u>
Net Assets				
<i>Without Donor Restrictions</i>				
Board designated	197,212	480,060	-	677,272
Undesignated	40,951	183,478	80,296	304,725
Total Without Donor Restrictions	<u>238,163</u>	<u>663,538</u>	<u>80,296</u>	<u>981,997</u>
<i>With Donor Restrictions</i>				
Total Net Assets	<u>-</u>	<u>774,686</u>	<u>400,000</u>	<u>1,174,686</u>
Total Net Assets	<u>238,163</u>	<u>1,438,224</u>	<u>480,296</u>	<u>2,156,683</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 238,888</u>	<u>\$ 1,438,224</u>	<u>\$ 480,296</u>	<u>\$ 2,157,408</u>

Northern Texas - Northern Louisiana Synod of the Evangelical Lutheran Church in America
Statement of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis - By Fund
For the Year Ended January 31, 2020

	<u>Operating</u>	<u>Missions</u>	<u>Disciple Life Alive</u>	<u>Total</u>
Revenues and Support				
Contributions	\$ 1,473,974	\$ 32,997	\$ -	\$ 1,506,971
Assembly registration	36,010	-	-	36,010
Board member income	-	166	-	166
Interest	2,713	2,284	-	4,997
Investment return	-	160,394	49,656	210,050
Other	5,565	-	-	5,565
Total Revenues and Support	<u>1,518,262</u>	<u>195,841</u>	<u>49,656</u>	<u>1,763,759</u>
Expenses				
Program services:				
Mission support	807,486	-	-	807,486
Mission programs	72,173	1,342	-	73,515
Planning	212	-	-	212
Registration	186	-	-	186
Fellowship and meals	6,578	-	-	6,578
Hospitality	151	-	-	151
Facilities	9,625	-	-	9,625
Thematic development	318	-	-	318
Publicity	106	-	-	106
Worship	2,293	-	-	2,293
Venue	2,574	-	-	2,574
Congregational grants	-	80,000	-	80,000
Miscellaneous expenses	-	1,881	-	1,881
Supporting activities:				
Support salaries and expenses	364,269	10,800	-	375,069
General and administrative	105,833	-	16,000	121,833
Travel	46,904	-	-	46,904
Depreciation	1,834	-	-	1,834
Transaction fees	162	-	-	162
Total Expenses	<u>1,420,704</u>	<u>94,023</u>	<u>16,000</u>	<u>1,530,727</u>
Change in Net Assets	97,558	101,818	33,656	233,032
Net Assets, beginning of year	<u>238,163</u>	<u>1,438,224</u>	<u>480,296</u>	<u>2,156,683</u>
Net Assets, end of year	<u>\$ 335,721</u>	<u>\$ 1,540,042</u>	<u>\$ 513,952</u>	<u>\$ 2,389,715</u>

See auditors' report and notes.

**Northern Texas - Northern Louisiana Synod of the Evangelical Lutheran Church in America
Statement of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis - By Fund
For the Year Ended January 31, 2019**

	<u>Operating</u>	<u>Missions</u>	<u>Disciple Life Alive</u>	<u>Total</u>
Revenues and Support				
Contributions	\$ 1,324,002	\$ 21,351	\$ -	\$ 1,345,353
Assembly registration	55,698	-	-	55,698
Board member income	-	2,100	-	2,100
Interest	845	2,277	-	3,122
Investment loss	-	(57,616)	(20,825)	(78,441)
Other	1,340	-	-	1,340
Total Revenues and Support	<u>1,381,885</u>	<u>(31,888)</u>	<u>(20,825)</u>	<u>1,329,172</u>
Expenses				
Program services:				
Mission support	653,989	-	-	653,989
Mission programs	92,408	-	-	92,408
Planning	93	-	-	93
Registration	828	-	-	828
Fellowship and meals	10,549	-	-	10,549
Facilitators	102	-	-	102
Facilities	12,928	-	-	12,928
Thematic development	504	-	-	504
Publicity	107	-	-	107
Worship	3,301	-	-	3,301
Congregational grants	-	75,000	-	75,000
Supporting activities:				
Support salaries and expenses	471,264	10,800	-	482,064
General and administrative	100,644	-	10,000	110,644
Travel	40,127	-	-	40,127
Depreciation	1,835	-	-	1,835
Total Expenses	<u>1,388,679</u>	<u>85,800</u>	<u>10,000</u>	<u>1,484,479</u>
Change in Net Assets	(6,794)	(117,688)	(30,825)	(155,307)
Net Assets, beginning of year	<u>244,957</u>	<u>1,555,912</u>	<u>511,121</u>	<u>2,311,990</u>
Net Assets, end of year	<u>\$ 238,163</u>	<u>\$ 1,438,224</u>	<u>\$ 480,296</u>	<u>\$ 2,156,683</u>

See auditors' report and notes.