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ACCOUNTANTS & CONSULTANTS

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

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

JANUARY 31, 2025 AND 2024

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
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January 31, 2025 and 2024**

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of 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, 2025 and 2024, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Northern Texas - Northern Louisiana 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 the modified cash basis of accounting.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northern Texas - Northern Louisiana 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 audits. 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 the modified cash basis of accounting 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 Northern Texas - Northern Louisiana Synod of the Evangelical Lutheran Church in America's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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 Northern Texas - Northern Louisiana 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 Northern Texas - Northern Louisiana 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 17-20 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

SST Accountants & Consultants

SST Accountants & Consultants PLLC

March 24, 2026

**Northern Texas - Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis
January 31, 2025 and 2024**

ASSETS		
	2025	2024
Current Assets		
Cash and cash equivalents	\$ 373,541	\$ 1,026,660
Investments	3,602,230	3,233,993
Certificates of Deposit	318,607	309,151
Mortgage receivable, current	4,907	4,771
Prepaid expenses	6,043	4,531
Total Current Assets	4,305,328	4,579,106
Noncurrent Assets		
Certificates of Deposit	500,000	-
Property and equipment, net	3,032	-
Mortgage receivable, net of current portion	69,954	74,838
Mineral rights	10,789	22,938
Total Noncurrent Assets	583,775	97,776
TOTAL ASSETS	\$ 4,889,103	\$ 4,676,882
LIABILITIES AND NET ASSETS		
Current Liabilities		
Deferred revenue	\$ 23,717	\$ 25,028
Payroll liabilities	2,400	1,629
Total Current Liabilities	26,117	26,657
Net Assets		
<i>Without Donor Restrictions</i>		
Board designated	1,633,955	1,733,718
Undesignated	1,987,494	1,674,970
Total Without Donor Restrictions	3,621,449	3,408,688
<i>With Donor Restrictions</i>		
	1,241,537	1,241,537
Total Net Assets	4,862,986	4,650,225
TOTAL LIABILITIES AND NET ASSETS	\$ 4,889,103	\$ 4,676,882

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, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Contributions	\$ 1,766,707	\$ -	\$ 1,766,707
Assembly registration	26,868	-	26,868
Interest	33,598	-	33,598
Investment return	388,256	-	388,256
Loss on mineral rights	(12,149)	-	(12,149)
Other	12,881	-	12,881
Total Revenues and Support	<u>2,216,161</u>	<u>-</u>	<u>2,216,161</u>
Expenses			
Program services:			
Mission support	1,175,712	-	1,175,712
Mission programs	43,506	-	43,506
Fellowship and meals	5,012	-	5,012
Hospitality	14,184	-	14,184
Facilities	7,595	-	7,595
Worship	116	-	116
Congregational grants	81,202	-	81,202
Miscellaneous expenses	2,226	-	2,226
Supporting activities:			
Support salaries and expenses	535,735	-	535,735
General and administrative	99,194	-	99,194
Travel	37,813	-	37,813
Depreciation	505	-	505
Transaction fees	600	-	600
Total Expenses	<u>2,003,400</u>	<u>-</u>	<u>2,003,400</u>
Change in Net Assets	212,761	-	212,761
Net Assets, Beginning of Year	<u>3,408,688</u>	<u>1,241,537</u>	<u>4,650,225</u>
Net Assets, End of Year	<u>\$ 3,621,449</u>	<u>\$ 1,241,537</u>	<u>\$ 4,862,986</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, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Contributions	\$ 3,236,540	\$ 32,558	\$ 3,269,098
Assembly registration	29,898	-	29,898
Interest	6,560	-	6,560
Investment return	189,602	-	189,602
Loss on mineral rights	(3,597)	-	(3,597)
Other	9,687	-	9,687
Total Revenues and Support	<u>3,468,690</u>	<u>32,558</u>	<u>3,501,248</u>
Expenses			
Program services:			
Mission support	951,621	-	951,621
Mission programs	31,925	-	31,925
Fellowship and meals	19,500	-	19,500
Hospitality	21,425	-	21,425
Facilities	11,678	-	11,678
Thematic development	345	-	345
Worship	4,368	-	4,368
Congregational grants	76,998	-	76,998
Miscellaneous expenses	3,477	-	3,477
Supporting activities:			
Support salaries and expenses	518,555	-	518,555
General and administrative	109,857	-	109,857
Travel	30,500	-	30,500
Transaction fees	735	-	735
Total Expenses	<u>1,780,984</u>	<u>-</u>	<u>1,780,984</u>
Change in Net Assets	1,687,706	32,558	1,720,264
Net Assets, Beginning of Year	<u>1,720,982</u>	<u>1,208,979</u>	<u>2,929,961</u>
Net Assets, End of Year	<u>\$ 3,408,688</u>	<u>\$ 1,241,537</u>	<u>\$ 4,650,225</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, 2025 and 2024**

	2025	2024
Cash Flows From Operating Activities		
Change in Net Assets	\$ 212,761	\$ 1,720,264
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	505	-
Loss on mineral rights	12,149	3,597
Unrealized and realized (gain) loss on investments	(367,676)	(157,798)
Reinvested interest and dividends, net of fees	(30,017)	(31,804)
Change in operating assets and liabilities:		
Prepaid expenses	(1,512)	(885)
Deferred revenue	(1,311)	21,443
Payroll liabilities	771	902
Net Cash Provided by (Used in) Operating Activities	(174,330)	1,555,719
Cash Flows From Investing Activities		
Proceeds from sale of investment	20,000	20,000
Purchases of investments	-	(1,000,000)
Purchase of certificate of deposit	(500,000)	-
Purchase of property and equipment	(3,537)	-
Principal payments on mortgage receivable	4,748	4,638
Net Cash Provided by (Used in) Investing Activities	(478,789)	(975,362)
Net Changes in Cash and Cash Equivalents	(653,119)	580,357
Cash and Cash Equivalents, Beginning of Year	1,026,660	446,303
Cash and Cash Equivalents, End of Year	\$ 373,541	\$ 1,026,660

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, 2025 and 2024**

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

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.

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2025 and 2024**

Note 2: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The following are exceptions to the modified cash basis of accounting in the Synod's financial statements:

1. Registration fees collected in advance for future assemble conferences are recorded as deferred revenue and recognized as income in the fiscal year in which the conference is held;
2. Expenses paid in advance that relate to future assembly conferences are recorded as prepaid expenses and recognized as expenses in the fiscal year in which the conference occurs;
3. Property and equipment, intangible assets and the related depreciation and amortization are recorded;
4. Note receivable on a mortgage held on property; and
5. Investments and mineral rights are recorded at fair value.

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 donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (*i.e.*, the donor-stipulated purpose has been fulfilled 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.

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. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could vary from estimates.

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2025 and 2024**

Note 2: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, 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 assets. The Synod did not have any cash equivalents at January 31, 2025 and 2024.

Property and Equipment/Depreciation

Property and equipment are stated at cost, if purchased, or if donated, at fair value as of the date of donation, less accumulated depreciation. Major expenditures that substantially increase useful lives are capitalized. Maintenance and repairs, 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 are sold or otherwise disposed of, the asset and related accumulated depreciation is removed, and any resulting gain or loss is included in the statements of revenues, expenses, and changes in net assets – modified cash basis.

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, realized gains and losses, interest and dividends, and investment fees are included in the accompanying statements of revenues, expenses, and changes in net assets – modified cash basis as investment return.

Restricted and Unrestricted Contributions and Support

Contributions received are recorded with or without restriction, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of revenues, expenses, and changes in net assets – modified cash basis as net assets released from restrictions.

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 the 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).

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2025 and 2024**

Note 2: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

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, 2025 and 2024.

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

Mutual Funds: Valued at the net asset value (NAV) per share.

Pooled funds: Valued at the net asset value (NAV) per share.

Cash Equivalents: Valued at the net asset value (NAV) per share, which is \$1.

Mineral rights: Valued at the average royalties received with an expected production between four and six years.

The preceding method 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 method is 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.

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2025 and 2024**

Note 2: Summary of Significant Accounting Policies (Continued)

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.

Date of Management’s Review

The Synod has evaluated subsequent events for potential recognition or disclosure through March 24, 2026, which is the date the financial statements were available to be issued.

Note 3: Property and Equipment

Property and equipment at January 31, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Furniture and fixtures	\$ 8,537	\$ 5,000
Computer equipment	36,801	36,801
Total property and equipment	45,338	41,801
Less: accumulated depreciation	(42,306)	(41,801)
Property and equipment, net	<u>\$ 3,032</u>	<u>\$ -</u>

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2025 and 2024**

Note 4: Contributions of Nonfinancial Assets/Mineral Rights

The Synod received contributed mineral rights during the year ended January 31, 2023, which were initially recognized as contribution revenue at an estimated fair value of \$26,535. The mineral rights are leased and producing, and the Synod receives royalty income from these rights. These contributed mineral rights are not subject to donor restrictions.

The Synod estimates the fair value of the mineral rights annually using an income-based approach, based on expected royalty receipts over the next 12 months with an estimated production period of four to six years. Adjustments to the carrying value of mineral rights are recorded in the statement of position, and changes in fair value are recognized as a loss or gain in the statement of revenue, expenses and changes in net assets – modified cash basis.

During the years ended January 31, 2025 and 2024, the Synod recorded valuation losses of \$12,149 and \$3,597, respectively.

Note 5: Assets at Fair Value

The following table sets forth by level, within the fair value hierarchy. Synod's assets at fair value are as follows:

	Fair Value	Fair Value Measurement at January 31, 2025		
		Level 1	Level 2	Level 3
Marketable securities	\$ 2,208,970	\$ 2,208,970	\$ -	\$ -
Mutual funds	231,262	-	231,262	-
Pooled funds	1,124,623	-	1,124,623	-
Cash equivalents	37,375	37,375	-	-
Mineral rights	10,789	-	-	10,789
	<u>\$ 3,613,019</u>	<u>\$ 2,246,345</u>	<u>\$ 1,355,885</u>	<u>\$ 10,789</u>

	Fair Value	Fair Value Measurement at January 31, 2024		
		Level 1	Level 2	Level 3
Marketable securities	\$ 1,912,482	\$ 1,912,482	\$ -	\$ -
Mutual funds	210,840	-	210,840	-
Pooled funds	1,055,994	-	1,055,994	-
Cash equivalents	54,677	54,677	-	-
Mineral rights	22,938	-	-	22,938
	<u>\$ 3,256,931</u>	<u>\$ 1,967,159</u>	<u>\$ 1,266,834</u>	<u>\$ 22,938</u>

For the years ended January 31, 2025 and 2024, investment return from marketable securities consisted of the following:

	<u>2025</u>	<u>2024</u>
Realized and unrealized gains (losses)	\$ 367,676	\$ 157,798
Interest and dividends, net of fees	20,580	31,804
	<u>\$ 388,256</u>	<u>\$ 189,602</u>

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2025 and 2024**

Note 6: Lease Obligations

During the year ended January 31, 2024, the Synod entered into a month-to-month lease agreement for two south-facing classrooms located in the education wing at the offices of Good Shepherd Lutheran. The Synod will make monthly rent payments of \$1,500, plus \$500 per month for property upkeep and utilities.

In addition, the Synod leases a copier under a noncancelable operating lease requiring monthly payments of approximately \$203, which expires in September 2028.

Lease expense for the years ended January 31, 2025 and 2024 was \$26,903 and \$21,226, respectively.

Future minimum obligations under these agreements are as follows:

For the years ending January 31,	
2026	\$ 2,436
2027	2,436
2028	2,436
2029 and thereafter	<u>1,624</u>
	<u>\$ 8,932</u>

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, 2025 and 2024 was \$98,473 and \$103,815, respectively, which are included in support salaries and expenses on the statements of revenues, expenses, and changes in net assets-modified cash basis.

Note 8: Related Party Transactions and Contingent Liability

The Synod provided a guarantee for the conversion of a construction loan to a 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 original amount of the loan is \$600,000 and was payable in monthly installments of \$2,885, including interest at 4.875%. The interest rate and payment amount were subject to adjustment every five years through its maturity date of January 2040.

In April 2023, the loan from Briarwood Lutheran Ministries to the Mission Investment Fund of ELCA, was paid off. Accordingly, the Synod’s contingent liability as guarantor for this loan was released. As of January 31, 2025 and 2024, the balance was \$0.

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2025 and 2024**

Note 9: 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.

At January 31, 2025 and 2024, the balances in the specific board designated funds consisted of the following:

	2025	2024
Congregational life planning	\$ 959	\$ 440
Bishop's fund	230,485	383,012
Outreach commission	612,087	696,924
Leadership commissoin	186,024	43,699
DiscipleLife Alive!	2,332	7,575
Ascension of Garland endowment	120,012	120,012
Teggermann fund	229,677	229,677
Kanouse Fund	9,950	9,950
Mark Herbner fund	93,270	93,270
Leif Johnson fund	50,555	50,555
Lutheran endowment	98,604	98,604
	\$ 1,633,955	\$ 1,733,718

Net Assets With Donor Restrictions

At January 31, 2025 and 2024, net assets with donor restrictions consisted of the following:

	2025	2024
Perpetual Funds		
DLA Endowment for Mission	\$ 400,000	\$ 400,000
Mission endowment	372,874	372,874
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
Hartstein endowment	11,219	11,219
King endowment	15,000	15,000
King of Glory	31,558	31,558
Synodical gifts	160,351	160,351
	\$ 1,241,537	\$ 1,241,537

**Northern Texas – Northern Louisiana Synod
of the Evangelical Lutheran Church in America
Notes to the Financial Statements
January 31, 2025 and 2024**

Note 10: Certificates of Deposit

Certificates of deposit (CDs) with maturities of three months or more at the time of purchase are valued at face value plus accrued interest. As of January 31, 2025, the Synod held two CDs with interest rates of 3.02% and 4.91%, maturing on November 2025 and March 2027, respectively. As of January 31, 2024, the Synod held one CD with an interest rate of 3.02%.

Note 11: Mortgage Receivable

During the year ended January 31, 2023, the Synod sold the church real estate and personal property previously donated to the Synod in a prior year for \$95,000. The Synod is the lienholder on a note receivable secured by this church real estate and personal property located in Spearman, Texas. The purchaser signed a promissory note of \$85,000 which carries an interest rate of 2.83% with a term that will mature in November 2037.

The scheduled maturities of the mortgage receivable are as follows:

For the years ending January 31,	
2026	\$ 4,907
2027	5,048
2028	5,192
2029	5,341
2030	5,494
2031 and thereafter	48,879
	<u>\$ 74,861</u>

Note 12: Liquidity

As part of the Synod's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The policy is that monthly revenues are to cover monthly expenses. Monthly revenues and expenditures are deposited in and deducted from the operating accounts. Financial assets include cash, current term receivables and long-term investments.

The following reflects Synod's financial assets available within one year of the statements of financial position.

	<u>2025</u>	<u>2024</u>
Financial assets available at January 31,	\$ 4,299,285	\$ 4,574,575
Less those unavailable for general expenditure within one year due to:		
Donor imposed restrictions	(1,241,537)	(1,241,537)
Board designations	(1,633,955)	(1,733,718)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,423,793</u>	<u>\$ 1,599,320</u>

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, 2025

ASSETS

	Operating	Missions	Disciple Life Alive	TOTAL
Current Assets				
Cash and cash equivalents	\$ 228,128	\$ 145,413	\$ -	\$ 373,541
Investments	1,124,623	1,895,368	582,239	3,602,230
Cerificates of Deposit	318,607	-	-	318,607
Mortgage receivable, current	4,907	-	-	4,907
Prepaid expenses	6,043	-	-	6,043
Total Current Assets	<u>1,682,308</u>	<u>2,040,781</u>	<u>582,239</u>	<u>4,305,328</u>
Noncurrent Assets				
Cerificates of Deposit	500,000	-	-	500,000
Property and equipment, net	3,032	-	-	3,032
Mortgage receivable, net of current net position	69,954	-	-	69,954
Mineral rights	10,789	-	-	10,789
Total Noncurrent Assets	<u>583,775</u>	<u>-</u>	<u>-</u>	<u>583,775</u>
TOTAL ASSETS	<u>\$ 2,266,083</u>	<u>\$ 2,040,781</u>	<u>\$ 582,239</u>	<u>\$ 4,889,103</u>

LIABILITIES AND NET ASSETS

Current Liabilities				
Deferred revenue	\$ 23,717	\$ -	\$ -	\$ 23,717
Payroll liabilities	2,400	-	-	2,400
Total Current Liabilities	<u>26,117</u>	<u>-</u>	<u>-</u>	<u>26,117</u>
Net Assets				
<i>Without Donor Restrictions</i>				
Board designated	1,031,887	602,068	-	1,633,955
Undesignated	1,208,079	597,176	182,239	1,987,494
Total Without Donor Restrictions	<u>2,239,966</u>	<u>1,199,244</u>	<u>182,239</u>	<u>3,621,449</u>
<i>With Donor Restrictions</i>				
Total Net Assets	<u>-</u>	<u>841,537</u>	<u>400,000</u>	<u>1,241,537</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,266,083</u>	<u>\$ 2,040,781</u>	<u>\$ 582,239</u>	<u>\$ 4,889,103</u>

See auditors' report and notes.

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, 2024

ASSETS

	<u>Operating</u>	<u>Missions</u>	<u>Disciple Life Alive</u>	<u>TOTAL</u>
Current Assets				
Cash and cash equivalents	\$ 829,327	\$ 197,333	\$ -	\$ 1,026,660
Investments	1,055,994	1,649,204	528,795	3,233,993
Certificate of Deposit	309,151			309,151
Mortgage receivable, current	4,771	-	-	4,771
Prepaid expenses	4,531	-	-	4,531
Total Current Assets	<u>2,203,774</u>	<u>1,846,537</u>	<u>528,795</u>	<u>4,579,106</u>
Noncurrent Assets				
Mortgage receivable, net of current net position	74,838	-	-	74,838
Mineral rights	22,938	-	-	22,938
Total Noncurrent Assets	<u>97,776</u>	<u>-</u>	<u>-</u>	<u>97,776</u>
TOTAL ASSETS	<u>\$ 2,301,550</u>	<u>\$ 1,846,537</u>	<u>\$ 528,795</u>	<u>\$ 4,676,882</u>

LIABILITIES AND NET ASSETS

Current Liabilities				
Deferred revenue	\$ 25,028	\$ -	\$ -	\$ 25,028
Payroll liabilities	1,629	-	-	1,629
Total Current Liabilities	<u>26,657</u>	<u>-</u>	<u>-</u>	<u>26,657</u>
Net Assets				
<i>Without Donor Restrictions</i>				
Board designated	1,131,650	602,068	-	1,733,718
Undesignated	1,143,243	402,932	128,795	1,674,970
Total Without Donor Restrictions	<u>2,274,893</u>	<u>1,005,000</u>	<u>128,795</u>	<u>3,408,688</u>
<i>With Donor Restrictions</i>				
Total Net Assets	<u>-</u>	<u>841,537</u>	<u>400,000</u>	<u>1,241,537</u>
Total Net Assets	<u>2,274,893</u>	<u>1,846,537</u>	<u>528,795</u>	<u>4,650,225</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,301,550</u>	<u>\$ 1,846,537</u>	<u>\$ 528,795</u>	<u>\$ 4,676,882</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, 2025

	<u>Operating</u>	<u>Missions</u>	<u>Disciple Life Alive</u>	<u>Total</u>
Revenues and Support				
Contributions	\$ 1,716,103	\$ 50,604	\$ -	\$ 1,766,707
Assembly registration	26,868	-	-	26,868
Interest	30,161	3,437	-	33,598
Investment return	68,647	246,165	73,444	388,256
Loss on mineral rights	(12,149)	-	-	(12,149)
Other	12,881	-	-	12,881
Total Revenues and Support	<u>1,842,511</u>	<u>300,206</u>	<u>73,444</u>	<u>2,216,161</u>
Expenses				
Program services:				
Mission support	1,175,712	-	-	1,175,712
Mission programs	37,307	6,199	-	43,506
Fellowship and meals	5,012	-	-	5,012
Hospitality	14,184	-	-	14,184
Facilities	7,595	-	-	7,595
Worship	116	-	-	116
Congregational grants	-	81,202	-	81,202
Miscellaneous expenses	-	2,226	-	2,226
Supporting activities:				
Support salaries and expenses	520,135	15,600	-	535,735
General and administrative	78,460	734	20,000	99,194
Travel	37,813	-	-	37,813
Depreciation	505	-	-	505
Transaction fees	600	-	-	600
Total Expenses	<u>1,877,439</u>	<u>105,961</u>	<u>20,000</u>	<u>2,003,400</u>
Change in Net Assets	(34,928)	194,245	53,444	212,761
Net Assets, Beginning of Year	<u>2,274,893</u>	<u>1,846,537</u>	<u>528,795</u>	<u>4,650,225</u>
Net Assets, End of Year	<u>\$ 2,239,965</u>	<u>\$ 2,040,782</u>	<u>\$ 582,239</u>	<u>\$ 4,862,986</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, 2024

	<u>Operating</u>	<u>Missions</u>	<u>Disciple Life Alive</u>	<u>Total</u>
Revenues and Support				
Contributions	\$ 3,181,138	\$ 87,960	\$ -	\$ 3,269,098
Assembly registration	29,898	-	-	29,898
Interest	2,931	3,629	-	6,560
Investment return	65,145	101,906	22,551	189,602
Loss on mineral rights	(3,597)	-	-	(3,597)
Other	6,087	3,600	-	9,687
Total Revenues and Support	<u>3,281,602</u>	<u>197,095</u>	<u>22,551</u>	<u>3,501,248</u>
Expenses				
Program services:				
Mission support	951,621	-	-	951,621
Mission programs	29,429	2,496	-	31,925
Fellowship and meals	19,500	-	-	19,500
Hospitality	21,425	-	-	21,425
Facilities	11,678	-	-	11,678
Thematic development	345	-	-	345
Worship	4,368	-	-	4,368
Congregational grants	-	76,998	-	76,998
Miscellaneous expenses	-	3,477	-	3,477
Supporting activities:				
Support salaries and expenses	503,555	15,000	-	518,555
General and administrative	89,363	494	20,000	109,857
Travel	30,500	-	-	30,500
Transaction fees	735	-	-	735
Total Expenses	<u>1,662,519</u>	<u>98,465</u>	<u>20,000</u>	<u>1,780,984</u>
Change in Net Assets	1,619,083	98,630	2,551	1,720,264
Net Assets, Beginning of Year	<u>655,810</u>	<u>1,747,907</u>	<u>526,244</u>	<u>2,929,961</u>
Net Assets, End of Year	<u>\$ 2,274,893</u>	<u>\$ 1,846,537</u>	<u>\$ 528,795</u>	<u>\$ 4,650,225</u>

See auditors' report and notes.