

**NORTH WISCONSIN DISTRICT OF THE
LUTHERAN CHURCH – MISSOURI SYNOD AND
SUBSIDIARY**

Wausau, Wisconsin

CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Including Independent Auditor's Report

As of and for the Years Ended December 31, 2019 and 2018

**NORTH WISCONSIN DISTRICT OF THE LUTHERAN
CHURCH - MISSOURI SYNOD AND SUBSIDIARY**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
North Wisconsin District of the Lutheran Church - Missouri Synod and Subsidiary
Wausau, Wisconsin

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of North Wisconsin District of the Lutheran Church - Missouri Synod and Subsidiary (the "District"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the District as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.



Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information on pages 23 through 30 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations, and it is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the supplementary consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Wipfli LLP

Wipfli LLP

July 13, 2020
Wausau, Wisconsin

**NORTH WISCONSIN DISTRICT OF THE LUTHERAN
CHURCH - MISSOURI SYNOD AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2019 and 2018

ASSETS		<u>2019</u>	<u>2018</u>
CURRENT ASSETS			
Cash and cash equivalents		\$ 3,796,511	\$ 2,848,348
Accounts receivable		11,466	32,045
Contributions receivable		205,628	151,344
Current portion of promises to give, net		305,819	338,115
Inventory		35,713	32,451
Prepaid expenses		<u>47,559</u>	<u>42,243</u>
Total Current Assets		<u>4,402,696</u>	<u>3,444,546</u>
PROPERTY AND EQUIPMENT, NET		<u>2,656,569</u>	<u>2,303,708</u>
OTHER ASSETS			
Promises to give, net		422,401	692,726
Investments		3,149,118	2,727,064
Beneficial interest in split interest agreements		<u>334,941</u>	<u>276,095</u>
Total Other Assets		<u>3,906,460</u>	<u>3,695,885</u>
TOTAL ASSETS		<u><u>\$10,965,725</u></u>	<u><u>\$ 9,444,139</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable		\$ 155,814	\$ 184,276
Accrued expenses		165,553	153,248
Deferred revenue		92,750	86,868
Grants payable		<u>75,320</u>	<u>54,149</u>
Total Current Liabilities		<u>489,437</u>	<u>478,541</u>
LONG-TERM LIABILITIES			
Funds held in trust for others		<u>62,809</u>	<u>62,809</u>
Total Liabilities		<u>552,246</u>	<u>541,350</u>
NET ASSETS			
Without donor restrictions:			
Board designated - Programs		117,672	175,321
Invested in land, buildings, and equipment		2,656,569	2,303,708
Undesignated		<u>1,385,190</u>	<u>1,191,423</u>
Total net assets without donor restrictions		4,159,431	3,670,452
Net assets with donor restrictions		<u>6,254,048</u>	<u>5,232,337</u>
Total Net Assets		<u>10,413,479</u>	<u>8,902,789</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$10,965,725</u></u>	<u><u>\$ 9,444,139</u></u>

See accompanying notes to consolidated financial statements.

**NORTH WISCONSIN DISTRICT OF THE LUTHERAN
CHURCH - MISSOURI SYNOD AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT, REVENUES, GAINS, AND OTHER ADDITIONS			
Support:			
Contributions from district congregations	\$ 1,709,351	\$ -	\$ 1,709,351
Other contributions	489,202	1,444,925	1,934,127
Revenues:			
Conventions, conferences, workshops	206,458	-	206,458
Net investment income	21,537	461,394	482,931
Agreements with LCEF	135,422	-	135,422
Camp registration fees	854,498	-	854,498
Rental income	108,013	-	108,013
Other	4,340	-	4,340
Change in value of split interest agreements	-	58,846	58,846
Net assets released from restriction	943,454	(943,454)	-
Total Support, Revenues, Gains, and Other Additions	<u>4,472,275</u>	<u>1,021,711</u>	<u>5,493,986</u>
EXPENSES			
Program services:			
World and national missions	294,744	-	294,744
Preparing church workers	122,907	-	122,907
Congregational services	189,586	-	189,586
Camp operations	1,639,239	-	1,639,239
Support services:			
Synod support	666,647	-	666,647
Mission and ministry support services	738,089	-	738,089
Ecclesiastical and program administration	272,084	-	272,084
Fund-raising	60,000	-	60,000
Total Expenses	<u>3,983,296</u>	<u>-</u>	<u>3,983,296</u>
CHANGE IN NET ASSETS	488,979	1,021,711	1,510,690
NET ASSETS - Beginning of Year	<u>3,670,452</u>	<u>5,232,337</u>	<u>8,902,789</u>
NET ASSETS - END OF YEAR	<u>\$ 4,159,431</u>	<u>\$ 6,254,048</u>	<u>\$10,413,479</u>

See accompanying notes to consolidated financial statements.

**NORTH WISCONSIN DISTRICT OF THE LUTHERAN
CHURCH - MISSOURI SYNOD AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT, REVENUES, GAINS, AND OTHER ADDITIONS			
Support:			
Contributions from district congregations	\$ 1,742,014	\$ -	\$ 1,742,014
Other contributions	471,640	1,623,524	2,095,164
Revenues:			
Conventions, conferences, workshops	62,355	-	62,355
Net investment income (loss)	19,433	(175,154)	(155,721)
Agreements with LCEF	148,920	-	148,920
Camp registration fees	855,518	-	855,518
Rental income	102,663	-	102,663
Other	3,979	-	3,979
Change in value of split interest agreements	-	(23,370)	(23,370)
Net assets released from restriction	<u>556,168</u>	<u>(556,168)</u>	<u>-</u>
Total Support, Revenues, Gains, and Other Additions	<u>3,962,690</u>	<u>868,832</u>	<u>4,831,522</u>
EXPENSES			
Program services:			
World and national missions	322,323	-	322,323
Preparing church workers	127,433	-	127,433
Congregational services	157,903	-	157,903
Camp operations	1,632,309	-	1,632,309
Support services:			
Synod support	679,385	-	679,385
Mission and ministry support services	631,794	-	631,794
Ecclesiastical and program administration	266,582	-	266,582
Fund-raising	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Total Expenses	<u>3,877,729</u>	<u>-</u>	<u>3,877,729</u>
CHANGE IN NET ASSETS	84,961	868,832	953,793
NET ASSETS - Beginning of Year	<u>3,585,491</u>	<u>4,363,505</u>	<u>7,948,996</u>
NET ASSETS - END OF YEAR	<u>\$ 3,670,452</u>	<u>\$ 5,232,337</u>	<u>\$ 8,902,789</u>

See accompanying notes to consolidated financial statements.

**NORTH WISCONSIN DISTRICT OF THE LUTHERAN
CHURCH - MISSOURI SYNOD AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,510,690	\$ 953,793
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	136,121	138,781
Change in value of split interest agreements	(58,846)	23,370
Net realized and unrealized (gain) loss on investments	(315,742)	253,608
Contribution of endowment investment	(21,402)	(21,354)
Changes in operating assets and liabilities		
Accounts receivable	33,079	(1,077)
Contributions receivable	(54,284)	34,244
Inventory	(3,262)	(1,208)
Prepaid expenses	(5,316)	(7,394)
Promises to give	302,621	(643,908)
Accounts payable	(28,462)	29,703
Accrued expenses	12,305	17,515
Deferred revenue	5,882	(38,712)
Grants payable	21,171	(20,086)
Net Cash from Operating Activities	1,534,555	717,275
 CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(488,982)	(81,286)
Proceeds from sale of investments	120,374	190,567
Purchase of investments	(122,268)	(68,657)
Reinvested interest and dividends	(104,418)	(97,887)
Net Cash Flows from Investing Activities	(595,294)	(57,263)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(12,500)	(12,500)
Proceeds from contributions restricted for investment in endowment	21,402	21,354
Net Cash Flows from Financing Activities	8,902	8,854
 Net Change in Cash and Cash Equivalents	948,163	668,866
 CASH AND CASH EQUIVALENTS - Beginning of Year	2,848,348	2,179,482
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,796,511	\$ 2,848,348

See accompanying notes to consolidated financial statements.

NORTH WISCONSIN DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

The North Wisconsin District of the Lutheran Church - Missouri Synod and Subsidiary (the "District"), a not-for-profit organization, is one of 35 geographic Districts of The Lutheran Church - Missouri Synod (the "Synod"), encompassing over 216 congregations in northern Wisconsin and the western portion of the Upper Peninsula of Michigan, one campus ministry center, and Camp Luther located in Three Lakes, Wisconsin. The Synod established its District offices to more effectively achieve its objectives and assist its congregations and their members in conserving and promoting the unity of the faith, and in carrying out their functions of worship, witness, teaching and nurture, service, and support.

Basis of Accounting

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Financial Statement Presentation

The accompanying consolidated financial statements include the accounts of the North Wisconsin District of the Lutheran Church - Missouri Synod, and its 100% owned subsidiary, Camp Luther, Inc. (together the "District"). Significant intercompany accounts and transactions have been eliminated.

Classification of Net Assets

The District reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. The two classes of net assets are as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the District and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

Cash and cash equivalents include currency, demand deposits, and liquid investments with a maturity, at time of purchase, of three months or less. Cash and cash equivalents do not include investments the District has both the ability and intent to hold long term.

The District maintains balances at several local financial institutions. Interest-bearing accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At times, balances may exceed FDIC insured levels. The District also holds accounts at the Lutheran Church Extension Fund (LCEF), which are neither insured nor collateralized. Management has assessed the creditworthiness of these institutions and does not feel the deposits are subject to significant risk.

NORTH WISCONSIN DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Accounts Receivable

Accounts receivable are stated at the amount the District expects to collect from balances outstanding at year-end. The District individually reviews accounts receivable balances that exceed normal payment terms. Based on the District's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that an allowance for realization losses on balances outstanding at December 31, 2019 and 2018 is not necessary. Balances that are still outstanding after the District has used reasonable collection efforts are written off through a charge to operations and a credit to accounts receivable. No interest is accrued on past due accounts.

Promises to Give and Contributions Receivable

Promises to give consist of pledges related to construction of capital projects. Contributions receivable consists of contributions related to church services. Unconditional promises to give are recorded as receivables in the year pledged. Promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Promises to give to be collected in future periods are also recorded as an increase to net assets with donor restrictions. The District considers its promises to give to be fully collectible; accordingly, no allowance for doubtful accounts is required at December 31, 2019 and 2018.

Inventory

Inventories consist of nonperishable foodstuffs and clothing at Camp Luther's canteen and are held for sale. Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

Property and Equipment

Property and equipment are recorded at cost, except for property received by gift which is recorded at fair value on the date of receipt. Major expenditures for property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, improvements, and betterments that materially prolong the useful lives of the assets are capitalized. Maintenance, repairs, and minor improvements less than \$5,000 are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts, and the resulting gains or losses are included in the change in net assets.

Property, improvements, equipment, and vehicles are depreciated using the straight-line method over the following estimated useful lives:

Property and other improvements	10 to 40 years
Equipment and furnishings	5 to 10 years
Vehicles	3 to 5 years

Impairment of Long-Lived Assets

The District reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. No impairment loss was recognized for the years ended December 31, 2019 and 2018.

NORTH WISCONSIN DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Investments

Investments in mutual funds are carried at fair value based on quoted market prices. Realized and unrealized gains and losses, reflected in the consolidated statements of activities, are determined by comparison of the investment cost to proceeds at the time of disposal or to market values at the financial statement date, respectively. Investment income is shown net of investment fees.

Split Interest Arrangements

The District has been notified by the Lutheran Church - Missouri Synod Foundation (the "Foundation") that the Foundation is holding split interest gift arrangements that are mainly composed of gift annuities and unit trusts in which the District is one of the beneficiaries. Gift annuities and unit trusts provide that the annuitants will receive payments for life. At the death of the annuitants, all remaining assets, if any, are directed in accordance with the related agreements.

The present value was calculated based upon life expectancies using a discount factor of 3.5% at both December 31, 2019 and 2018.

Deferred Revenue

Revenue received in advance for future Camp Luther programming is presented as deferred revenue on the statements of financial position and recognized as revenue when the programming is provided.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barriers to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

In accordance with GAAP, unconditional promises to give that are expected to be collected within one year are recognized as support and recorded as a receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, discounted at an appropriate interest rate.

NORTH WISCONSIN DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

The District's grant awards are contributions which are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

In addition, contributed services are reported in the financial statements at fair value for voluntary donations of services when those services (1) create or enhance nonfinancial assets or (2) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended December 31, 2019 and 2018, revenues include \$5,000 and \$2,710, respectively, of services donated to Camp Luther for onsite medical services.

Expense Classification

Expenses are classified on the statements of activities by major functions of the District as follows:

- > *World and National Missions* - World missions include personalized world ministry support. National missions include, but are not limited to, North American new mission work, campus ministries, deaf ministries, ethnic ministries, urban ministries, congregational subsidy, and related conferences and events.
- > *Preparing Church Workers* - Includes financial aid provided to students attending one of the ten colleges/universities or two seminaries of the Synod.
- > *Congregational Services* - Supports District congregational service efforts and includes, but is not limited to, Sunday school activities, confirmation, family life, day care, adult education, outdoor ministry, singles ministry, elementary and secondary education, and related conferences and events.
- > *Camp Operations* - Includes Camp Luther expenses and activities.
- > *Mission and Ministry Support Services* - Includes the District's communication efforts, financial and general service activities, the operation/maintenance of District office facilities, District/Synodical convention expenses, and the District's support of the LCEF efforts.
- > *Ecclesiastical and Program Administration* - Includes activities of the president's office, vice-presidents, circuit counselors, reconcilers, and related conferences and events, as well as support of the District Board of Directors and its related committees.
- > *Fund-Raising* - Includes gift planning support of the District.

All of these program and support services include the related program and administration expense associated with that particular function.

NORTH WISCONSIN DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Income Taxes

The District is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and has received a determination letter from the Internal Revenue Service stating that it is exempt from federal income tax on its related exempt activities under Code Section 501(a).

In order to account for any uncertain tax positions, the District assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements.

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and disclosed in the accompanying notes. Actual results could differ from those estimates.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in footnotes to the financial statements. Note 17 presents an analysis of expenses by nature and function. Costs are charged directly to program and supporting service categories as presented. Personnel expenses are allocated based on time and effort. Operating expenses are allocated based on time and materials.

Reclassifications

For comparability, certain 2018 amounts have been reclassified to conform with classifications adopted in 2019. The reclassifications have no effect on reported amounts of net assets or changes in net assets.

Change in Accounting Policies

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The District's primary sources of revenue are classified as contributions, which is explicitly excluded from the scope of the new guidance. The adoption of this update did not have an impact on the District's financial statements.

On June 21, 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and (2) determining whether a contribution is conditional. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The entity has applied the amendments in this ASU on a modified prospective basis. There was no change on opening balances of net assets and no prior period results were restated. The amendments in this ASU also apply to both resources received by a recipient and resources given by a resource provider.

**NORTH WISCONSIN DISTRICT OF THE LUTHERAN
CHURCH - MISSOURI SYNOD AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Note that for transactions in which the entity serves as a resource provider, the effective date for the amendments in ASU 2018-08 are effective for fiscal years beginning after December 15, 2019.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires lessees to record assets and liabilities on the consolidated statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statements of activities. ASU No. 2016-02 is effective for nonpublic companies for annual periods beginning after December 15, 2021. The District is currently evaluating the impact of the provisions of this pronouncement.

NOTE 2 - Investments

The District utilizes the services of LCEF, the Foundation, and the Lutheran Legacy Foundation (LLF) for long-term investment research and planning. Investments held at fair value at December 31, 2019 and 2018, are as follows:

	December 31	
	2019	2018
Pooled Separate Accounts:		
CF Global Equity Fund	\$ 100,887	\$ 83,227
CF Global Balanced Fund	2,508,883	2,192,707
CF Domestic Fixed Income Fund	171,298	162,244
WF Moderate Growth Optimal Blend - V3	230,585	132,687
Certificate of deposits	109,943	117,586
Cash and cash equivalents	27,522	38,613
Total Investments	3,149,118	2,727,064
Split Interest Agreements	334,941	276,095
	\$ 3,484,059	\$ 3,003,159

Investment income (loss) consists of interest, dividends, realized gains and losses, and unrealized gains and losses. The detail of investment income for the years ended December 31, 2019 and 2018, follows:

	December 31	
	2019	2018
Interest, dividends, net realized gain on investments (1)	\$ 104,418	\$ 97,887
Net unrealized gain (loss) on investments recorded at fair value	378,513	(253,608)
Change in value of split interest agreements	58,846	(23,370)
	\$ 541,777	\$ (179,091)

(1) The LCEF, Foundation, and LLF do not report separately interest, dividends, and gain or loss on sale of investments. Investment expenses (including direct internal investment expenses), if any, are netted with investment return.

**NORTH WISCONSIN DISTRICT OF THE LUTHERAN
CHURCH - MISSOURI SYNOD AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 3 - Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the District uses various valuation methods including the market, income, and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible the District attempts to utilize valuation methods that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods, the District is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Assets and liabilities measured, reported, and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Pooled Separate Accounts:				
Equity funds	\$ -	\$ 2,840,355	\$ -	\$ 2,840,355
Fixed income funds	-	171,298	-	171,298
Split interest agreements	-	-	334,941	334,941
Cash and cash equivalents	27,522	-	-	27,522
Certificates of deposit	-	109,943	-	109,943
	<u>\$ 27,522</u>	<u>\$ 3,121,596</u>	<u>\$ 334,941</u>	<u>\$ 3,484,059</u>
	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Pooled Separate Accounts:				
Equity funds	\$ -	\$ 2,408,621	\$ -	\$ 2,408,621
Fixed income funds	-	162,244	-	162,244
Split interest agreements	-	-	276,095	276,095
Cash and cash equivalents	38,613	-	-	38,613
Certificates of deposit	-	117,586	-	117,586
	<u>\$ 38,613</u>	<u>\$ 2,688,451</u>	<u>\$ 276,095</u>	<u>\$ 3,003,159</u>

Cash and cash equivalents - Include currency, demand deposits, and liquid investments with a maturity, at time of purchase, of three months or less.

**NORTH WISCONSIN DISTRICT OF THE LUTHERAN
CHURCH - MISSOURI SYNOD AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 3 - Fair Value Measurements (cont.)

Equity and fixed income funds - Fixed income and equity mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held are deemed to be actively traded.

Certificates of deposit and other - Fair value, which approximates cost and reinvested earnings, is estimated by reference to instruments with similar terms and rates of return.

Split interest arrangements - These investments are considered Level 3 as values calculated at present value based on life expectancies and discount factors.

The table below sets forth a summary of changes in the fair value of the District's Level 3 assets for the years ended December 31, 2019 and 2018:

	2019	2018
Balance, at beginning	\$ 276,095	\$ 299,465
Unrealized gains (losses) relating to instruments still held at reporting date	58,846	(23,370)
Balance, at end	\$ 334,941	\$ 276,095

NOTE 4 - Promises to Give

At December 31, 2019 and 2018, contributors have unconditionally promised to give the District \$761,168 and \$1,081,615, respectively. Promises to give are recorded at the present value of estimated future cash flows using a discount rate of 2%. Promises to give that are receivable in less than one year are reported as current assets. Promises to give consisted of the following:

	December 31	
	2019	2018
Amount Due:		
Within one year	\$ 305,819	\$ 338,115
One to five years	455,349	743,500
Total promises to give	761,168	1,081,615
Less present value component	(32,948)	(50,774)
Promises to give, net	\$ 728,220	\$ 1,030,841

During 2015, the District received a conditional promise to give of \$775,000. The contribution is contingent on the District reaching fund-raising benchmarks for the Camp Luther dining hall campaign and the Keweenaw Base Camp campaign. During 2019, the District reached the fund-raising benchmarks in order to recognize \$500,000 of the conditional promises to give. As of December 31, 2019, the District had not reached the fund-raising benchmarks in order to recognize the remaining \$225,000 of the conditional promises to give.

**NORTH WISCONSIN DISTRICT OF THE LUTHERAN
CHURCH - MISSOURI SYNOD AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 5 - Property and Equipment

Property and equipment and the related accumulated depreciation amounts are as follows:

	December 31, 2019		
	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 299,893	\$ -	\$ 299,893
Office building	349,126	309,502	39,624
Buildings and improvements - Camp Luther	4,588,178	2,808,521	1,779,657
Campus centers	255,309	238,743	16,566
Equipment and furnishings	533,053	468,084	64,969
Vehicles	52,685	52,685	-
Construction in progress	<u>455,860</u>	<u>-</u>	<u>455,860</u>
	<u>\$ 6,534,104</u>	<u>\$ 3,877,535</u>	<u>\$ 2,656,569</u>
	December 31, 2018		
	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 299,893	\$ -	\$ 299,893
Office building	349,126	300,358	48,768
Buildings and improvements - Camp Luther	4,551,282	2,703,198	1,848,084
Campus centers	255,309	234,806	20,503
Equipment and furnishings	502,284	458,495	43,789
Vehicles	52,685	51,875	810
Construction in progress	<u>41,861</u>	<u>-</u>	<u>41,861</u>
	<u>\$ 6,052,440</u>	<u>\$ 3,748,732</u>	<u>\$ 2,303,708</u>

Construction in progress for 2019 and 2018 relates to camp improvement projects and Dining Hall project. At December 31, 2019, the District had commitments related to executed agreements for engineering, design, architectural services, and construction related to the Dining Hall project of approximately \$2,425,000.

NOTE 6 - Inventory

The inventory balance consists of the following at December 31:

	2019	2018
Clothing	\$ 14,535	\$ 11,711
Souvenirs	12,457	7,768
Food and beverages	<u>8,721</u>	<u>12,972</u>
Totals	<u>\$ 35,713</u>	<u>\$ 32,451</u>

NORTH WISCONSIN DISTRICT OF THE LUTHERAN CHURCH - MISSOURI SYNOD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 7 - Loan Payable

On October 8, 2019, the District entered into a promissory note with LCEF which allows the District to borrow up to \$1,000,000 to be used for capital improvements. The note runs through October 8, 2023 and carries a 4.375% interest rate which is calculated monthly based on the amounts borrowed. The District did not have any borrowings on the promissory note as of December 31, 2019 or 2018.

NOTE 8 - Line of Credit

The District has an unsecured revolving line of credit available from the LCEF that matured on June 30, 2019, and was subsequently renewed through June 30, 2020. Interest is charged at a rate of 3.88%. The line of credit allows for an available borrowing limit equal to 5% of the District's net assets as of the date of renewal. The available borrowing limit was \$331,054 and \$303,556 as of December 31, 2019 and 2018, respectively. There were no borrowings on the line at December 31, 2019 and 2018.

NOTE 9 - Operating Leases

The District leases office equipment under operating leases that expire in 2024.

Future minimum lease commitments as of December 31 are as follows:

2020	\$ 5,671
2021	5,671
2022	5,671
2023	5,671
2024	<u>3,673</u>
Total	<u>\$ 26,357</u>

For the years ended December 31, 2019 and 2018, rent expense included in the statements of activities totaled \$4,004 and \$4,205, respectively.

NOTE 10 - Funds Held for Unrelated Charitable Organizations

At December 31, 2019 and 2018, "Perpetual Memorial" gifts made to the District totaled \$62,809. The funds are invested with the LCEF, with investment earnings designated by the donors for various Synod-related beneficiaries. For the years ended December 31, 2019 and 2018, LCEF investment income totaling \$1,413 and \$1,311, respectively, was distributed to these designated beneficiaries. The financial statements do not reflect these distributions as revenue or expense of the District.

**NORTH WISCONSIN DISTRICT OF THE LUTHERAN
CHURCH - MISSOURI SYNOD AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 11 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2019 and 2018:

	December 31	
	2019	2018
Net assets subject to expenditure for specific purpose:		
World and national missions	\$ 102,637	\$ 142,472
Preparing church workers	766,178	600,633
Congregational services	3,190,938	2,293,260
Subtotals	4,059,753	3,036,365
Subject to the passage of time	446,112	447,868
Investment in perpetuity, subject to spending policy or appropriation:		
Preparing church workers	892,653	893,914
Congregational services	855,530	854,190
Totals	\$ 6,254,048	\$ 5,232,337

NOTE 12 - Liquidity

Financial resources available for general expenditure at December 31, 2019 and 2018 were \$4,013,605 and \$3,031,737, respectively. These consisted of cash and cash equivalents of \$3,796,511, accounts receivable of \$11,466, and unconditional promises to give of \$205,628 at December 31, 2019 and cash and cash equivalents of \$2,848,348, accounts receivable of \$32,045, and unconditional promises to give of \$151,344 at December 31, 2018. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The accounts receivable and unconditional promises to give are subject to time restrictions but will be collected within one year. As more fully described in Note 7, the District has a promissory note for \$1,000,000 at December 31, 2019 which it could draw upon for use in the construction of capital projects. As more fully described in Note 8, the District also has committed lines of credit of \$331,054 and \$303,556 at December 31, 2019 and 2018, respectively, which it could draw upon in the event of an unanticipated liquidity need.

The District has a policy to maintain two to three months of financial assets, which consist of cash and cash equivalents to cover general expenditures.

**NORTH WISCONSIN DISTRICT OF THE LUTHERAN
CHURCH - MISSOURI SYNOD AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 13 - Agreements With the Lutheran Church Extension Fund

In accordance with agreements dated July 2019 and 2018, the LCEF agreed to compensate the District for providing facilities and services to the LCEF as well as for promotion and coordination activities of the church extension program within the District.

The agreements, which are subject to renegotiation each July, require LCEF to pay the District a fixed amount on a monthly basis. The amount received by the District in connection with these agreements during the years ended December 31, 2019 and 2018, totaled \$135,422 and \$148,920, respectively, and are reflected in revenue without donor restrictions in the consolidated statements of activities.

LCEF also reimburses the District for certain other stipulated expenses made on behalf of LCEF, which are recorded in accounts receivable activity during the fiscal year.

NOTE 14 - Net Assets Released From Restrictions

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes or by the occurrence of other events specified by donors. For the years ended December 31, 2019 and 2018, donor-restricted net assets were released as follows:

	December 31	
	2019	2018
Purpose restrictions accomplished:		
Preparing church workers	\$ 95,777	\$ 120,999
Congregational services	21,859	59,577
Mission and ministry support services	806,543	356,097
	924,179	536,673
Time restrictions expired	1,500	1,406
LCEF debt principal retired/interest paid	17,775	18,089
Totals	\$ 943,454	\$ 556,168

NOTE 15 - Retirement Plan

The District participates in the Worker Benefit Plans of the Synod. Substantially all full-time employees are covered by these retirement and survivor programs. The District contributes 2% of each participant's salary to the plans. Retirement and survivor program expenses for the years ended December 31, 2019 and 2018, totaled \$115,233 and \$117,914, respectively.

NOTE 16 - Endowment

Accounting standards provide guidance on classifying net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA). A key component of the current standard is expanded disclosures about all endowment funds.

**NORTH WISCONSIN DISTRICT OF THE LUTHERAN
CHURCH - MISSOURI SYNOD AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 16 - Endowment (cont.)

The District's endowment consists of approximately six individual funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The governing board may, at its discretion, designate funds to function as an endowment.

Interpretation of Relevant Law - The District's governing board has interpreted the UPMIFA enacted in the State of Wisconsin as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the District classifies as net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made.

In accordance with UPMIFA, the District considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the District and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the District
7. The investment policies of the District

Endowment net asset composition by type of fund as of December 31:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,881,785	\$ 1,881,785

Endowment net asset composition by type of fund as of December 31:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,862,955	\$ 1,862,955

Changes in endowment net assets for the year ended December 31, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2019	\$ -	\$ 1,862,955	\$ 1,862,955
Contributions	-	21,402	21,402
Investment gain	-	18,408	18,408
Appropriations	-	(20,980)	(20,980)
Endowment Net Assets, December 31, 2019	\$ -	\$ 1,881,785	\$ 1,881,785

**NORTH WISCONSIN DISTRICT OF THE LUTHERAN
CHURCH - MISSOURI SYNOD AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 16 - Endowment (cont.)

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2018	\$ -	\$ 1,856,621	\$ 1,856,621
Contributions	-	21,354	21,354
Investment loss	-	(15,020)	(15,020)
	-	(15,020)	(15,020)
 Endowment Net Assets, December 31, 2018	 \$ -	 \$ 1,862,955	 \$ 1,862,955

Funds With Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the District to retain as a fund of perpetual duration.

Return Objectives and Risk Parameters – The District has adopted an investment policy that is structured to participate in certificates of deposit and bank demand deposits. Endowment assets include those assets of donor-restricted funds that the District must hold in perpetuity or for a donor-specified period(s) as well as board-designated endowment funds. Under this policy, the endowment assets are invested in a manner that attempts to provide consistent real growth of principal. The District expects its endowment funds, over time, to provide an average annual rate of return that should meet growth in the consumer price index. Actual returns in any year may vary from this amount.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, the District relies on a total return strategy in which investment returns are achieved through current yield. The District places a great emphasis on steady and consistent growth with little to no risk.

Endowment net assets to be held in perpetuity at December 31, 2019 and 2018 totaled \$1,748,182 and \$1,748,103, respectively.

**NORTH WISCONSIN DISTRICT OF THE LUTHERAN
CHURCH - MISSOURI SYNOD AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 17 - Analysis of Expenses by Nature and Function

Expenses presented by nature and function for the year ended December 31, 2019, are as follows:

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Synod support	\$ -	\$ 666,647	\$ -	\$ 666,647
Personnel	900,604	403,977	-	1,304,581
Taxes and fringe benefits	238,358	249,038	-	487,396
Building expenses	177,999	13,499	-	191,498
Computer and equipment	26,682	20,075	-	46,757
Operating expenses	85,984	256,883	-	342,867
Contracted services	-	-	60,000	60,000
Investment expenses	10,935	6,904	-	17,839
Program and office supplies	386,639	2,383	-	389,022
Travel and training	84,524	45,236	-	129,760
Mission support	76,610	-	-	76,610
Scholarships	113,433	-	-	113,433
Depreciation	123,943	12,178	-	136,121
Training and other	<u>20,765</u>	<u>-</u>	<u>-</u>	<u>20,765</u>
Total	<u>\$ 2,246,476</u>	<u>\$ 1,676,820</u>	<u>\$ 60,000</u>	<u>\$ 3,983,296</u>

**NORTH WISCONSIN DISTRICT OF THE LUTHERAN
CHURCH - MISSOURI SYNOD AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 17 - Analysis of Expenses by Nature and Function (cont.)

Expenses presented by nature and function for the year ended December 31, 2018, are as follows:

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Synod support	\$ -	\$ 679,385	\$ -	\$ 679,385
Personnel	888,130	395,414	-	1,283,544
Taxes and fringe benefits	224,603	243,089	-	467,692
Building expenses	172,073	15,024	-	187,097
Computer and equipment	35,019	20,921	-	55,940
Operating expenses	109,644	160,955	-	270,599
Contracted services	-	-	60,000	60,000
Investment expenses	11,047	7,041	-	18,088
Program and office supplies	397,875	2,928	-	400,803
Travel and training	63,531	40,826	-	104,357
Mission support	79,213	-	-	79,213
Scholarships	117,850	-	-	117,850
Depreciation	126,603	12,178	-	138,781
Training and other	14,380	-	-	14,380
Total	<u>\$ 2,239,968</u>	<u>\$ 1,577,761</u>	<u>\$ 60,000</u>	<u>\$ 3,877,729</u>

NOTE 18 - Support Concentration Risk

The District relies on donations from its member congregations for a significant portion of its support. As shown on the consolidated statements of activities, support from District congregations represented approximately 31.1% and 35.9% for the years ended December 31, 2019 and 2018, respectively. These donations are subject to fluctuations in the economic status of the area in which the congregations are located. No provisions have been made for changes in the economic environment.

NOTE 19 - Subsequent Events

The District has evaluated subsequent events occurring through July 13, 2020, which is the date that the consolidated financial statements were approved and available to be issued, for events requiring disclosure or recording in the District's consolidated financial statements.

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 virus crisis ("CV19 Crisis"). As of the date of issuance of the consolidated financial statements, the District has started to see adverse impacts of the CV19 Crisis in the form of a decrease in congregational receipts. In response, the District applied for and received a loan in the amount of \$174,000 pursuant to the Paycheck Protection Program (PPP), administered by the Small Business Administration (SBA). The loan bears interest at a rate of 1.00% with monthly payments of principal and interest beginning November 2020 and a final payment due April 2022. If certain criteria are met, the SBA may forgive all or a portion of the loan. As of the date of the issuance of the consolidated financial statements, no determination of forgiveness can be made. The future impact of the CV19 Crisis on the District cannot be reasonably estimated at this time.

North Wisconsin District of the Lutheran Church - Missouri Synod and Subsidiary

Consolidating Statement of Financial Position

December 31, 2019

Assets	District	Camp Luther	Eliminations	Consolidated
Current assets:				
Cash and cash equivalents	\$ 1,689,356	\$ 2,107,155	\$ -	\$ 3,796,511
Accounts receivable	4,978	6,488	-	11,466
Contributions receivable	205,628	-	-	205,628
Current portion of unconditional promises to give, net	-	305,819	-	305,819
Inventory	-	35,713	-	35,713
Prepaid expenses	25,843	21,716	-	47,559
Total current assets	1,925,805	2,476,891	-	4,402,696
Property and equipment, net	135,810	2,520,759	-	2,656,569
Other assets:				
Promises to give, net	-	422,401	-	422,401
Investments	2,982,081	167,037	-	3,149,118
Notes receivable	-	-	-	-
Beneficial interest in split interest agreements	334,941	-	-	334,941
Total other assets	3,317,022	589,438	-	3,906,460
TOTAL ASSETS	\$ 5,378,637	\$ 5,587,088	\$ -	\$ 10,965,725

See accompanying notes to consolidated financial statements.

North Wisconsin District of the Lutheran Church - Missouri Synod and Subsidiary

Consolidating Statement of Financial Position (Continued)

December 31, 2019

Liabilities and Net Assets	District	Camp Luther	Eliminations	Consolidated
Current liabilities:				
Accounts payable	\$ 125,574	\$ 30,240	\$ -	\$ 155,814
Accrued expenses	95,705	69,848	-	165,553
Deferred revenue	-	92,750	-	92,750
Grants payable	75,320	-	-	75,320
Total current liabilities	296,599	192,838	-	489,437
Long-term liabilities:				
Funds held in trust for others	62,809	-	-	62,809
Total liabilities	359,408	192,838	-	552,246
Net assets:				
Without donor restrictions:				
Board designated - Programs	117,672	-	-	117,672
Invested in land, buildings, and equipment	135,810	2,520,759	-	2,656,569
Undesignated	1,052,327	332,863	-	1,385,190
Total net assets without donor restrictions	1,305,809	2,853,622	-	4,159,431
Net assets with donor restrictions	3,713,420	2,540,628	-	6,254,048
Total net assets	5,019,229	5,394,250	-	10,413,479
TOTAL LIABILITIES AND NET ASSETS	\$ 5,378,637	\$ 5,587,088	\$ -	\$ 10,965,725

See accompanying notes to consolidated financial statements.

North Wisconsin District of the Lutheran Church - Missouri Synod and Subsidiary

Consolidating Statement of Activities (Without Donor Restrictions)

Year Ended December 31, 2019

	District	Camp Luther	Eliminations	Consolidated
Support, Revenues, Gains, and Other Additions				
Support:				
Contributions from district congregations	\$ 1,709,351	\$ -	\$ -	\$ 1,709,351
Other contributions	170,118	419,084	(100,000)	489,202
Revenues:				
Conventions, conferences, workshops	206,458	-	-	206,458
Net investment income	19,618	1,919	-	21,537
Agreements with LCEF	135,422	-	-	135,422
Camp registration fees	-	854,498	-	854,498
Rental income	-	108,013	-	108,013
Other	4,340	-	-	4,340
Change in value of split interest agreements	-	-	-	-
Net assets released from restrictions	219,502	723,952	-	943,454
<hr/>				
Total support, revenues, gains, and other additions	2,464,809	2,107,466	(100,000)	4,472,275
<hr/>				
Expenses:				
Program services:				
World and national missions	394,744	-	(100,000)	294,744
Preparing church workers	122,907	-	-	122,907
Congregational services	189,586	-	-	189,586
Camp operations	-	1,639,239	-	1,639,239
Support services:				
Synod support	666,647	-	-	666,647
Mission and ministry support services	738,089	-	-	738,089
Ecclesiastical and program administration	272,084	-	-	272,084
Fund-raising	60,000	-	-	60,000
<hr/>				
Total expenses	2,444,057	1,639,239	(100,000)	3,983,296
<hr/>				
Change in net assets	\$ 20,752	\$ 468,227	\$ -	\$ 488,979

See accompanying notes to consolidated financial statements.

North Wisconsin District of the Lutheran Church - Missouri Synod and Subsidiary

Consolidating Statement of Activities (With Donor Restrictions)

Year Ended December 31, 2019

	District	Camp Luther	Eliminations	Consolidated
Support, Revenues, Gains, and Other Additions				
Support:				
Contributions from district congregations	\$ -	\$ -	\$ -	\$ -
Other contributions	70,071	1,374,854	-	1,444,925
Revenues:				
Conventions, conferences, workshops	-	-	-	-
Net investment income	449,366	12,028	-	461,394
Agreements with LCEF	-	-	-	-
Camp registration fees	-	-	-	-
Rental income	-	-	-	-
Other	-	-	-	-
Change in value of split interest agreements	58,846	-	-	58,846
Net assets released from restrictions	(219,502)	(723,952)	-	(943,454)
Total support, revenues, gains, and other additions	358,781	662,930	-	1,021,711
Expenses:				
Program services:				
World and national missions	-	-	-	-
Preparing church workers	-	-	-	-
Congregational services	-	-	-	-
Camp operations	-	-	-	-
Support services:				
Synod support	-	-	-	-
Mission and ministry support services	-	-	-	-
Ecclesiastical and program administration	-	-	-	-
Fund-raising	-	-	-	-
Total expenses	-	-	-	-
Change in net assets	\$ 358,781	\$ 662,930	\$ -	\$ 1,021,711

See accompanying notes to consolidated financial statements.

North Wisconsin District of the Lutheran Church - Missouri Synod and Subsidiary

Consolidating Statement of Financial Position

December 31, 2018

Assets	District	Camp Luther	Eliminations	Consolidated
Current assets:				
Cash and cash equivalents	\$ 1,699,552	\$ 1,148,796	\$ -	\$ 2,848,348
Accounts receivable	24,527	7,518	-	32,045
Contributions receivable	151,344	-	-	151,344
Current portion of promises to give, net	-	338,115	-	338,115
Inventory	-	32,451	-	32,451
Prepaid expenses	22,455	19,788	-	42,243
Total current assets	1,897,878	1,546,668	-	3,444,546
Property and equipment, net	151,925	2,151,783	-	2,303,708
Other assets:				
Promises to give, net	-	692,726	-	692,726
Investments	2,633,123	93,941	-	2,727,064
Notes receivable	30,000	-	(30,000)	-
Beneficial interest in split interest agreements	276,095	-	-	276,095
Total other assets	2,939,218	786,667	(30,000)	3,695,885
TOTAL ASSETS	\$ 4,989,021	\$ 4,485,118	\$ (30,000)	\$ 9,444,139

See accompanying notes to consolidated financial statements.

North Wisconsin District of the Lutheran Church - Missouri Synod and Subsidiary

Consolidating Statement of Financial Position (Continued)

December 31, 2018

Liabilities and Net Assets	District	Camp Luther	Eliminations	Consolidated
Current liabilities:				
Accounts payable	\$ 142,593	\$ 41,683	\$ -	\$ 184,276
Accrued expenses	89,505	63,743	-	153,248
Deferred revenue	86	86,782	-	86,868
Grants payable	54,149	-	-	54,149
Current portion of loan payable	-	-	-	-
Total current liabilities	286,333	192,208	-	478,541
Long-term liabilities:				
Notes payable	-	30,000	(30,000)	-
Funds held in trust for others	62,809	-	-	62,809
Total long-term liabilities	62,809	30,000	(30,000)	62,809
Total liabilities	349,142	222,208	(30,000)	541,350
Net assets:				
Without donor restrictions:				
Board designated - Programs	175,321	-	-	175,321
Invested in land, buildings, and equipment	151,925	2,151,783	-	2,303,708
Undesignated	956,494	234,929	-	1,191,423
Total net assets without donor restrictions	1,283,740	2,386,712	-	3,670,452
Net assets with donor restrictions	3,356,139	1,876,198	-	5,232,337
Total net assets	4,639,879	4,262,910	-	8,902,789
TOTAL LIABILITIES AND NET ASSETS	\$ 4,989,021	\$ 4,485,118	\$ (30,000)	\$ 9,444,139

See accompanying notes to consolidated financial statements.

North Wisconsin District of the Lutheran Church - Missouri Synod and Subsidiary

Consolidating Statement of Activities (Without Donor Restrictions)

Year Ended December 31, 2018

	District	Camp Luther	Eliminations	Consolidated
Support, Revenues, Gains, and Other Additions				
Support:				
Contributions from district congregations	\$ 1,742,014	\$ -	\$ -	\$ 1,742,014
Other contributions	123,696	447,944	(100,000)	471,640
Revenues:				
Conventions, conferences, workshops	62,355	-	-	62,355
Net investment income	16,459	2,974	-	19,433
Agreements with LCEF	148,920	-	-	148,920
Camp registration fees	-	855,518	-	855,518
Rental income	-	102,663	-	102,663
Other	3,979	-	-	3,979
Change in value of split interest agreements	-	-	-	-
Net assets released from restrictions	276,279	279,889	-	556,168
Total support, revenues, gains, and other additions	2,373,702	1,688,988	(100,000)	3,962,690
Expenses:				
Program services:				
World and national missions	422,323	-	(100,000)	322,323
Preparing church workers	127,433	-	-	127,433
Congregational services	157,903	-	-	157,903
Camp operations	-	1,632,309	-	1,632,309
Support services:				
Synod support	679,385	-	-	679,385
Mission and ministry support services	631,794	-	-	631,794
Ecclesiastical and program administration	266,582	-	-	266,582
Fund-raising	60,000	-	-	60,000
Total expenses	2,345,420	1,632,309	(100,000)	3,877,729
Change in net assets	\$ 28,282	\$ 56,679	\$ -	\$ 84,961

See accompanying notes to consolidated financial statements.

North Wisconsin District of the Lutheran Church - Missouri Synod and Subsidiary

Consolidating Statement of Activities (With Donor Restrictions)

Year Ended December 31, 2018

	District	Camp Luther	Eliminations	Consolidated
Support, Revenues, Gains, and Other Additions				
Support:				
Contributions from district congregations	\$ -	\$ -	\$ -	\$ -
Other contributions	243,638	1,379,886	-	1,623,524
Revenues:				
Conventions, conferences, workshops	-	-	-	-
Net investment loss	(171,403)	(3,751)	-	(175,154)
Agreements with LCEF	-	-	-	-
Camp registration fees	-	-	-	-
Rental income	-	-	-	-
Other	-	-	-	-
Change in value of split interest agreements	(23,370)	-	-	(23,370)
Net assets released from restrictions	(276,279)	(279,889)	-	(556,168)
Total support, revenues, gains, and other additions	(227,414)	1,096,246	-	868,832
Expenses:				
Program services:				
World and national missions	-	-	-	-
Preparing church workers	-	-	-	-
Congregational services	-	-	-	-
Camp operations	-	-	-	-
Support services:				
Synod support	-	-	-	-
Mission and ministry support services	-	-	-	-
Ecclesiastical and program administration	-	-	-	-
Fund-raising	-	-	-	-
Total expenses	-	-	-	-
Change in net assets	\$ (227,414)	\$ 1,096,246	\$ -	\$ 868,832

See accompanying notes to consolidated financial statements.