

Report of the Treasurer

2025 Upper Susquehanna Synod Assembly

As we prepare for our annual synod assembly, I share this written report with members of our synod. This report will include: 1) report on the fiscal year ended January 31, 2025, 2) a year-to-date status report on the current fiscal year ending January 31, 2026, and 3) proposed budget for the fiscal year ending January 31, 2027.

First of all, thank you for your contributions to your congregations and to the ministries of our congregations, synod, and the Evangelical Lutheran Church in America through Mission Support.

Financial Report for the Year Ended January 31, 2025

General Operating Fund – Budget Vs. Actual

The full line-item report showing budget versus actual data for the fiscal year ending January 31, 2025, can be seen on the proposed budget report [see the Synod Council recommendations section of the Synod Assembly reports.] Here are some highlights:

- Mission Support from congregations was \$674,330.52 compared to an amended budget of \$715,000.00. This was 94.31% of the amended budget amount. This represents a significant decrease from the prior year when \$724,957.25 was received and a budget of \$740,000.00. One of the biggest challenges that our synod faces is the expectation that our synod will continue to provide the same level of services and support each year in the midst of declining income and Mission Support from congregations, while encountering inflation and rising operating costs.
- Total Revenue was \$756,114.09 compared to a budget of \$809,240.00. This was 93.44% of the budgeted amount. The interest rates continued to be higher than budgeted, with \$26,395.99 recorded in interest income, compared to a budget of \$15,000.00. The budget included a \$30,000.00 transfer from the restricted funds, but only \$24,064.17 was necessary to offset deficit spending and balance the budget.
- Total Expenses were \$806,114.09 compared to a budget of \$807,849.00. This was 99.79% of the budgeted amount.
- The remaining \$50,000.00 deficit (total revenue less total expenses) reflects the contribution to Camp Mount Luther's Foundations for the Future capital campaign that was approved at the 2024 Synod Assembly and was funded through surpluses in prior years.

Temporarily Restricted Funds

During the year, the synod maintains several restricted accounts. Some of these accounts are pass-through accounts, where contributions and gifts to ministry partners are received and then forwarded to the ELCA and ministry partners. Other contributions are designated by the donors for specific ministries and programs. A report showing the Summary of Restricted Accounts is included with this report.

Investments

Portions of the Restricted Funds, Faith Church Loan Fund, and Student Loan Fund are invested with the ELCA Foundation's Ministry Growth Fund. The market value of the investments fluctuates during the year based on the stock market values. The value of the investments on January 31, 2025, was \$828,014.75. The market value of the investments increased by 69,629.29 during the fiscal year. We received income distributions totaling \$29,278.50.

The income distributions were allocated to the corresponding restricted accounts, in accordance with our synod's investment policy.

Audit Report

The annual audit of the financial statements has been completed. The auditors provided an "unqualified opinion," which means that it was a "clean" audit, and the auditors believe that our financial statements report a clear picture of our finances and that they did not discover any material errors. A copy of the auditor's report and audited financial statements is included with this report.

Current Fiscal Year Ending January 31, 2026

Based on actual results, contract amounts, and updated projections, the synod council approved line-item amendments to the current budget. The net effect of all of the changes maintains a balanced budget.

At the end of the first quarter (April 30, 2025), preliminary results for revenue and expense lines were in line with the amended budget.

- Mission Support income was at 22.11% of annual budget.
- Total Income was at 20.08% of annual budget.
- Total Expenses were at 24.05% of annual budget.

Proposed Budget for the Fiscal Year Ending January 31, 2027

Bishop Miller and the Finance Committee began the budget process for 2026 (fiscal year ending January 31, 2027) in the fall of 2024. This was done simultaneously with making recommended adjustments to the 2025 budget. The committee desired to present a balanced budget that recognized the revisions made to the 2025 budget, compensates our staff fairly, and practices good stewardship of the synod's resources. The committee worked with the synod council and executive committee regarding priorities and ideas for presenting a balanced budget for 2026.

Overall, the budget for 2026 (fiscal year ending January 31, 2027) is very similar to the 2025 amended budget. Here are some highlights of key differences between the budget for the fiscal year ending January 31, 2026, and the proposed budget for the fiscal year ending January 31, 2027:

- Total Revenue is decreased by \$6,282.44 to \$793,938.00.
 - Projected Mission Support from congregations is \$15,000 lower.
 - The anticipated transfer from reserves to cover any deficit increases by \$28,338.00 to \$63,338.00.

- Total Expenses are increased by \$8,215.20 to \$793,938.00.
 - The percentage of Mission Support sent to the ELCA churchwide organization remains at 41.0% of Mission Support received from congregations. (The dollar amount shared with the ELCA decreases because we project less Mission Support income.)
 - The proposed budget allows up to a 4.0% increase to compensation and benefit lines. There is budget allowance for an increase for pension and health care costs.
- The budget is balanced, showing equal revenue and expenses.

An online budget hearing to present and discuss the proposed budget will be held on June 3, 2025, at 6:30pm. The link for the budget hearing is posted on the Synod Assembly website and a recording of the hearing will be posted following the hearing.

Conclusion

Please join me in thanking those who deal with our financial records on a daily basis: Brenda Krouse (Administrative Assistant) and Linda Aurand (entering the Accounts Payable invoices and preparing checks).

Thank you to the members of the Finance Committee for your support in defining financial policies, reviewing our financial reports, reflecting on best practices, and guiding the budget preparations. Those serving on the Finance Committee during the past year include: Scott Frost (chair), Pastor Rick White, Jeff Mitchell, Bishop Craig Miller, and myself (synod treasurer).

The PA Sales Tax Exemption certificates were renewed for five years for the synod and congregations.

During the year, I have enjoyed the pleasure of working one-on-one with a number of our congregation leaders in responding to questions about setting up online giving, clergy payroll and taxes, best practices, and financial procedures. As my volunteer time and availability allows, I am pleased to join in conversation, answer your questions, and direct you to further resources if necessary. You may reach me at treasurer@uss-elca.org.

It is a privilege to partner with all of you in addressing our synod's finances and serving as your synod treasurer. We continue our progress in maintaining a balanced budget, even in the midst of declining Mission Support projections. Working together and pooling our resources, we will be able to continue supporting and accomplishing great works of ministry using the gifts that God has provided for us. Together we can be hope-filled as we faithfully steward our resources and witness to God's mission at work in our Upper Susquehanna Synod.

Thank you for your partnership!

Respectfully Submitted,

The Rev. Chad A. Hebrink
Treasurer – Upper Susquehanna Synod, ELCA

Accounts	Beginning	Restricted	Restricted	Credit	Debit	Ending
	Balance	Revenue	Expenses	Adjustments	Adjustments	Balance
Temporary Restricted						
Churchwide Support						
Designated Gifts/ELCA Ministry						
2-602-1000 - Congregation-ELCA-Design. Non-Benev		\$0.00	\$0.00	\$107,585.48	\$107,195.48	\$0.00
Total Designated Gifts/ELCA Ministry	(\$390.00)	\$0.00	\$0.00	\$107,585.48	\$107,195.48	\$0.00
Grants-Gifts-Fees/Region 8 Min						
2-605-1400 - Region 8 - Archives	\$0.00	\$0.00	\$0.00	\$11,190.34	\$0.00	\$11,190.34
Total Grants-Gifts-Fees/Region 8 Min	\$0.00	\$0.00	\$0.00	\$11,190.34	\$0.00	\$11,190.34
Total Churchwide Support	(\$390.00)	\$0.00	\$0.00	\$118,775.82	\$107,195.48	\$11,190.34
Strengthening Congs/Missions						
Grants-Gifts/Christian Ed						
2-602-2001 - DLSM-Outreach-Pre&After School Prog	\$2,017.86	\$0.00	\$0.00	\$0.00	\$0.00	\$2,017.86
2-602-2010 - Faith Formation (Pass & Bk Faith)	\$4,345.25	\$0.00	\$0.00	\$116.28	\$1,446.87	\$3,014.66
Total Grants-Gifts/Christian Ed	\$6,363.11	\$0.00	\$0.00	\$116.28	\$1,446.87	\$5,032.52
Grants-Gifts/Evangelism						
2-602-2204 - ELCA Grants (DEM, Outreach, Chr Ed)	\$103,388.37	\$0.00	\$0.00	\$15,307.25	\$6,478.10	\$112,217.52
2-602-2207 - Mission Start Congregation	(\$380.95)	\$0.00	\$0.00	\$11,000.00	\$10,619.05	\$0.00
Total Grants-Gifts/Evangelism	\$103,007.42	\$0.00	\$0.00	\$26,307.25	\$17,097.15	\$112,217.52
Total Strengthening Congs/Missions	\$109,370.53	\$0.00	\$0.00	\$26,423.53	\$18,544.02	\$117,250.04
Preparing/Supporting Leaders						
Designated Gifts-Seminaries						
2-602-3000 - United Lutheran Seminary/Gettysburg	\$0.00	\$0.00	\$0.00	\$4,937.50	\$4,937.50	\$0.00
Total Designated Gifts-Seminaries	\$0.00	\$0.00	\$0.00	\$4,937.50	\$4,937.50	\$0.00
Grants-Gifts/Leadership Supp						
2-602-3303 - Bishop's Discretionary Fund	\$5,652.78	\$0.00	\$0.00	\$24,357.67	\$4,615.40	\$25,395.05
2-602-3304 - Support/Sabbaticals (LB Grant)	\$11,584.69	\$0.00	\$0.00	\$348.21	\$1,875.00	\$10,057.90
2-602-3400 - Fees/Auth Lay Worship Leaders Prog	\$8,227.49	\$0.00	\$0.00	\$2,135.96	\$1,233.90	\$9,129.55
2-602-3401 - Cont Ed Program/Rostered/ALWLs	\$17,835.38	\$0.00	\$0.00	\$1,871.43	\$1,395.40	\$18,311.41
2-602-3500 - Fees/Bishop's Day/Retreat	\$3,132.17	\$0.00	\$0.00	\$4,697.49	\$1,237.00	\$6,592.66
2-602-3700 - Future Pastors Retreat	\$855.90	\$0.00	\$0.00	\$0.00	\$0.00	\$855.90
2-602-3710 - USS Funds for Leaders	\$90,090.52	\$0.00	\$0.00	\$12,059.07	\$0.00	\$102,149.59
2-602-3715 - Emergency Fund for Seminarians	\$388.56	\$0.00	\$0.00	\$0.00	\$0.00	\$388.56
2-602-3720 - USS Rostered Ldrs Sem Debt Reductio	\$5,234.07	\$0.00	\$0.00	\$173.66	\$0.00	\$5,407.73
Total Grants-Gifts/Leadership Supp	\$143,001.56	\$0.00	\$0.00	\$45,643.49	\$10,356.70	\$178,288.35
Total Preparing/Supporting Leaders	\$143,001.56	\$0.00	\$0.00	\$50,580.99	\$15,294.20	\$178,288.35
Providing Serv/Youth & Adults						
Designated Gifts/Outdoor Min						
2-602-4000 - Camp Mount Luther	\$0.00	\$0.00	\$0.00	\$12,483.63	\$12,483.63	\$0.00
2-602-4001 - Camp Mt Luther-Bldg Fd	\$0.00	\$0.00	\$0.00	\$2,050.00	\$2,050.00	\$0.00
Total Designated Gifts/Outdoor Min	\$0.00	\$0.00	\$0.00	\$14,533.63	\$14,533.63	\$0.00
Des Gifts-Collg/Univ/Higher Ed						

Upper Susquehanna Synod Of The ELCA
Summary of Restricted Accounts
February 2024 to January 2025

Accounts	Beginning Balance	Restricted Revenue	Restricted Expenses	Credit Adjustments	Debit Adjustments	Ending Balance
2-602-4107 - Lock Haven University	\$1,195.81	\$0.00	\$0.00	\$0.00	\$0.00	\$1,195.81
2-602-4108 - Manfield Univ Campus Ministry	\$0.00	\$0.00	\$0.00	\$243.68	\$243.68	\$0.00
2-602-4109 - Penn College United Campus Ministry	\$0.00	\$0.00	\$0.00	\$243.68	\$243.68	\$0.00
Total Des Gifts-Collg/Univ/Higher Ed Committee for Youth	\$1,195.81	\$0.00	\$0.00	\$487.36	\$487.36	\$1,195.81
2-602-4301 - Restricted Youth-General	\$37.59	\$0.00	\$0.00	\$0.00	\$37.59	\$0.00
Total Committee for Youth	\$37.59	\$0.00	\$0.00	\$0.00	\$37.59	\$0.00
Total Providing Serv/Youth & Adults Concern/Human Need	\$1,233.40	\$0.00	\$0.00	\$15,020.99	\$15,058.58	\$1,195.81
Designated Gifts/Other/Soc Min						
2-602-5015 - Outreach Food Project-Mac & Cheese	\$1,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,000.00
2-602-5050 - Other Social Ministries	\$0.00	\$0.00	\$0.00	\$8,425.00	\$8,425.00	\$0.00
Total Designated Gifts/Other/Soc Min	\$1,000.00	\$0.00	\$0.00	\$8,425.00	\$8,425.00	\$1,000.00
Total Concern/Human Need Global Mission Education	\$1,000.00	\$0.00	\$0.00	\$8,425.00	\$8,425.00	\$1,000.00
Desig Gifts/Global Mission						
2-602-8000 - Blankets	\$7,825.00	\$0.00	\$0.00	\$8,869.01	\$7,825.00	\$8,869.01
2-602-8001 - USS -Women - ELCA	\$443.40	\$0.00	\$0.00	\$25.00	\$25.00	\$443.40
Total Desig Gifts/Global Mission	\$8,268.40	\$0.00	\$0.00	\$8,894.01	\$7,850.00	\$9,312.41
Desig Gifts/Comp Synod Min						
Lutheran Church in Liberia						
2-602-8100 - Lutheran Church in Liberia	\$3,280.92	\$0.00	\$0.00	\$3,192.31	\$3,881.64	\$2,591.59
2-602-8104 - Schmidt Library Fund (Stock+gifts)	\$117.00	\$0.00	\$0.00	\$200.00	\$0.00	\$317.00
2-602-8200 - LCL/Education/Empowerment Support	\$1,043.68	\$0.00	\$0.00	\$0.00	\$0.00	\$1,043.68
2-602-8502 - Lutheran Training Institute (LTI)	\$852.70	\$0.00	\$0.00	\$0.00	\$0.00	\$852.70
Total Lutheran Church in Liberia	\$5,294.30	\$0.00	\$0.00	\$3,392.31	\$3,881.64	\$4,804.97
Total Desig Gifts/Comp Synod Min	\$5,294.30	\$0.00	\$0.00	\$3,392.31	\$3,881.64	\$4,804.97
Total Global Mission Education Providing for Effective Org	\$13,562.70	\$0.00	\$0.00	\$12,286.32	\$11,731.64	\$14,117.38
Desig Gifts/Synod Support						
2-602-9000 - Synod Reserve Fund	\$29,105.56	\$0.00	\$0.00	\$122,688.64	\$24,064.17	\$127,730.03
2-602-9092 - Office Relocation - Sale of Bldg	\$74,896.06	\$0.00	\$0.00	\$2,451.82	\$1,089.75	\$76,258.13
Total Desig Gifts/Synod Support	\$104,001.62	\$0.00	\$0.00	\$125,140.46	\$25,153.92	\$203,988.16
Escrow-Fees/Synod Ministry						
2-602-9001 - Old Immanuel Church Fund	\$142,106.93	\$0.00	\$0.00	\$4,506.43	\$17,700.00	\$128,913.36
2-602-9017 - Health and Wellness Ins Rebate	\$4,065.75	\$0.00	\$0.00	\$0.00	\$4,065.75	\$0.00
Total Escrow-Fees/Synod Ministry	\$146,172.68	\$0.00	\$0.00	\$4,506.43	\$21,765.75	\$128,913.36
Designated Synod Assembly						
2-602-9401 - Synod Assembly Minute Book	\$4,198.46	\$0.00	\$0.00	\$139.29	\$0.00	\$4,337.75
Total Designated Synod Assembly	\$4,198.46	\$0.00	\$0.00	\$139.29	\$0.00	\$4,337.75
Total Providing for Effective Org	\$254,372.76	\$0.00	\$0.00	\$129,786.18	\$46,919.67	\$337,239.27

Accounts	Beginning	Restricted	Restricted	Credit	Debit	Ending
	Balance	Revenue	Expenses	Adjustments	Adjustments	Balance
Miscellaneous Designated Gifts 2-602-9901 - Bro Mut Ins Dividend Distrib	\$117,814.07	\$0.00	\$0.00	\$0.00	\$117,814.07	\$0.00
	\$117,814.07	\$0.00	\$0.00	\$0.00	\$117,814.07	\$0.00
	\$639,965.02	\$0.00	\$0.00	\$361,298.83	\$340,982.66	\$660,281.19
Total Miscellaneous Designated Gifts						
Total Temporary Restricted						



Upper Susquehanna Synod of the Evangelical Lutheran Church in America

Financial Statements

January 31, 2025 and 2024

**Upper Susquehanna 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 Synod Council of
Upper Susquehanna Synod Evangelical Lutheran Church in America

Opinion

We have audited the financial statements of Upper Susquehanna Synod Evangelical Lutheran Church in America (the Synod), which comprise the statements of financial position as of January 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Synod as of January 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 the Synod 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 GAAP, 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 the Synod's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 the Synod'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 the Synod'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.

Baker Tilly US, LLP

State College, Pennsylvania
May 2, 2025

**Upper Susquehanna Synod of the
Evangelical Lutheran Church in America**

Statements of Financial Position
January 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 522,853	\$ 509,328
Property and Equipment		
Furniture, fixtures and equipment	59,612	60,517
Less accumulated depreciation	<u>(31,095)</u>	<u>(23,226)</u>
Property and equipment, net	<u>28,517</u>	<u>37,291</u>
Operating Lease Right-of-Use Asset, Net	<u>-</u>	<u>17,838</u>
Investments	<u>828,015</u>	<u>718,136</u>
Total assets	<u><u>\$ 1,379,385</u></u>	<u><u>\$ 1,282,593</u></u>
Liabilities and Net Assets		
Current Liabilities		
Operating lease liability	\$ -	\$ 17,838
Accounts payable, trade	<u>85,458</u>	<u>18,481</u>
Total current liabilities	<u>85,458</u>	<u>36,319</u>
Net Assets		
Without donor restrictions:		
Undesignated	271,225	320,137
Board designated	<u>76,258</u>	<u>74,896</u>
Total net assets without donor restrictions	347,483	395,033
With donor restrictions	<u>946,444</u>	<u>851,241</u>
Total net assets	<u>1,293,927</u>	<u>1,246,274</u>
Total liabilities and net assets	<u><u>\$ 1,379,385</u></u>	<u><u>\$ 1,282,593</u></u>

See notes to financial statements

Upper Susquehanna Synod of the Evangelical Lutheran Church in America

Statements of Activities

Years Ended January 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Changes in Net Assets Without Donor Restrictions		
Operating Revenues		
Contributions	\$ 679,549	\$ 730,834
Interest	28,848	19,971
Assembly fees	21,619	22,336
Miscellaneous	1,483	52
Gain on sale of property and equipment	-	80,484
	<u>731,499</u>	<u>853,677</u>
Total operating revenues	731,499	853,677
Net assets released from restrictions	<u>218,013</u>	<u>241,638</u>
Total revenues and support	<u>949,512</u>	<u>1,095,315</u>
Operating Expenses		
Program services:		
Churchwide support	389,501	410,559
Providing services to youth and young adults	149,584	90,236
Preparing and supporting leaders	39,562	31,414
Strengthening congregations for mission	19,234	78,249
Global mission education	13,272	27,372
Demonstrating concern for human need	13,245	12,348
Interpreting mission and ministry	9,391	8,099
Fostering and maintaining ecumenical relationships	<u>1,019</u>	<u>964</u>
Total program services	634,808	659,241
Management and general expenses:		
General supporting expenses		
providing for effective organization	<u>362,254</u>	<u>338,623</u>
Total operating expenses	<u>997,062</u>	<u>997,864</u>
Change in net assets without donor restrictions	<u>(47,550)</u>	<u>97,451</u>
Changes in Net Assets With Donor Restrictions		
Contributions	216,760	258,525
Unrealized gain on investments	69,629	29,518
Interest and dividend income	26,827	26,137
Net assets released from restrictions	<u>(218,013)</u>	<u>(241,638)</u>
Change in net assets with donor restrictions	<u>95,203</u>	<u>72,542</u>
Change in net assets	47,653	169,993
Net Assets, Beginning	<u>1,246,274</u>	<u>1,076,281</u>
Net Assets, Ending	<u><u>\$ 1,293,927</u></u>	<u><u>\$ 1,246,274</u></u>

See notes to financial statements

Upper Susquehanna Synod of the Evangelical Lutheran Church in America

Statement of Functional Expenses
Year Ended January 31, 2025

	Program Services	Management and General	Total
Salaries and wages	\$ -	\$ 132,423	\$ 132,423
Employee benefits	-	72,248	72,248
Staffing allowances	-	36,000	36,000
Payroll taxes	-	10,522	10,522
Total salaries and benefits	-	251,193	251,193
Distributions to other religious based organizations	634,808	-	634,808
Rent	-	34,385	34,385
Office supplies	-	20,306	20,306
Professional fees	-	11,074	11,074
Travel	-	10,706	10,706
Depreciation	-	8,774	8,774
Repairs	-	8,159	8,159
Telephone	-	5,077	5,077
Insurance	-	4,758	4,758
Postage	-	2,150	2,150
Equipment rental	-	2,278	2,278
Supplies	-	1,728	1,728
Hospitality	-	937	937
Utilities	-	454	454
Bank fees	-	275	275
Total expenses	\$ 634,808	\$ 362,254	\$ 997,062

See notes to financial statements

**Upper Susquehanna Synod of the
Evangelical Lutheran Church in America**

Statement of Functional Expenses
Year Ended January 31, 2024

	Program Services	Management and General	Total
Salaries and wages	\$ -	\$ 120,916	\$ 120,916
Employee benefits	-	70,417	70,417
Staffing allowances	-	36,000	36,000
Payroll taxes	-	10,027	10,027
Total salaries and benefits	-	237,360	237,360
Distributions to other religious based organizations	659,241	-	659,241
Rent	-	25,592	25,592
Depreciation	-	12,141	12,141
Repairs	-	11,806	11,806
Office supplies	-	10,621	10,621
Professional fees	-	10,142	10,142
Travel	-	9,128	9,128
Utilities	-	6,272	6,272
Insurance	-	4,948	4,948
Telephone	-	4,228	4,228
Postage	-	2,866	2,866
Supplies	-	1,896	1,896
Equipment rental	-	984	984
Hospitality	-	492	492
Bank fees	-	147	147
Total expenses	\$ 659,241	\$ 338,623	\$ 997,864

See notes to financial statements

**Upper Susquehanna Synod of the
Evangelical Lutheran Church in America**

Statements of Cash Flows

Years Ended January 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Collections from contributions	\$ 945,807	\$ 1,031,114
Payments to employees and vendors	(921,311)	(982,344)
Interest and dividend income	29,279	26,741
	<u>53,775</u>	<u>75,511</u>
Net cash provided by operating activities		
Cash Flows From Investing Activities		
Purchase of investments	(40,250)	(34,916)
Proceeds from sale of property and equipment	-	240,000
Purchase of property and equipment	-	(39,955)
	<u>(40,250)</u>	<u>165,129</u>
Net cash (used in) provided by investing activities		
Net change in cash and cash equivalents	13,525	240,640
Cash and Cash Equivalents, Beginning	<u>509,328</u>	<u>268,688</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 522,853</u></u>	<u><u>\$ 509,328</u></u>
Supplemental Disclosure of Noncash Investing and Financing Activities		
Right-of-use asset and operating lease liability recognized	<u><u>\$ -</u></u>	<u><u>\$ 30,897</u></u>

See notes to financial statements

Upper Susquehanna Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements
January 31, 2025 and 2024

1. Nature of Organization and Significant Accounting Policies

Nature of Activities

The Upper Susquehanna Synod of the Evangelical Lutheran Church in America (the Synod), a not-for-profit corporation established under the laws of the Commonwealth of Pennsylvania, administers a religious organization. The Synod is dedicated to proclaiming the Gospel, responding to human need, nurturing members to grow in faith and promoting all aspects of ministry within the surrounding communities of the Northern Susquehanna region in Pennsylvania.

The accompanying financial statements include the assets, liabilities, net assets and financial activities of only the Synod. A significant portion of the Synod's revenues and support and expenses are received from or paid to congregations of the Evangelical Lutheran Church in America, a denomination of the Lutheran church.

The Synod evaluated subsequent events for recognition or disclosure through May 2, 2025, the date the financial statements were available to be issued.

Basis of Presentation

The Synod's financial statements include statements of financial position, statements of activities, statements of functional expenses and statements of cash flows. The changes in net assets are classified as Net Assets Without Donor Restrictions and Net Assets With Donor Restrictions.

Net Assets Without Donor Restrictions - Net assets that have no time limit or specific purpose on how to expend the funds. Management has designated \$76,258 and \$74,896 in fiscal year 2025 and 2024, respectively, for future building projects.

Net Assets With Donor Restrictions - Net assets which are subject to donor-imposed restrictions that will be met when expenditures are made for the designated purposes or with the passage of time. Also, the funds could be restricted in perpetuity based on donor restrictions.

Revenue Recognition

Assembly fees are charged for participation at the annual Upper Susquehanna Synod Assembly that is held in the summer. The related revenues are recognized during the duration of the program based upon the start and end dates of the program.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as contributions without donor restrictions. Promises to give that are scheduled to be received after the financial position date are shown as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the purpose or time restrictions are met. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in net assets with donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year, if any, are discounted at the appropriate rate commensurate with the risks involved.

Investments

Investments in pooled trust accounts are valued based upon the unit values of such pooled accounts held by the Evangelical Lutheran Church in America (ELCA) Foundation at year-end. Unrealized and realized gains and losses and interest and dividend income are included in the changes in net assets with donor restrictions in the accompanying statements of activities.

Upper Susquehanna Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements
January 31, 2025 and 2024

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Synod considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs and maintenance that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided by the straight-line method over the estimated useful lives: buildings and improvements (20-40 years); furniture, fixtures and equipment (3-10 years).

Income Tax Status

The Synod is included in the Evangelical Lutheran Church in America's group tax exempt status as defined under Internal Revenue Code Section 501(c)(3). Accordingly, there is no provision for income taxes in the accompanying financial statements and no tax returns are required to be filed. In addition, the Synod qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Contributed Nonfinancial Assets

No amounts have been reflected in the financial statements for contributed nonfinancial assets. The Synod generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Synod with specific programs, activities and various committee assignments.

Expenses Allocation

Direct distributions to other religious based organizations are charged to program services. Management and general expenses include those expenses provide for the overall support and direction of the Synod.

2. Investments and Fair Value Measurements

Fair value is defined as 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. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.

Upper Susquehanna Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements
January 31, 2025 and 2024

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the asset or liability.

Level 3 - Prices or valuation techniques that are unobservable in the market and require significant management judgment or estimation to measure fair value.

The Synod had no investments required to be categorized within the fair value hierarchy. The Synod's investments are measured using the net asset value (NAV) practical expedient as follows at January 31:

	<u>2025</u>	<u>2024</u>
ELCA Endowment Fund:		
Pooled Trust - Fund A	\$ 828,015	\$ 718,136

Valuation Methodology

The Synod measures the fair value for these investments based on NAV as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a significantly different value. If not determined as of the Synod's measurement date, NAV is adjusted to reflect any significant events that would materially affect the security's value. Certain attributes that impact the security's fair value may not be reflected in NAV, including, but not limited to, the investor's ability to redeem the investment at the measurement date and unfunded purchase commitments. If the Synod sold all or a portion of its investments, it is reasonably possible that the transaction value could differ significantly from the estimated fair value at the measurement date, because of the nature of the investments, changes in market conditions and the overall economic environment. There are no unfunded commitments or redemption restrictions.

3. Liquidity and Availability of Resources

The following table reflects the Synod's financial assets available for general expenditure within one year at January 31, 2025 and 2024. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$ 522,853	\$ 509,328
Investments	828,015	718,136
Total financial assets	1,350,868	1,227,464
Less those unavailable for general expenditures within one year:		
With donor restrictions	946,444	851,241
Board designated	76,258	74,896
Total	<u>\$ 328,166</u>	<u>\$ 301,327</u>

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.

Upper Susquehanna Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements
January 31, 2025 and 2024

4. Pension Plan

The Synod's employees are eligible to participate in a contributory money purchase defined contribution pension plan. Both the Synod's and employees' contributions are determined for and allocated to specific individuals in the plan with immediate vesting. The plan's principal funding agency is the Board of Pensions of the ELCA or doing business as Portico Benefit Services. The total amount of pension expense for the year ended January 31, 2025 was \$16,140 and \$15,366 in 2024. The Synod contributes 12% of the annual compensation on behalf of full-time staff. The plan also permits additional voluntary contributions by all participants.

5. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at January 31:

	2025	2024
Providing for effective organization	\$ 259,806	\$ 179,087
Preparing and supporting leaders	178,373	143,002
Student loan fund	132,653	128,393
Strengthening congregations for mission	128,440	109,371
Appreciation on investments	123,528	53,899
Church loan fund	107,330	103,883
Global mission education	14,117	13,563
Providing services to youth and young adults	1,197	1,233
Demonstrating concern for human needs	1,000	1,000
	<hr/>	<hr/>
Donor-imposed restricted funds	946,444	733,431
	<hr/>	<hr/>
General Synod reserve/designations by donors	-	117,810
	<hr/>	<hr/>
Total	<u>\$ 946,444</u>	<u>\$ 851,241</u>

6. Related-Party Transactions

The Synod provides a significant amount of financial support to Camp Mount Luther, Inc., a related party through common management. For the years ended January 31, 2025 and 2024, \$46,275 was remitted each year from the general fund budget. In addition, restricted fund contributions of \$14,534 were remitted in 2025 and \$12,905 in 2024.

Transfers to related parties of \$634,808 and \$662,089 were made for the years ended January 31, 2025 and 2024, respectively. The Synod transfers grants and contributions to religious organizations that meet the Synod charter of dedication to the proclaiming the Gospel, responding to human need, nurturing members to grow in faith and promoting all aspects of ministry.

7. Contingencies

The Synod is contingently liable to the extent of \$4,306 as of January 31, 2025 and 2024 as guarantor of its pro rata regional share of grant related indebtedness of National Lutheran Campus Ministry, Inc.

Upper Susquehanna Synod of the Evangelical Lutheran Church in America

Notes to Financial Statements
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8. Concentration of Credit Risk

The Synod maintains all of its cash and cash equivalents with one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation. From time to time the bank's balances will exceed this coverage.

9. Operating Leases

The Synod leases building space under a noncancelable operating lease, which expired in November 2024. The right-of-use asset was amortized over the lease of the term. As of January 31, 2025, the lease remains on a month-by-month basis.

Lease payments made under operating lease agreements as of January 31, 2025 and 2024 were \$18,000 and \$13,500 respectively.

The cost and accumulated amortization of the right-of-use asset under operating lease were as follows at January 31:

	<u>2025</u>	<u>2024</u>
Cost of building under right-of-use asset	\$ -	\$ 30,897
Accumulated amortization	<u>-</u>	<u>(13,059)</u>
Total	<u>\$ -</u>	<u>\$ 17,838</u>