

**WISCONSIN EVANGELICAL LUTHERAN SYNOD  
KINGDOM WORKERS, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**



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**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Wisconsin Evangelical Lutheran Synod Kingdom Workers, Inc.  
Waukesha, Wisconsin

We have audited the accompanying financial statements of Wisconsin Evangelical Lutheran Synod Kingdom Workers, Inc. (a Wisconsin corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Wisconsin Evangelical Lutheran Synod Kingdom Workers, Inc.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wisconsin Evangelical Lutheran Synod Kingdom Workers, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Prior Year Summarized Financial Information***

We have previously audited Wisconsin Evangelical Lutheran Synod Kingdom Workers, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 23, 2020. In our opinion, the summarized financial information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Wauwatosa, Wisconsin  
April 21, 2021

**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**  
(WITH TOTAL AS OF DECEMBER 31, 2019)

<b>ASSETS</b>	2020	2019
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 921,601	\$ 439,184
Contributions and Grants Receivable	50,000	142,500
Other Receivables	11,709	14,700
Investments	1,338,857	1,172,726
Prepaid Expenses	55,923	66,220
Total Current Assets	2,378,090	1,835,330
<b>PROPERTY AND EQUIPMENT, Net</b>	126,089	179,922
Total Assets	\$ 2,504,179	\$ 2,015,252
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 33,965	\$ 27,311
Current Portion of Straight-Line Lease Obligation	4,751	3,357
Current Portion of Capital Lease Obligation	8,110	8,054
Refundable Advance	51,900	22,600
Other Liabilities	6,594	6,777
Total Current Liabilities	105,320	68,099
<b>NONCURRENT LIABILITIES</b>		
Straight-Line Lease Obligation, less Current Portion	29,637	34,389
Capital Lease Obligation, less Current Portion	10,559	18,669
Total Noncurrent Liabilities	40,196	53,058
Total Liabilities	145,516	121,157
<b>NET ASSETS</b>		
Without Donor Restrictions	1,986,078	1,385,211
With Donor Restrictions	372,585	508,884
Total Net Assets	2,358,663	1,894,095
Total Liabilities and Net Assets	\$ 2,504,179	\$ 2,015,252

See accompanying Notes to Financial Statements.

**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**  
(WITH SUMMARIZED TOTAL FOR YEAR ENDED DECEMBER 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020	2019
<b>SUPPORT AND OTHER REVENUE</b>				
Contributions and Grants	\$ 2,115,929	\$ 741,502	\$ 2,857,431	\$ 2,605,774
Contributions and Grants Promised	-	-	-	142,500
Donated Services	39,804	-	39,804	71,870
Investment and Interest Income, Net	151,462	3,193	154,655	175,226
Other Income	352,623	-	352,623	15,902
Gain (Loss) on Disposal of Property and Equipment	(14,563)	-	(14,563)	128
Net Assets Released from Donor Restrictions	880,994	(880,994)	-	-
Total Support and Other Revenue	<u>3,526,249</u>	<u>(136,299)</u>	<u>3,389,950</u>	<u>3,011,400</u>
<b>EXPENSES</b>				
Program Services	2,056,426	-	2,056,426	2,403,282
Supporting Activities:				
Management and General	497,744	-	497,744	348,999
Fundraising	371,212	-	371,212	505,535
Total Expenses	<u>2,925,382</u>	<u>-</u>	<u>2,925,382</u>	<u>3,257,816</u>
<b>CHANGE IN NET ASSETS</b>	600,867	(136,299)	464,568	(246,416)
Net Assets - Beginning of Year	<u>1,385,211</u>	<u>508,884</u>	<u>1,894,095</u>	<u>2,140,511</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 1,986,078</u></u>	<u><u>\$ 372,585</u></u>	<u><u>\$ 2,358,663</u></u>	<u><u>\$ 1,894,095</u></u>

See accompanying Notes to Financial Statements.

**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**  
(WITH SUMMARIZED TOTAL FOR YEAR ENDED DECEMBER 31, 2019)

	Program Services	Supporting Activities		2020	2019
		Management and General	Fundraising		
Salaries and Wages	\$ 1,096,474	\$ 260,068	\$ 143,035	\$ 1,499,577	\$ 1,508,885
Employee Benefits	332,849	77,502	40,280	450,631	446,930
Contracted Services	140,949	23,939	44,746	209,634	258,269
In-kind Services	3,130	16,942	1,008	21,080	32,070
Travel, Meals, and Entertainment	119,331	5,540	16,291	141,162	381,715
Office Supplies	45,057	22,370	35,375	102,802	133,956
Facilities and Equipment	66,051	30,390	3,725	100,166	101,453
Communications	13,822	14,979	6,992	35,793	34,797
Fees	28,949	16,970	24,867	70,786	76,198
Advertising and Promotions	54,204	337	49,419	103,960	114,076
Depreciation	42,444	13,114	4,058	59,616	56,008
Insurance	18,809	13,206	994	33,009	34,127
Program Supplies	92,531	-	279	92,810	76,329
Miscellaneous	1,826	2,387	143	4,356	3,003
<b>Total Functional Expenses</b>	<b>\$ 2,056,426</b>	<b>\$ 497,744</b>	<b>\$ 371,212</b>	<b>\$ 2,925,382</b>	<b>\$ 3,257,816</b>

See accompanying Notes to Financial Statements.

**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020**  
(WITH TOTAL FOR YEAR ENDED DECEMBER 31, 2019)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 464,568	\$ (246,416)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	59,616	56,008
Gain on Disposal of Property and Equipment	14,563	(128)
Donations of Property and Equipment	(10,700)	(39,800)
Net Gain on Investments	(137,080)	(150,009)
Changes in Operating Assets and Liabilities:		
Contributions and Grants Receivable	92,500	317,500
Other Receivables	2,991	(937)
Prepaid Expenses	10,297	(21,910)
Accounts Payable	6,654	5,729
Refundable Advance	29,300	10,700
Straight-Line Lease Obligation	(3,358)	(1,990)
Other Liabilities	(183)	1,218
Net Cash Provided (Used) by Operating Activities	529,168	(70,035)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(40,945)	-
Sale of Assets	31,300	-
Purchase of Investments	(473,925)	(771,461)
Sale of Investments	444,874	648,854
Net Cash Used by Investing Activities	(38,696)	(122,607)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Capital Lease Obligation	(8,054)	(7,506)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	482,418	(200,148)
Cash and Cash Equivalents - Beginning of Year	439,184	639,332
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 921,601	\$ 439,184
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Noncash Equipment Addition with Capital Lease	\$ -	\$ 21,910
Capital Lease Payments Waived with Return of Equipment	\$ -	\$ 595
Noncash Property and Equipment Addition from Donation	\$ 10,700	\$ 39,800

See accompanying Notes to Financial Statements.



**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2020**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Wisconsin Evangelical Lutheran Synod Kingdom Workers, Inc. (Organization, we, us, our) is a nonprofit organization whose mission is to share the gospel of Jesus Christ with all people. We serve individual church members, congregations, and communities in the United States of America and abroad by providing support and training volunteers for various mission and outreach ministry needs and opportunities. We work through multiple ministry programs and are primarily supported through contributions and grants. Approximately 43% of our contributions and grants for the year ended December 31, 2020 were from two contributors.

**Comparative Financial Information**

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

**Cash and Cash Equivalents**

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

**Investments**

We carry investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Quoted market prices in active markets are used as the basis for measurement. Unrealized gains and losses are included in change in net assets in the statement of activities.

**Property and Equipment**

All acquisitions and improvements of property and equipment in excess of \$5,000 are capitalized while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is carried at cost. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2020.

**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2020**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets**

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment and various programs.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

**Revenue and Revenue Recognition**

We recognize contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. At December 31, 2020, contributions with conditions amounted to \$51,900 and were reported on the Statement of Financial Position as Refundable Advances. Conditions that existed for these contributions included progress reporting and the incurrence of expenditures as outlined in project proposals.

On April 14, 2020, the Organization received proceeds in the amount of \$336,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act.

**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2020**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue and Revenue Recognition (Continued)**

The Organization has classified this loan as a conditional contribution for accounting purposes. The Organization recognized a government grant of \$336,000, included as Other Income on the Statement of Activities, related to this agreement during the year ended December 31, 2020, which represents the portion of the PPP Loan funds for which the performance barriers have been met. Management believes the Organization has satisfied the performance barriers attributable to the PPP Loan proceeds and, on March 23, 2021, the Organization received formal notification from the SBA that the full amount of the PPP Loan has been forgiven.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

**Investment Income**

Investment income and gains on assets restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

**Donated Services and In-Kind Contributions**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by us. Donated goods and services recognized as revenue for the year ended December 31, 2020 was \$39,804. The corresponding expense is shown in the statement of functional expenses as in-kind services for \$21,080. These amounts are included in program services for \$3,130, management and general for \$16,942, and fundraising for \$1,008. In addition to the services recognized as revenue, we had numerous volunteers that provided services throughout the year that have not been recognized as contributions in the financial statements since the recognition criteria were not met. We had 1,966 volunteers during the year ended December 31, 2020 that contributed to carrying out the valuable mission of the Organization.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2020**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

Wisconsin Evangelical Lutheran Synod Kingdom Workers, Inc. is organized as a Wisconsin nonprofit corporations and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRC Section 501(a) as an organization described in Internal Revenue Code (IRC) Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi), and have been determined not to be a private foundation under IRC Sections 509(a)(1). The entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that the entity is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**Financial Instruments and Credit Risk**

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by us and the finance committee of the board of directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the finance committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

**Recent Accounting Guidance**

February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which is expected to increase transparency and comparability among organizations. The core principle of this guidance is that a lessee should recognize the assets and liabilities that arise from leases. The standard requires lessees to reflect most leases on their statement of financial position as lease liabilities with a corresponding right-of-use asset, while leaving presentation of lease expense in the statement of activities largely unchanged.

**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2020**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent Accounting Guidance (Continued)**

The standard also eliminates the real-estate specific provisions that exist under current U.S. GAAP and modifies the classification criteria and accounting which lessors must apply to sales-type and direct-financing leases. In June 2020, the FASB approved the delay of the effective date of ASU 2016-02 which is now effective for the Organization's year ending December 31, 2022. We are currently evaluating the impact of ASU 2016-02 on our financial statements.

**Subsequent Events**

We have evaluated events and transactions for potential recognition or disclosure in the financial statements through April 21, 2021, the date the financial statements were available to be issued.

Subsequent to year-end, the Organization received a Second Draw PPP Loan of \$336,000 as part of the Paycheck Protection Program. These funds must be used in accordance with the program requirements. Additionally, some or all of the funds may be forgiven based on compliance with program requirements and approval by the U.S. Small Business Administration.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

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

Cash and Cash Equivalents	\$	921,601
Contributions and Grants Receivable		50,000
Other Receivables		11,709
Investments without distribution restrictions		1,338,857
Less: Board Designated Funds		(649,774)
Less: Donor Purpose Restrictions		(322,585)
Total		\$ 1,349,808

It is our policy that investment funds will be invested in a manner that allows for access to funds in a reasonable time period.

In addition to the financial assets listed above, we also have endowment funds in the amount of \$565,484. These funds are subject to annual disbursement restrictions and have a component of donor restrictions, as described in Note 7. Although we do not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our finance committee's approval), these amounts could be made available, if necessary.

**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2020**

**NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES**

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

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

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

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

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

**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2020**

**NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)**

The following are the major categories of assets measured at fair value on a recurring basis as of December 31, 2020.

	Fair Value Measurements at Report Date Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money Market Funds	\$ 13,690	\$ -	\$ -	\$ 13,690
Church Extension Fund (CEF)				
Saving Certificates	-	8,220	-	8,220
Equities Mutual Funds:				
Domestic	563,384	-	-	563,384
International	289,836	-	-	289,836
Fixed Income Securities:				
Corporate Bonds	-	463,727	-	463,727
Total	\$ 866,910	\$ 471,947	\$ -	\$ 1,338,857

**NOTE 4 INVESTMENTS**

Investments consist of the following at December 31, 2020

Cash and Equivalents	\$ 13,690
Church Extension Fund (CEF) Saving Certificates	8,220
Equities Mutual Funds:	
Domestic	563,384
International	289,836
Corporate Bonds	463,727
Total	\$ 1,338,857

Investment income for the year ended December 31, 2020 consists of the following:

Net Realized and Unrealized Loss	\$ 137,080
Interest and Dividends	22,466
Investment Administration Fees	(4,891)
Total	\$ 154,655

**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2020**

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2020:

Vehicles and Trailers	\$ 301,416
Office Furniture and Equipment	59,086
Computer Hardware and Software	21,168
Subtotal	<u>381,670</u>
Less: Accumulated Depreciation	255,581
Total Property and Equipment, Net	<u><u>\$ 126,089</u></u>

**NOTE 6 LEASES**

The Organization leases office and storage space under an operating lease, and equipment under various capital leases expiring at various dates through 2025.

<u>Year Ending December 31,</u>	Capital Leases	Operating Leases
2021	\$ 9,751	\$ 73,749
2022	5,721	75,171
2023	5,721	76,622
2024	477	78,101
2025	-	52,734
Total Minimum Lease Payments	<u>21,670</u>	<u>\$ 356,377</u>
Less: Amount Representing Interest	(3,001)	
Capital Lease Obligation	<u><u>\$ 18,669</u></u>	

Rent expense for the year ended December 31, 2020 totaled \$83,826.

Leased property under capital leases at December 31, 2020 includes the following:

Copier	\$ 21,910
Phone System	18,286
Subtotal	<u>40,196</u>
Less: Accumulated Amortization	(20,284)
Total	<u><u>\$ 19,912</u></u>



**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2020**

**NOTE 7 ENDOWMENT**

Our endowment (the Endowment) consists of funds established by the board of directors and some donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the board of directors.

Our board of directors has interpreted the Wisconsin Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2020, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2020, none of the endowment was considered to be underwater.

**Investment and Spending Policies**

The investment and spending policies for endowment assets are intended to provide a consistent source of funding to specific programs while maintaining a reasonable rate of return on endowment assets over the long-term. Endowment assets are invested in a well-diversified portfolio, which consists of cash, bonds and equity securities.

**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2020**

**NOTE 7 ENDOWMENT (CONTINUED)**

**Investment and Spending Policies (Continued)**

Expenditures from endowment funds are determined annually based on an approved percentage of the fair market value of the funds. The fair market value of the Endowment is determined by averaging the value of the Endowment on December 31 for the past three years. Investment income is credited to the endowment corpus. Annual distributions may not exceed actual amounts expended by the Organization in connection to the working capital needs of the Organization and shall consist of at least 3% to 5% of the average value of the fund over a fiscal year ending December 31. Upon approval of the board of directors, if current organizational funding is sufficient and endowment funding is not expected to be needed during the year, an annual disbursement is not required. If the income in any year exceeds the minimum threshold amount, all income may be expended in accordance with donor restrictions.

Changes in Endowment net assets for the years ended December 31 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets at Fair Market Value, Beginning of Year	\$ 461,810	\$ 22,315	\$ 484,125
Contributions	-	12,100	12,100
Interest and Dividends	7,549	365	7,914
Realized and Unrealized Gain	58,517	2,828	61,345
Net Assets Released from Restrictions	3,192	(3,192)	-
Appropriated for Expenditure	-	-	-
Endowment Net Assets at Fair Value, End of Year	<u>\$ 531,068</u>	<u>\$ 34,416</u>	<u>\$ 565,484</u>

**NOTE 8 NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net Assets without donor restrictions consist of the following at December 31, 2020:

Net Assets without Donor Restrictions	
Board-Designated:	
Endowment	\$ 531,068
Founders	27,811
M Ntambo Scholarship	11,035
Reserve	79,860
Designated for Property and Equipment	126,089
Undesignated	<u>1,210,215</u>
Total Net Assets Without Donor Restrictions	<u>\$ 1,986,078</u>

**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2020**

**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2020:

Net Assets with Donor Restrictions	
Purpose Restrictions:	
Apache Missions	\$ 39,703
Builders For Christ	81,372
North America	56,070
Caribbean	56,663
South Sudan	54,361
Time Restriction	
Contributions and Grants Receivable	50,000
Endowment	
Donor-Restricted Contributions	34,416
Total Net Assets with Donor Restrictions	<u>\$ 372,585</u>

**NOTE 10 FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and office use, which are allocated on the basis of estimates of time and effort performed by department heads.

**NOTE 11 EMPLOYEE BENEFITS**

We participate in a 403(b) plan called the Shepherd Plan. The plan covers all of our employees. We match 50% of an individual's contributions up to a contribution by that individual of 6%. Total expense for the retirement plan in 2020 was \$29,677.

**NOTE 12 RISKS AND UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2021 operations and financial results including, but not limited to, travel restrictions, unknown contribution levels, and volunteer availability. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.



## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors  
Wisconsin Evangelical Lutheran Synod Kingdom Workers, Inc.  
Waukesha, Wisconsin

We have audited the financial statements of Wisconsin Evangelical Lutheran Synod Kingdom Workers, Inc. as of and for the year ended December 31, 2020, and our report thereon dated April 21, 2021, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Expense Summary - Malawi and the Cash Basis Statement of Activities which is the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Wauwatosa, Wisconsin  
April 21, 2021

**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**EXPENSE SUMMARY – MALAWI**  
**YEAR ENDED DECEMBER 31, 2020**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

**PAYROLL EXPENSES**

Salaries and Wages	\$	22,275
Insurance		1,574
Other Benefits		9,529
Total Payroll Expenses		33,378

**GENERAL EXPENSES**

Contractors		8,294
Travel, Meals, and Meetings		35,117
Office Supplies		2,325
Facilities and Equipment		12,315
Phones, Internet, and Communications		2,705
Permits and Fees		3,233
Insurance		6,728
Program Supplies		29,637
Total General Expenses		100,354
Total Malawi Expenses	\$	133,732

**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.**  
**CASH BASIS STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

**OPERATING SUPPORT AND OTHER REVENUE**

Contributions and Grants	\$ 2,949,931
Other Income	355,614
Total Operating Support and Other Revenue	3,305,545

**OPERATING EXPENSES**

Salaries and Wages	1,508,513
Employee Benefits	453,316
Contracted Services	210,883
Travel, Meals, and Entertainment	141,288
Office Supplies	103,643
Facilities and Equipment	100,779
Communications	36,390
Fees	70,999
Advertising and Promotions	104,382
Insurance	33,364
Program Supplies	93,007
Miscellaneous	4,909
Total Operating Expenses	2,861,472

**SUB-TOTAL - OPERATING NET INCOME**

444,073

**NONOPERATING REVENUE AND EXPENSE**

Investment and Interest Income	17,575
Loss on Disposal of Assets	(14,563)
Total Nonoperating Revenue and Expense	3,012

**CASH BASIS CHANGE IN NET ASSETS**

\$ 447,085