

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024



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**WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
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YEAR ENDED DECEMBER 31, 2024**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Wisconsin Evangelical Lutheran Synod Kingdom Workers, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 accounting principles generally accepted in the United States of America, 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 Wisconsin Evangelical Lutheran Synod Kingdom Workers, Inc.'s ability to continue as a going concern for one year after the date 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 Wisconsin Evangelical Lutheran Synod Kingdom Workers, Inc.'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 Wisconsin Evangelical Lutheran Synod Kingdom Workers, Inc.'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.

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

Prior Year Summarized Financial Information

We have previously audited Wisconsin Evangelical Lutheran Synod Kingdom Workers, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 18, 2024. In our opinion, the summarized financial information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Racine, Wisconsin
April 29, 2025

WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024
(WITH TOTALS AS OF DECEMBER 31, 2023)

ASSETS	2024	2023
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 210,544	\$ 888,319
Contributions and Grants Receivable	319,400	511,000
Other Receivables	4,151	9,397
Prepaid Expenses	74,298	55,439
Total Current Assets	608,393	1,464,155
PROPERTY AND EQUIPMENT, Net	210,587	162,244
OPERATING ROU ASSET	51,082	126,702
FINANCING ROU ASSET	21,774	27,712
INVESTMENTS	2,291,298	2,415,773
Total Assets	\$ 3,183,134	\$ 4,196,586
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 76,696	\$ 64,690
Current Lease Liability - Operating	52,429	76,641
Current Lease Liability - Financing	5,572	5,120
Refundable Advance	-	180,235
Other Liabilities	8,132	6,865
Total Current Liabilities	142,829	333,551
NONCURRENT LIABILITIES		
Long-Term Lease Liability - Operating, Less Current Portion	-	52,429
Long-Term Lease Liability - Financing, Less Current Portion	17,387	22,960
Total Noncurrent Liabilities	17,387	75,389
Total Liabilities	160,216	408,940
NET ASSETS		
Without Donor Restrictions:		
Undesignated	922,671	1,472,212
Net Investment in Property and Equipment	208,055	159,508
Board-Designated:		
Endowment	851,949	806,016
Founders	-	27,811
Reserve	-	79,860
Total Board-Designated	851,949	913,687
Total Net Assets Without Donor Restrictions	1,982,675	2,545,407
With Donor Restrictions	1,040,243	1,242,239
Total Net Assets	3,022,918	3,787,646
Total Liabilities and Net Assets	\$ 3,183,134	\$ 4,196,586

See accompanying Notes to Financial Statements.

WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED TOTALS FOR YEAR ENDED DECEMBER 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	<u>2024</u>	<u>2023</u>
SUPPORT AND OTHER REVENUE				
Contributions and Grants	\$ 2,428,408	\$ 1,422,860	\$ 3,851,268	\$ 4,810,488
In-Kind Contributions	2,277	-	2,277	17,798
Investment and Interest Income (Loss), Net	189,165	29,154	218,319	220,792
Other Income	49,370	-	49,370	24,825
Gain on Disposal of Property and Equipment	-	-	-	8,550
Net Assets Released from Donor Restrictions	1,654,010	(1,654,010)	-	-
Total Support and Other Revenue	<u>4,323,230</u>	<u>(201,996)</u>	<u>4,121,234</u>	<u>5,082,453</u>
EXPENSES				
Program Services	3,515,599	-	3,515,599	3,166,720
Supporting Activities:				
Management and General	392,513	-	392,513	430,406
Fundraising	977,850	-	977,850	943,905
Total Expenses	<u>4,885,962</u>	<u>-</u>	<u>4,885,962</u>	<u>4,541,031</u>
CHANGE IN NET ASSETS	(562,732)	(201,996)	(764,728)	541,422
Net Assets - Beginning of Year	<u>2,545,407</u>	<u>1,242,239</u>	<u>3,787,646</u>	<u>3,246,224</u>
NET ASSETS - END OF YEAR	<u>\$ 1,982,675</u>	<u>\$ 1,040,243</u>	<u>\$ 3,022,918</u>	<u>\$ 3,787,646</u>

See accompanying Notes to Financial Statements.

WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED TOTALS FOR YEAR ENDED DECEMBER 31, 2023)

	Program Services	Supporting Activities		2024	2023
		Management and General	Fundraising		
Salaries and Wages	\$ 1,788,039	\$ 210,503	\$ 306,065	\$ 2,304,607	\$ 2,112,916
Employee Benefits	459,964	87,471	88,842	636,277	608,126
Contracted Services	192,589	14,769	215,661	423,019	511,047
In-kind Services	2,277	-	-	2,277	2,798
Travel, Meals, and Entertainment	369,102	18,314	98,308	485,724	367,495
Office Supplies	117,067	11,779	128,963	257,809	274,273
Facilities and Equipment	105,518	26,060	38,439	170,017	185,125
Communications	9,582	2,188	3,080	14,850	14,544
Fees	90,251	9,417	69,903	169,571	100,724
Advertising and Promotions	51,161	-	9,164	60,325	105,405
Depreciation and Amortization	50,682	6,878	2,383	59,943	40,509
Insurance	34,569	7,533	10,477	52,579	34,239
Program Supplies	197,011	-	62	197,073	136,006
Miscellaneous	47,787	2,918	6,503	57,208	57,513
Total Functional Expenses	3,515,599	397,830	977,850	4,891,279	4,550,720
Less: Expenses Included with Revenues on the Statement of Activities:					
Investment Administration Fees	-	(5,317)	-	(5,317)	(9,689)
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 3,515,599	\$ 392,513	\$ 977,850	\$ 4,885,962	\$ 4,541,031

See accompanying Notes to Financial Statements.

WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024
(WITH TOTALS FOR YEAR ENDED DECEMBER 31, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (764,728)	\$ 541,422
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	54,005	40,509
Amortization of ROU Asset	81,558	76,434
Gain on Disposal of Property and Equipment	-	(8,550)
Contributions of Property and Equipment	-	(15,000)
Contributions Restricted to Endowment	(10,000)	(11,000)
Net (Gain) Loss on Investments	(158,015)	(170,801)
Changes in Operating Assets and Liabilities:		
Contributions and Grants Receivable	191,600	(466,000)
Other Receivables	5,246	(9,232)
Prepaid Expenses	(18,859)	(18,213)
Accounts Payable	12,006	28,338
Refundable Advance	(180,235)	-
Lease Liability - Operating	(76,641)	(73,996)
Other Liabilities	1,267	(2,574)
Net Cash Used by Operating Activities	(862,796)	(88,663)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(102,348)	(71,545)
Sale of Property and Equipment	-	13,300
Purchase of Investments	(572,584)	(575,463)
Sale of Investments	855,074	450,740
Net Cash Provided (Used) by Investing Activities	180,142	(182,968)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of Contributions Restricted to Endowment	10,000	11,000
Repayment of Lease Liability - Financing	(5,121)	(7,415)
Net Cash Provided by Financing Activities	4,879	3,585
NET CHANGE IN CASH AND CASH EQUIVALENTS	(677,775)	(268,046)
Cash and Cash Equivalents - Beginning of Year	888,319	1,156,365
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 210,544	\$ 888,319
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Noncash Right-of-Use Asset Addition from Lease Liability - Financing	\$ -	\$ 29,692
Noncash Property and Equipment Addition from Donation	\$ -	\$ 15,000

See accompanying Notes to Financial Statements.

WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Wisconsin Evangelical Lutheran Synod Kingdom Workers, Inc. (the 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 27% of our contributions and grants for the year ended December 31, 2024 were from one contributor.

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, 2023, 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, 2024.

WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in ROU assets – financing and lease liability – financing in the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position.

When the individual lease contracts do not provide information about the discount rate implicit in the lease, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities. If the lease contract provides information to determine the implicit rate, the Organization's uses that information to compute the present value of lease liabilities.

The Organization has elected not to separate nonlease components from lease components and instead account for each separate lease component and the nonlease component as a single lease component.

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.

WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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.

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, 2024 were \$2,277. The corresponding expense is shown in the statement of functional expenses as in-kind services for \$2,277. These amounts are included in program services for \$2,277, management and general for \$-0-, and fundraising for \$-0-. 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 3,931 volunteers during the year ended December 31, 2024 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. 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.

WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Wisconsin Evangelical Lutheran Synod Kingdom Workers, Inc. is organized as a Wisconsin nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under the Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi), and has 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 Organization.

Subsequent Events

We have evaluated subsequent events through April 29, 2025, the date the financial statements were available to be issued.

On February 7, 2025, a donor contributed land with a value of \$500,000. The Organization then sold the land to a third party on February 7, 2025 for the land's full value less settlement and transfer fees of \$3,725.

WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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	\$ 210,544
Contributions and Grants Receivable	319,400
Other Receivables	4,151
Investments	2,291,298
Less: Board-Designated Funds	(851,949)
Less: Donor Purpose Restrictions	(1,040,243)
Total	<u>\$ 933,201</u>

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

The financial assets listed above include endowment funds in the amount of \$1,179,017. 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.

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.

WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

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.

The following are the major categories of assets measured at fair value on a recurring basis as of December 31, 2024.

	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	\$ 75,426	\$ -	\$ -	\$ 75,426
Equities Mutual Funds:				
Domestic	1,104,612	-	-	1,104,612
International	302,907	-	-	302,907
Bond Funds	808,353	-	-	808,353
Total	\$ 2,291,298	\$ -	\$ -	\$ 2,291,298

NOTE 4 INVESTMENTS

Investments consist of the following at December 31, 2024:

Money Market Funds	\$ 75,426
Equities Mutual Funds:	
Domestic	1,104,612
International	302,907
Bond Funds	808,353
Total	\$ 2,291,298

Investment income for the year ended December 31, 2024 consists of the following:

Net Realized and Unrealized Gain	\$ 158,015
Interest and Dividends	65,621
Investment Administration Fees	(5,317)
Total	\$ 218,319

WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2024:

Vehicles and Trailers	\$ 472,046
Office Furniture and Equipment	6,080
Computer Hardware and Software	8,071
Vehicle Not Yet Placed in Service	45,079
Subtotal	<u>531,276</u>
Less: Accumulated Depreciation	320,689
Total Property and Equipment, Net	<u><u>\$ 210,587</u></u>

NOTE 6 LEASES

The Organization leases equipment as well as office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2028. Facility leases provide for increases in future minimum annual rental payments based on defined increases in the lease agreement. Additionally, the agreements generally require the Organization to pay insurance and repairs.

The following table provides quantitative information concerning the Organization's leases.

Finance Lease Cost:	
Amortization of right-of-use assets	\$ 5,938
Interest on lease liabilities	2,190
Operating Lease Cost	<u>77,080</u>
Total Lease Cost	<u><u>\$ 85,208</u></u>

Other Information:

Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Finance Leases	\$ 2,190
Operating Cash Flows from Operating Leases	78,101
Financing Cash Flows from Finance Leases	5,120
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities:	
	-
Weighted-Average Remaining Lease Term - Finance Leases	3.7 Years
Weighted-Average Remaining Lease Term - Operating Leases	0.7 Years
Weighted-Average Discount Rate - Finance Leases	8.50%
Weighted-Average Discount Rate - Operating Leases	1.55%

WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 LEASES (CONTINUED)

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2024, is as follows:

<u>Year Ending December 31,</u>	<u>Financing Leases</u>	<u>Operating Leases</u>
2025	\$ 7,310	\$ 52,734
2026	7,310	-
2027	7,310	-
2028	4,873	-
Total Minimum Lease Payments	26,803	52,734
Less: Amount Representing Interest	(3,844)	(305)
Present Value of Lease Liabilities	\$ 22,959	\$ 52,429

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, 2024, 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

WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 ENDOWMENT (CONTINUED)

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, 2024, 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.

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 year ended December 31, 2024, 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	\$ 806,016	\$ 300,480	\$ 1,106,496
Contributions	-	10,000	10,000
Interest and Dividends	19,067	6,886	25,953
Realized and Unrealized Gain	61,664	20,927	82,591
Appropriated for Expenditure	<u>(34,798)</u>	<u>(12,566)</u>	<u>(47,364)</u>
Endowment Net Assets at Fair Value - End of Year	<u>\$ 851,949</u>	<u>\$ 325,727</u>	<u>\$ 1,177,676</u>

WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2024:

Net Assets with Donor Restrictions:	
Purpose Restrictions:	
Jesus Cares	\$ 385,912
Water and Health	20,000
Builders for Christ	5,781
Meros Center	302,823
Endowment:	
Subject to Appropriation	34,217
Principal - Held in Perpetuity	<u>291,510</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,040,243</u>

NOTE 9 CONTRIBUTED NONFINANCIAL ASSETS

For the year ended December 31, contributed nonfinancial assets recognized within the statements of activities included:

	<u>Programs</u>	<u>Fundraising</u>	<u>Total</u>
<u>December 31, 2024</u>			
Professional Services	<u>\$ 2,277</u>	<u>\$ -</u>	<u>\$ 2,277</u>

The Organization recognized contributed nonfinancial assets within revenue, support and gains, including contributed equipment, which is utilized and valued at fair market value for similar items. Unless otherwise noted, contributed financial assets did not have donor-imposed restrictions.

Volunteers contribute significant amounts of time to the Organization’s program services.

NOTE 10 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 2024 was \$50,770.

NOTE 11 RELATED PARTY TRANSACTIONS

The Organization receives contributions from members of its board. During the year ended December 31, 2024, board members contributed \$97,407 to the Organization.



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, 2024, and our report thereon dated April 29, 2025, which expressed an unmodified opinion on those financial statements, appears on pages 1 - 3. 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 are 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

Racine, Wisconsin
April 29, 2025

WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
EXPENSE SUMMARY – MALAWI
YEAR ENDED DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

PAYROLL EXPENSES

Payroll Expense	\$ 49,752
Benefits	9,372
Contract Services	147
Total Payroll Expenses	59,271

GENERAL EXPENSES

Advertising and Promotions	1,487
Facilities and Equipment	26,732
Insurance	8,915
Licenses and Fees	591
Professional Services	2,977
Program Supplies	66,700
Staff Development	3,026
Travel Expenses	41,711
Total General Expenses	152,139
Total Malawi Expenses	\$ 211,410

WISCONSIN EVANGELICAL LUTHERAN SYNOD KINGDOM WORKERS, INC.
CASH BASIS STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

OPERATING SUPPORT AND OTHER REVENUE

Contributions and Grants	\$ 3,862,633
Other Income	54,616
Total Operating Support and Other Revenue	3,917,249

OPERATING EXPENSES

Salaries and Wages	2,301,667
Employee Benefits	635,513
Contracted Services	417,194
Travel, Meals, and Entertainment	485,721
Office Supplies	257,226
Facilities and Equipment	169,708
Communications	14,646
Fees	169,553
Advertising and Promotions	60,121
Insurance	52,507
Program Supplies	197,010
Miscellaneous	56,971
Total Operating Expenses	4,817,838

Total Operating Net Loss (900,589)

NONOPERATING REVENUE AND EXPENSE

Investment and Interest Income	60,304
Assets Purchased	(102,348)
Total Nonoperating Revenue and Expense	60,304

CASH BASIS CHANGE IN NET ASSETS

\$ (840,285)



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