

**Southwestern Pennsylvania Synod
Evangelical Lutheran Church in America**

Financial Statements and
Supplementary Information

Years Ended January 31, 2023 and 2022
with Independent Auditor's Report

MaherDuessel

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SOUTHWESTERN PENNSYLVANIA SYNOD EVANGELICAL LUTHERAN CHURCH IN AMERICA

YEARS ENDED JANUARY 31, 2023 AND 2022

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Independent Auditor's Report

Synod Council

Southwestern Pennsylvania Synod Evangelical Lutheran Church in America

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Southwestern Pennsylvania Synod Evangelical Lutheran Church in America (Synod), which comprise the statements of financial position as of January 31, 2023 and 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Synod as of January 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Synod adopted ASU 2016-02, "*Leases (Topic 842)*," which requires lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Our opinion is not modified with respect to this matter.

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 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.

Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
June 8, 2023

**SOUTHWESTERN PENNSYLVANIA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

STATEMENTS OF FINANCIAL POSITION

JANUARY 31, 2023 AND 2022

Assets	2023	2022 (Restated)	Liabilities and Net Assets	2023	2022 (Restated)
Cash and cash equivalents:			Liabilities:		
Without donor restrictions - undesignated	\$ 256,857	\$ 299,656	Accounts payable:		
Without donor restrictions - internally designated	290,215	204,187	Proportionate share due to ELCA	\$ 129,755	\$ 133,788
Agency funds	22,673	17,148	Designated gifts	94,120	142,143
With donor restrictions	429,377	417,725	Agency payables	22,673	17,148
Total cash and cash equivalents	999,122	938,716	Other	39,065	18,838
Investments:			Total accounts payable	285,613	311,917
Without donor restrictions - internally designated	1,854,999	2,114,736	Accrued expenses	15,700	15,300
With donor restrictions	5,014,284	5,607,645	Operating lease liability	162,632	221,351
Total investments	6,869,283	7,722,381	Total Liabilities	463,945	548,568
Congregational remittances receivable	65,389	115,575	Net Assets:		
Other receivables	32,863	81,771	Without donor restrictions:		
Prepaid expenses	25,877	26,270	Undesignated	(36,526)	(36,528)
Beneficial interest in perpetual trust	323,091	371,066	Property and equipment	17,362	26,215
Operating lease right of use asset, net of accumulated amortization	162,632	221,351	Internally designated	2,351,312	2,649,841
Property and equipment:			Total net assets without donor restrictions	2,332,148	2,639,528
Furnishings and equipment	157,941	159,362	With donor restrictions:		
Accumulated depreciation	(140,579)	(133,147)	Purpose restrictions	5,183,436	5,751,641
Total property and equipment	17,362	26,215	Restrictions that are perpetual in nature	516,090	563,608
Total Assets	\$ 8,495,619	\$ 9,503,345	Total net assets with donor restrictions	5,699,526	6,315,249
			Total Net Assets	8,031,674	8,954,777
			Total Liabilities and Net Assets	\$ 8,495,619	\$ 9,503,345

See accompanying notes to financial statements.

**SOUTHWESTERN PENNSYLVANIA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

STATEMENT OF ACTIVITIES

YEAR ENDED JANUARY 31, 2023

(WITH COMPARATIVE TOTALS FOR YEAR ENDED JANUARY 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2023	2022
Support and Revenues:				
Operating support and revenues:				
Mission support from congregations and members	\$ 1,348,715	\$ -	\$ 1,348,715	\$ 1,398,406
ELCA deployed staff support	10,000	-	10,000	10,000
Event registrations and grants	20,507	-	20,507	20,205
Rental income	-	-	-	2,150
Interest and dividend income	133,586	-	133,586	186,868
Trust revenue	15,529	-	15,529	14,777
Miscellaneous income	7,699	-	7,699	2,801
Total operating support and revenues	1,536,036	-	1,536,036	1,635,207
Non-operating support and revenues:				
Contributions and bequests	29,277	12,467	41,744	235,752
Investment return (decline), net	(124,718)	(304,116)	(428,834)	430,354
Net assets released from restrictions	276,099	(276,099)	-	-
Revenue from closed congregations	-	-	-	96,874
Gain on disposal of property and equipment	-	-	-	987,575
Investment return (decline) designated for current operations	(156,107)	-	(156,107)	(167,671)
Restricted gain (loss) on beneficial interest in perpetual trust	-	(47,975)	(47,975)	11,053
Total non-operating support and revenues	24,551	(615,723)	(591,172)	1,593,937
Total support and revenues	1,560,587	(615,723)	944,864	3,229,144
Expenses:				
Operating expenses:				
Designated contributions:				
Evangelical Lutheran Church in America - proportionate share	622,707	-	622,707	675,988
Agencies and committees	198,888	-	198,888	245,085
Synod office	737,018	-	737,018	723,175
Total operating expenses	1,558,613	-	1,558,613	1,644,248
Non-operating expenses	309,354	-	309,354	320,034
Total expenses	1,867,967	-	1,867,967	1,964,282
Change in Net Assets	(307,380)	(615,723)	(923,103)	1,264,862
Net Assets:				
Beginning of year	2,639,528	6,315,249	8,954,777	7,689,915
End of year	\$ 2,332,148	\$ 5,699,526	\$ 8,031,674	\$ 8,954,777

See accompanying notes to financial statements.

**SOUTHWESTERN PENNSYLVANIA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

STATEMENT OF ACTIVITIES

YEAR ENDED JANUARY 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
<u>Operating support and revenues:</u>			
Mission support from congregations and members	\$ 1,398,406	\$ -	\$ 1,398,406
ELCA deployed staff support	10,000	-	10,000
Event registrations and grants	20,205	-	20,205
Rental income	2,150	-	2,150
Interest and dividend income	186,868	-	186,868
Trust revenue	14,777	-	14,777
Miscellaneous income	2,801	-	2,801
	1,635,207	-	1,635,207
<u>Non-operating support and revenues:</u>			
Contributions and bequests	99,697	136,055	235,752
Investment return (decline), net	(5,333)	435,687	430,354
Net assets released from restrictions	267,127	(267,127)	-
Revenue from closed congregations	96,874	-	96,874
Gain on disposal of property and equipment	987,575	-	987,575
Investment return (decline) designated for current operations	(167,671)	-	(167,671)
Restricted gain on beneficial interest in perpetual trust		11,053	11,053
	1,278,269	315,668	1,593,937
Total non-operating support and revenues	1,278,269	315,668	1,593,937
Total support and revenues	2,913,476	315,668	3,229,144
<u>Expenses and Losses:</u>			
<u>Operating expenses:</u>			
Designated contributions:			
Evangelical Lutheran Church in America - proportionate share	675,988	-	675,988
Agencies and committees	245,085	-	245,085
Synod office	723,175	-	723,175
	1,644,248	-	1,644,248
Total operating expenses	1,644,248	-	1,644,248
Non-operating expenses	320,034	-	320,034
Total expenses and losses	1,964,282	-	1,964,282
Change in Net Assets	949,194	315,668	1,264,862
<u>Net Assets:</u>			
Beginning of year	1,690,334	5,999,581	7,689,915
End of year	\$ 2,639,528	\$ 6,315,249	\$ 8,954,777

See accompanying notes to financial statements.

**SOUTHWESTERN PENNSYLVANIA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JANUARY 31, 2023

	Constitution and Call	Leadership Formation	Collaboration and Vitality	Mission and Service	Total Programs	Administration and General	Total
Synod grants	\$ -	\$ 254,321	\$ 227,819	\$ 562,197	\$ 1,044,337	\$ -	\$ 1,044,337
Compensation and benefits	138,594	63,357	92,773	37,901	332,625	233,065	565,690
Synod events and support	1,930	5,545	3,580	3,700	14,755	-	14,755
Education and training	-	13,954	2,433	2,015	18,402	-	18,402
Travel and meetings	9,697	10,026	8,386	1,981	30,090	13,997	44,087
Office operations	12,042	5,505	8,506	4,241	30,294	21,193	51,487
Occupancy and depreciation	20,507	9,375	13,727	5,608	49,217	34,484	83,701
Professional and administrative services	-	7,433	2,250	10,000	19,683	25,825	45,508
Total expenses	\$ 182,770	\$ 369,516	\$ 359,474	\$ 627,643	\$ 1,539,403	\$ 328,564	\$ 1,867,967

See accompanying notes to financial statements.

**SOUTHWESTERN PENNSYLVANIA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JANUARY 31, 2022

	Constitution and Call	Leadership Formation	Collaboration and Vitality	Mission and Service	Total Programs	Administration and General	Total
Synod grants	\$ -	\$ 315,329	\$ 265,279	\$ 547,964	\$ 1,128,572	\$ -	\$ 1,128,572
Compensation and benefits	131,180	50,670	104,156	32,091	318,097	244,906	563,003
Synod events and support	4,161	-	7,562	30,967	42,690	-	42,690
Education and training	-	16,154	3,064	1,800	21,018	-	21,018
Travel and meetings	4,620	2,696	4,844	1,671	13,831	8,120	21,951
Office operations	11,205	5,751	9,738	2,741	29,435	22,933	52,368
Occupancy and depreciation	19,985	7,720	15,868	4,889	48,462	40,787	89,249
Professional and administrative services	440	1,989	4,086	14,456	20,971	24,460	45,431
Total expenses	\$ 171,591	\$ 400,309	\$ 414,597	\$ 636,579	\$ 1,623,076	\$ 341,206	\$ 1,964,282

See accompanying notes to financial statements.

**SOUTHWESTERN PENNSYLVANIA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

STATEMENTS OF CASH FLOWS

YEARS ENDED JANUARY 31, 2023 AND 2022

	2023	2022 (Restated)
Cash Flows From Operating and Non-Operating Activities:		
Cash received from congregations and members	\$ 1,408,901	\$ 1,385,466
Cash received from event registration and grants	20,507	20,205
Payments for designated contributions	(626,740)	(679,997)
Payments for agencies and committees	(198,888)	(245,085)
Payments to employees	(595,257)	(581,669)
Payments for facilities, equipment, and operations	(123,999)	(123,623)
Funds received from congregations for agency transactions	350,408	388,779
Funds remitted to ELCA and other agencies	(404,317)	(338,725)
Cash received from interest and trust revenue	404,609	324,833
Contributions and bequests	41,744	235,752
Other receipts	56,607	103,373
Other (payments)	(306,564)	(397,856)
	27,011	91,453
Cash Flows From Investing Activities:		
Proceeds from sale of property	-	1,545,632
Proceeds from sale of investments	83,063	97,754
Purchase of investments	(49,668)	(1,561,180)
	33,395	82,206
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	60,406	173,659
Cash, Cash Equivalents, and Restricted Cash:		
Beginning of year	938,716	765,057
End of year	\$ 999,122	\$ 938,716
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating and Non-Operating Activities:		
Change in net assets	\$ (923,103)	\$ 1,264,862
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,853	10,240
Amortization of right of use asset	58,719	58,496
(Gain) or loss on disposal of property and equipment	-	(987,575)
Net (gain) loss on investments	831,114	(145,859)
Net (gain) loss in perpetual trust	47,975	(11,053)
Change in:		
Operating lease liabilities	(58,719)	(58,496)
Receivables, net	99,094	(21,392)
Prepaid expenses	393	(6,817)
Accounts payable and accrued expenses, net	16,594	(61,007)
Total adjustments	1,004,023	(1,223,463)
Agency transactions:		
Funds received from congregations	350,408	388,779
Funds remitted to ELCA and other agencies	(404,317)	(338,725)
Net cash provided by (used in) agency transactions	(53,909)	50,054
Net cash provided by (used in) operating and non-operating activities	\$ 27,011	\$ 91,453
Schedule of Noncash Investing and Financing Activities:		
Addition of right to use asset for operating leases	\$ -	\$ 294,437

See accompanying notes to financial statements.

SOUTHWESTERN PENNSYLVANIA SYNOD EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JANUARY 31, 2023 AND 2022

1. Organization

The Southwestern Pennsylvania Synod Evangelical Lutheran Church in America (Synod), in partnership with the churchwide organization, bears the primary responsibility for the oversight of the life and mission of the Evangelical Lutheran Church in America (ELCA) on the territory of this Synod. The primary financial support for the Synod comes from the benevolent contributions from its congregations. Since the congregations, Synod, and churchwide organization are interdependent units that share responsibility in God's mission, all share in the responsibility to develop, implement, and strengthen the financial support of the whole church. The gifts and offerings of the members of the ELCA are given to support all parts of the ELCA.

The Synod oversees the congregations in Southwestern Pennsylvania. The territory of the Synod includes the Counties of Allegheny, Beaver, Butler, Fayette, Greene, Lawrence, Washington, Westmoreland, a major part of Armstrong, and a minor part of Indiana.

For the years ended January 31, 2023 and 2022, the proportionate share of congregation remittances received for mission support and transmitted to the ELCA was 46.18% and 48.6%, respectively.

2. Significant Accounting Policies

Basis of Accounting

The financial statements of the Synod have been prepared on the accrual basis. Revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Resources are classified for accounting and reporting purposes into two classes of net assets (without donor restrictions and with donor restrictions) established according to their nature and purpose. Separate accounts are maintained for individual funds; however, for financial reporting purposes, funds that have similar characteristics have been combined into net asset classes.

SOUTHWESTERN PENNSYLVANIA SYNOD EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JANUARY 31, 2023 AND 2022

The assets, liabilities, and net assets of the Synod are reported in net asset classes as follows:

- *Net assets without donor restrictions* – Net assets that are not subject to any donor-imposed stipulations.
- *Net assets with donor restrictions* – Net assets that are subject to donor-imposed or other legal restrictions on the use of the assets that may be met either by actions of the Synod or the passage of time. The Synod also has net assets subject to donor-imposed or other legal restrictions in which the principal must be maintained permanently by the Synod.

The Synod reports contributions of cash and other assets as donor-restricted contributions if they are received with donor stipulations that limit the use of the donated assets. Expiring donor restrictions result in net assets with purpose or time restrictions being reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend on have been met. The Synod had no conditional promises to give at January 31, 2023 and 2022.

Operating Activities

Operating transactions in the statements of activities are budgeted by the Synod Council and are activities considered to be ongoing, major, or central to the routine operations of the Synod. Other peripheral or incidental transactions are reported as non-operating. The Synod has designated investment income earned on certain bank accounts as income from operations.

Agency Transactions

The Synod acts as an agent for specific collections of funds for various agencies. These funds are then forwarded to the ELCA and other agencies and institutions for distribution. Funds received or committed from congregations in which the Synod acts as an agent are reported as increases in cash or receivables and increases in payables. Distributions are reported as decreases in cash and payables. The funds received and distributed for the fiscal year are shown in the statements of cash flows.

SOUTHWESTERN PENNSYLVANIA SYNOD EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JANUARY 31, 2023 AND 2022

The Synod has fiduciary responsibilities for the Tri-Synod Archives Endowment Fund, a joint effort of three regional Synods. Receipts and disbursements of the Tri-Synod Archives Endowment Fund are reflected as agency transactions.

During the fiscal year ended January 31, 2015, by mutual agreement of the parties involved, the remaining balance of the Lutheran Planned Giving Partnership (a partnership of the churchwide organization, three synods and their related agencies and institutions), was transferred to Faith Works, a joint effort of ten Lutheran ministry organizations, to help congregation donors directly with the funding of their ministries. Faith Works was enacted in March of 2013 by Synod Council action to replace the Calendar of Causes and was a Pilot Program for the next two years. The Faith Works program was launched in the spring of 2014, and the Pilot Program came to an end in 2016. The Calendar of Causes was begun again in 2017. There continues to be some agency income received through the Faith Works program, and some of the partners are engaged in conversation about its future form. The Synod continues its fiduciary responsibilities for the balance of the Faith Works funds; the receipts and disbursements of the Faith Works program are reflected as agency transactions.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks, and money market accounts, as well as all short-term highly liquid investments with maturities from the date of purchase of three months or less.

Investments

Investments consist of mutual funds, ELCA pooled trust funds, and a Thrivent managed portfolio. Investments are presented in the financial statements at fair value.

The Synod's investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that significant changes in risks in the near-term may materially affect the amounts reported in the financial statements.

SOUTHWESTERN PENNSYLVANIA SYNOD EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JANUARY 31, 2023 AND 2022

Receivables

Receivables consist principally of benevolent contributions receivable from congregations and loans made to churches. Such receivables and loans are considered to be fully collectible by management; accordingly, no allowance for doubtful accounts has been provided.

Property and Equipment and Depreciation

Property and equipment are carried on the basis of cost for purchased items and at fair value at the date of donation for donated items. Depreciation of equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

Lease

The Synod leases office space. The Synod determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the statement of financial position.

ROU assets represent the Synod's right to use an underlying asset for the lease term and lease liabilities represent the Synod's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Synod's leases do not provide an implicit rate, the incremental borrowing rate is used which is based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Synod's lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Synod's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Synod considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for

SOUTHWESTERN PENNSYLVANIA SYNOD EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JANUARY 31, 2023 AND 2022

what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Income Taxes

Income taxes are not provided, as the Synod is exempt under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation, within a group ruling for the ELCA.

Uses of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Severance Benefits

In March 1990, the Synod Council adopted the "Synod Severance Benefits for Synod Bishops and Executive Staff" policy approved by the Church Council of the ELCA. Severance benefits are provided for the Bishop and executive staff members whose office or employment by the Synod is involuntarily terminated due to action of the Synod or resignation upon the request of a newly elected Bishop. The benefit recipient must have served at least one full term as Bishop or a term co-terminal with that of the Bishop. Benefit amounts are equal to three months of the benefit participant's most recent monthly compensation (including salary, housing, and FICA reimbursement, if applicable). No severance benefits were paid or accrued during the years ended January 31, 2023 and 2022.

Concentration of Risk Factors

The Synod's main source of revenue is earned through mission support from congregations and members in the southwestern Pennsylvania area. Thus, congregation membership, ELCA mission and principles, and economic influences in the southwestern Pennsylvania area have a substantial effect on the Synod's operations.

SOUTHWESTERN PENNSYLVANIA SYNOD EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JANUARY 31, 2023 AND 2022

Expense Allocation

Expenses directly related to a specific program are charged to that program. 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. Allocations are based on the estimated time and effort spent related to each function.

Programmatic categories were created by synod staff based on the constitutional purposes of a synod (+S6.03), the daily activities of the staff in our shared pursuit of those purposes, and the ministries supported by the financial contributions of our people.

Adopted Accounting Standard

The provisions of this Standards Update have been adopted and incorporated into these financial statements:

ASU 2016-02, *“Leases (Topic 842).”* These amendments and related amendments require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures are required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The adoption of this standard resulted in the presentation of right-of-use lease assets and related lease liabilities on the statements of financial position, and additional footnote disclosure. The effects of this adoption were not material to beginning net asset balances and were adjusted through the statements of financial position for the year ended January 31, 2022.

Pending Accounting Standards Updates

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Updates (individually and collectively, ASU) that will become effective in future years as outlined below. Management has not yet determined the impact of this update on the financial statements.

ASU 2016-13, *“Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,”* is effective, as delayed, for the financial statements for the year beginning after December 15, 2022. This amendment and related amendments

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require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. This includes loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

3. Cash and Cash Equivalents

As of January 31, 2023 and 2022, the book balances for total cash and cash equivalents are \$999,122 and \$938,716, respectively, and bank balances are \$1,030,993 and \$1,043,785, respectively, of which \$581,401 and \$572,090, respectively, were FDIC insured. The Synod has not experienced any losses from maintaining cash accounts in excess of federally insured limits. It is the opinion of management that the solvency of the financial institutions involved, as well as the ELCA Mission Investment Fund, is not of particular concern at this time.

4. Investments

Investments at January 31, 2023 and 2022 consist of:

	<u>2023</u>	<u>2022</u>
ELCA endowment fund A pooled trust	\$ 6,030,383	\$ 6,745,909
Mutual funds - Thrivent Income Fund A	57,390	46,476
Mutual funds - Thrivent managed portfolio	<u>781,510</u>	<u>929,996</u>
	<u>\$ 6,869,283</u>	<u>\$ 7,722,381</u>

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Investment return (loss) at January 31, 2023 and 2022 consists of:

	2023	2022
Interest and dividends	\$ 379,759	\$ 318,045
Unrealized gain (loss)	(831,114)	131,506
	\$ (451,355)	\$ 449,551

Beneficial Interest in Perpetual Trust

During 1990, Holy Spirit Lutheran Church (Holy Spirit) became the beneficiary of a perpetual charitable trust (trust). Under the trust agreement, Holy Spirit was to receive 5% of the income generated by the trust. As a result of legal proceedings, the Synod has been named the legal successor of Holy Spirit and, accordingly, is receiving the income distributions from the trust since Holy Spirit's closing in June 2006. The Synod Council has voted to forward all income received from the trust to the operating fund. These investments held in trust by others at January 31, 2023 and 2022 were valued at \$323,091 and \$371,066, respectively.

Fair Value Hierarchy

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for Level 2 investments are determined by reference to quoted prices for similar investments in active markets. Level 3 investments have significant unobservable inputs, as they trade infrequently or not at all. Fair values for Level 3 financial instruments are determined by significant unobservable inputs.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes from previous years in the methodologies.

Beneficial Interest in Perpetual Trust: Valued at 5% of the assets held in trust, reported by the trustee, as of January 31, 2023 and 2022. The Synod considers the measurement of its beneficial interest in the perpetual charitable trust to be a Level 3 measurement within the

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fair value measurement hierarchy because the Synod's interest in the trust is considered to be the unit of account, and even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Synod will never receive those assets or have the ability to direct the trustee to redeem them.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Synod are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Synod are deemed to be actively traded.

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following is a description of the valuation methodologies used for assets for which fair value is measured using the NAV per share practical expedient as of January 31, 2023 and 2022, respectively.

ELCA Endowment Fund A Pooled Trust (Trust): Valued at the NAV of units of a collective trust as reported to the Synod, as of January 31, 2023 and 2022. The Trust seeks to achieve long-term return objectives within prudent risk constraints by investing the Trust's assets in a diversified portfolio that places a greater emphasis on equity-based and fixed-income investments. Investments are selected in accordance with the criteria of social responsibility that is consistent with the values and programs of the ELCA. The Trust's investments are invested in investment pools. The fair value of each of the Trust's portfolios is measured using the same unitization method, with values differing according to the underlying securities of each pool. On the first business day of each month, the Trust may purchase or redeem units in the investment pools based on the pools' prior month-end closing unit prices. Prices for underlying securities in the investment pools are based on quotes that are obtained from an independent pricing service. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the Trust's net assets divided by the total of all participants' units. The value of the assets of the trust, as well as the value of a unit in the trust, is determined on the last business day of each month. Participant contributions or withdrawals may occur at any time but are based upon the most recent value as of the last business day of the previous month. Closing withdrawals can only be made at the last business day of the month. There were no unfunded commitments as of January 31, 2023 or 2022.

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The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of the future fair values. Furthermore, although the Synod believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in fair value measurement at the reporting date.

Fair values of assets measured on a recurring basis as of January 31, 2023 are as follows:

Description	1/31/23	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in perpetual trust	\$ 323,091	\$ -	\$ -	\$ 323,091
Mutual funds:				
Thrivent managed portfolio	781,510	781,510		
Fixed income funds	57,390	57,390	-	-
Total assets in fair value hierarchy	<u>1,161,991</u>	<u>\$ 838,900</u>	<u>\$ -</u>	<u>\$ 323,091</u>
Investments measured at net asset value *	<u>6,030,383</u>			
Investments at fair value	<u>\$ 7,192,374</u>			

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Fair values of assets measured on a recurring basis as of January 31, 2022 are as follows:

Description	1/31/22	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in perpetual trust	\$ 371,066	\$ -	\$ -	\$ 371,066
Mutual funds:				
Thrivent managed portfolio	929,996	929,996	-	-
Fixed income funds	46,476	46,476	-	-
Total assets in fair value hierarchy	<u>1,347,538</u>	<u>\$ 976,472</u>	<u>\$ -</u>	<u>\$ 371,066</u>
Investments measured at net asset value *	<u>6,745,909</u>			
Investments at fair value	<u>\$ 8,093,447</u>			

* In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net position.

Level 3 assets are the beneficial interest in perpetual trust, which is described above. All unrealized gains (losses) are reflected in the accompanying statements of activities as investment income (loss) as of January 31, 2023 and 2022, respectively, and are related to assets still held at the statements of financial position date.

5. Retirement Benefits

The called staff, support staff, and grant supported staff of the Synod participate in a defined contribution pension plan (plan) sponsored by the ELCA. Contributions to the plan are based on a percentage of the plan participants' compensation. Total contributions by the Synod to the plan during the years ended January 31, 2023 and 2022 amounted to \$49,350 and \$47,475, respectively.

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6. Net Assets with Donor Restrictions

Net assets with donor restrictions subject to expenditure for a specified purpose as of January 31, 2023 and 2022 are available for use for the following purposes and programs:

	2023	2022
Mission endowment	\$ 35,108	\$ 46,873
Support for congregations	79,519	83,950
Local disaster relief	14,396	14,364
New sanctuary construction	207,676	207,676
Property maintenance	4,414	3,724
Seminary training	84,740	91,559
Special ministry/events	77,100	77,272
Companion Synod - Madagascar	77,000	71,354
Support for professional leaders	33,597	32,281
Office equipment and training	8,981	8,927
Youth programs	15,740	15,595
LDR disaster response work teams	18,172	18,119
Synod Resource Center	8,025	5,624
Ethel Verney Fund for Poverty Relief	4,518,968	5,074,323
	\$ 5,183,436	\$ 5,751,641

During the fiscal year ended January 31, 2015, the SWPA Synod, ELCA became the recipient of a bequest from the Ethel Verney estate. Her will has directed that these funds are “for the benefit of the Southwestern Pennsylvania Synod, to be used in its programs to provide relief and support for people living in poverty in the area it serves.” This fund is administered by the Synod’s Mission Endowment Board and is invested in the ELCA Endowment Fund Pooled Trust A.

During the years ended January 31, 2023 and 2022, \$276,099 and \$267,127, respectively, of net assets were released from donor restrictions by incurring expenses that satisfied the restricted purpose.

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Net assets with donor restrictions that are restricted as to investment in perpetuity, the income from which is available to support the following activities:

	2023	2022
Howard Miller Charitable Trust - operations	\$ 323,091	\$ 371,066
Scholarships for seminary students	10,319	10,319
Education related to church service	5,000	5,000
Mission Endowment Fund principal	177,680	177,223
	\$ 516,090	\$ 563,608

7. Net Assets Without Donor Restrictions – Internally Designated

Net assets without donor restrictions that are internally designated as of January 31, 2023 and 2022 are available for the following purposes and programs:

	2023	2022
Congregation Legacy Fund	\$ 741,425	\$ 817,060
9625 Perry Highway Fund (Building sale)	1,196,013	1,380,916
Support for congregations and pastors	102,163	102,049
Special events and Synod programs	199,265	234,857
Property maintenance and equipment purchases	34,369	34,677
Mission endowment	65,353	69,979
Support for professional staff	12,724	10,303
	\$ 2,351,312	\$ 2,649,841

In May 2009, Synod Council consolidated the residual assets received from the congregations that have closed since the 1987 constituting convention of the ELCA into the Congregation Legacy Fund to honor and preserve the ministries of those congregations. Previously these assets and the earnings from them were designated by Council for various ministries. Distributions from the Fund are determined each year by the Office of the Bishop and Synod Council. The Fund distributed \$66,884 and \$54,158 in 2023 and 2022, respectively, to the Operating Fund to help underwrite the operating deficit. The Congregation Legacy Fund is managed by the Budget and Finance Committee and holds assets in various institutions including the ELCA Mission Investment Fund and the ELCA

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Foundation's Pooled Trust A. For further detail, see the Congregation Legacy Fund Statements of Support and Revenues on page 33.

8. Net Assets Without Donor Restrictions - Undesignated

After many years of Operating Fund losses, the net assets without donor restrictions that are undesignated have reached a negative balance of \$36,526. Management plans to look at increasing giving from congregations, cutting expenses, and/or removing some of the internal designations of net assets.

9. Endowment Disclosures

The Synod's Mission Endowment was established for witness ministry so that future generations will know the story of God's love in Jesus Christ. Its endowment includes both donor-restricted endowment funds and funds designated by the Synod Council to function as endowments.

The Board has designated that the income earned on the Anna Hochheimer Fund be allocated to the Mission Endowment Fund Board, as the donor has specified that it is not to be used in operating expenses. The income from the Mehalov Memorial Fund is to be used for scholarships for seminary students. The income from the Ida Mae Mehalov Fund is to be used for persons wishing to further their education in religious training. The principal of all three endowments are to be held in perpetuity. The Howard Miller Trust is to be held in perpetuity by the trustee and income is distributed to the Synod.

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Synod Council to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Synod Council has interpreted Pennsylvania State Act 141 of 1998 (Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this

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interpretation, the Synod classifies as net assets with donor restrictions that are perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions that are perpetual in nature is classified as net assets with donor restrictions for a specified purpose until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by the Act.

Endowments Net Asset Composition by Type of Fund at January 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated:			
Mission Endowment Fund	\$ 65,353	\$ -	\$ 65,353
Donor-restricted:			
Mission Endowment Fund	-	212,788	212,788
Mehalov Memorial Fund	-	10,319	10,319
Ida Mae Mehalov Fund	-	5,000	5,000
Donor-restricted, held by others:			
Howard Miller Trust	-	323,091	323,091
Total funds	\$ 65,353	\$ 551,198	\$ 616,551

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Changes in Endowments Net Assets for the fiscal year ended January 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments Net Assets, Beginning of Year	\$ 69,979	\$ 610,481	\$ 680,460
Investment return:			
Investment income	14,789	7,870	22,659
Net appreciation (depreciation) (realized and unrealized)	(10,915)	(65,110)	(76,025)
Total investment return	3,874	(57,240)	(53,366)
Contributions	-	457	457
Appropriation of endowment assets for expenditure	(8,500)	(2,500)	(11,000)
Board-designated transfers	-		-
Endowments Net Assets, End of Year	\$ 65,353	\$ 551,198	\$ 616,551

Endowments Net Asset Composition by Type of Fund at January 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated:			
Mission Endowment Fund	\$ 69,979	\$ -	\$ 69,979
Donor-restricted:			
Mission Endowment Fund	-	224,096	224,096
Mehalov Memorial Fund	-	10,319	10,319
Ida Mae Mehalov Fund	-	5,000	5,000
Donor-restricted, held by others:			
Howard Miller Trust	-	371,066	371,066
Total funds	\$ 69,979	\$ 610,481	\$ 680,460

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Changes in Endowments Net Assets for the fiscal year ended January 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments Net Assets, Beginning of Year	\$ 78,815	\$ 535,502	\$ 614,317
Investment return:			
Investment income	13,054	4,635	17,689
Net appreciation (depreciation) (realized and unrealized)	5,060	13,142	18,202
Total investment return	18,114	17,777	35,891
Contributions	-	101,880	101,880
Appropriation of endowment assets for expenditure	(26,950)	(3,500)	(30,450)
Board-designated transfers	-	(41,178)	(41,178)
Endowments Net Assets, End of Year	\$ 69,979	\$ 610,481	\$ 680,460

Return Objectives and Risk Parameters

Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The Synod has adopted policies and guidelines for endowment and restricted funds. To satisfy its long-term rate-of-return objectives, the Synod relies on returns in excess of the rate of inflation. The Synod targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Synod has a policy of appropriating for distribution each year, between 3% and 8% of the market value of the Mission Endowment Fund balance as of the most recent December 31 portfolio valuation. In setting the actual distribution amount, the Synod Council will take into consideration the historical and recent investment performance and the long-term goal of the investment policy to preserve the principal amount of gifts to the Mission Endowment Fund.

The Synod receives a quarterly income distribution from the Howard Miller Trust of 4.5%. The distribution is calculated on the average fair market value of the trust on the last

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business day of each of the last three calendar years. The remaining endowments are invested in current income investments with the goal of preserving the principal of the endowments.

10. Liquidity and Availability

The Synod manages its liquid resources by employing a variety of measures. The Synod focuses on generating sufficient contributions to cover the costs of its activities. In addition, the Synod invests excess cash in investments to maximize return, taking into consideration the Synod's low tolerance for investment market risk. The Synod also monitors costs closely.

The following reflects the Synod's financial assets as of January 31, 2023 and 2022, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions:

	2023	2022
Cash and cash equivalents (less agency funds and designated gifts)	\$ 882,329	\$ 779,425
Investments	6,869,283	7,722,381
Congregational remittances receivable	65,389	115,575
Other receivables	32,863	81,771
Financial assets, at year-end	7,849,864	8,699,152
Less: those unavailable for general expenditures within one year, due to:		
Internal designation	(2,351,312)	(2,649,841)
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(5,183,436)	(5,751,641)
Investments held in perpetuity	(192,999)	(192,542)
Financial asset available to meet cash needs for general expenditures within one year	\$ 122,117	\$ 105,128

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Net assets without restriction with internal designation, as further described in Note 7, have been excluded from the financial assets above, as the Synod does not intend to spend these funds for general expenditures in the next fiscal year.

11. Closed Congregations

If any congregation of the Synod has disbanded or is subject to constitutional provisions, it is necessary for the Synod Council to protect the congregation's property from deterioration. The Synod Council may take charge of and control the property on behalf of the Synod. The congregation shall have the right to appeal the decision to the Synod Assembly (Synod Constitution S.13.24). Messiah Lutheran Church in Morningside closed in December 2021 and is held by the Synod as of January 31, 2023. During the fiscal year ended January 31, 2022, the Synod received proceeds from the closure of the former Grace Lutheran Church in Crescent Township and the proceeds from a trust from the former Christ's Lutheran Church in Beaver Falls.

12. Leases

The Synod has an operating lease for office space. The lease has a remaining lease term of thirty-two months. The components of lease expense was \$59,458 for the years ended January 31, 2023 and 2022.

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Other information related to leases was as follows:

	2023	2022
Supplemental Cash Flows information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 59,458	\$ 59,458
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	-	294,437
Weighted average remaining lease term:		
Operating leases	2.75 years	3.75 years
Weighted average discount rate:		
Operating leases	0.38%	0.38%

Future minimum lease payments under non-cancellable leases as of January 31, 2023 were as follows:

Year Ending January 31,	Operating Leases
2024	\$ 59,458
2025	59,458
2026	44,593
Total future minimum lease payments	163,509
Less: interest	(877)
Total	\$ 162,632

13. Camp Lutherlyn

The Synod jointly has interest in properties with the Northwestern Pennsylvania Synod. These properties are owned by Camp Lutherlyn, a nonprofit organization, which receives grants from the Synod in addition to congregational contributions. In the event of the dissolution of this nonprofit organization, three-fourths of any assets remaining after paying liabilities of the nonprofit organization shall be transferred to the Synod.

SUPPLEMENTARY INFORMATION

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DETAILED STATEMENTS OF OPERATING ACTIVITIES

YEARS ENDED JANUARY 31, 2023 AND 2022

	2023	2022
Net Assets Without Donor Restrictions:		
Operating support and revenues:		
Mission support from congregations and members	\$ 1,348,435	\$ 1,390,921
Synod restricted benevolence	280	7,485
ELCA deployed staff support	10,000	10,000
Event registrations and grants *	20,507	20,205
Rental income	-	2,150
Interest income	56	39
Trust revenue	15,529	14,777
Congregation Legacy revenue **	44,307	54,158
Board Designated revenue **	89,223	132,671
Miscellaneous income	7,699	2,801
Total operating support and revenues	1,536,036	1,635,207
Operating expenses:		
Designated contributions:		
Evangelical Lutheran Church in America - proportionate share (46.18% and 48.60%, respectively)	622,707	675,988
Agencies and committees:		
Congregational Life:		
Committee ministries	-	4,824
Youth Ministry:		
Programs and events	4,409	1,391
	4,409	1,391

(Continued)

* For budgetary purposes, the Synod considers event registrations and grants to be a reduction of the related expense (Synod Assembly, Youth Ministry, Congregational Life, Resource Center, Church in Society, Ministry Events, and Stewardship)

** For budgetary purposes, the Synod considers a portion of the earnings on the Congregation Legacy Fund and Board Designated Fund investments to be an operating revenue.

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DETAILED STATEMENTS OF OPERATING ACTIVITIES

YEARS ENDED JANUARY 31, 2023 AND 2022

(Continued)

	2023	2022
Ministry:		
United Lutheran Seminary	45,752	89,000
Candidacy committee	6,312	417
Leadership development grants	20,034	7,811
First Call Theological Education	-	269
Lay education	-	5,355
Career development services	3,502	1,989
	75,600	104,841
Outreach:		
New & Revitalized Ministries grants	11,200	10,774
Campus ministries	68,628	75,000
Thiel College	1,000	1,000
Camp Agape	1,000	1,000
Camp Lutherlyn	1,000	1,000
	82,828	88,774
Church in Society:		
Lutheran SeniorLife	1,000	1,000
Glade Run Lutheran Services	1,000	1,000
Bethesda Lutheran Services	1,000	1,000
Lutheran Advocacy Ministry in PA	5,000	5,000
Lutheran Disaster Response	-	10,000
	8,000	18,000

(Continued)

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DETAILED STATEMENTS OF OPERATING ACTIVITIES

YEARS ENDED JANUARY 31, 2023 AND 2022
(Continued)

	2023	2022
Ecumenical Affairs:		
Christian Associates of SWPA	9,000	9,000
	9,000	9,000
Communication Services:		
Committee ministries	2,409	2,011
	2,409	2,011
Stewardship/Financial Support:		
ELCA regional gift planner	10,000	10,000
	10,000	10,000
Regional/Churchwide Expenses:		
Region 8 Center for Mission	929	-
	929	-
Synod Council/Conferences:		
Synod Assembly proceedings	1,510	3,973
Hospitality	2,453	271
	3,963	4,244

(Continued)

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DETAILED STATEMENTS OF OPERATING ACTIVITIES

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(Continued)

	2023	2022
Director - Evangelical Mission:		
Administrative support	1,750	2,000
	1,750	2,000
Total agencies and committees	198,888	245,085
Synod Office:		
Facilities	74,849	75,534
Operations	49,150	48,089
Staff compensation and benefits	565,691	563,003
Staff travel	29,566	18,666
Legal and auditing	17,762	17,883
Total synod office	737,018	723,175
Total operating expenses	1,558,613	1,644,248
Change in Net Assets Without Donor Restrictions From Operations Before Transfer	(22,577)	(9,041)
Transfer in from internally designated funds	22,577	10,000
Change in Net Assets Without Donor Restrictions From Operations After Transfer	\$ -	\$ 959

(Concluded)

SOUTHWESTERN PENNSYLVANIA SYNOD EVANGELICAL LUTHERAN CHURCH IN AMERICA

DETAILED STATEMENTS OF NON-OPERATING ACTIVITIES

YEARS ENDED JANUARY 31, 2023 AND 2022

	2023	2022
Non-operating support and revenues:		
Contributions and bequests	\$ 29,277	\$ 99,697
Interest, dividends, investment income (loss)	(124,718)	(5,333)
Net assets released from restrictions	276,099	267,127
Revenue from closed congregations	-	96,874
Gain from sale of building	-	987,575
	<u>180,658</u>	<u>1,445,940</u>
Non-operating expenses:		
Depreciation expense	8,853	10,240
Continuing education programs	-	6,092
Special ministry programs	1,809	4,830
Support for professional leaders	7,710	1,746
Property maintenance and equipment	350	3,476
Support for congregations	2,569	2,445
Youth programs	500	2,738
Mission Endowment grants	11,000	30,450
Abiding Missions	-	367
Health and wellness programs	-	440
Poverty relief programs	268,500	235,634
Companion synod	-	15,000
Investment fees	8,063	6,576
	<u>309,354</u>	<u>320,034</u>
Change in Net Assets Without Donor Restrictions From Non-operating Activities Before Transfer	(128,696)	1,125,906
Transfer to operating fund *	(156,107)	(177,671)
Change in Net Assets Without Donor Restrictions From Non-operating Activities After Transfer	\$ (284,803)	\$ 948,235

* Transfer includes \$141,140 of budgeted earnings on the Congregation Legacy Fund and Board Designated Fund investments included in operating revenue.

**SOUTHWESTERN PENNSYLVANIA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

MISSION ENDOWMENT FUND

STATEMENTS OF SUPPORT AND REVENUES

YEARS ENDED JANUARY 31, 2023 AND 2022

	Without Donor	With Donor Restrictions		Totals 2023
	Restrictions Board- Designated	Purpose Restriction	Perpetual Restriction	
Support and Revenues:				
Contributions and bequests	\$ -	\$ -	\$ 457	\$ 457
Interest, dividends, and investment income (loss)	3,874	(9,265)	-	(5,391)
Total support and revenues	3,874	(9,265)	457	(4,934)
Expenses:				
Grants	8,500	2,500	-	11,000
Change in Net Assets	(4,626)	(11,765)	457	(15,934)
Net Assets:				
Beginning of year	69,979	46,873	177,223	294,075
End of year	\$ 65,353	\$ 35,108	\$ 177,680	\$ 278,141

	Without Donor	With Donor Restrictions		Totals 2022
	Restrictions Board- Designated	Purpose Restriction	Perpetual Restriction	
Support and Revenues:				
Contributions and bequests	\$ -	\$ -	\$ 59,398	\$ 59,398
Interest, dividends, and investment income (loss)	18,114	8,028	-	26,142
Total support and revenues	18,114	8,028	59,398	85,540
Expenses:				
Grants	26,950	3,500	-	30,450
Change in Net Assets	(8,836)	4,528	59,398	55,090
Net Assets:				
Beginning of year	78,815	42,345	117,825	238,985
End of year	\$ 69,979	\$ 46,873	\$ 177,223	\$ 294,075

**SOUTHWESTERN PENNSYLVANIA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

CONGREGATION LEGACY FUND

STATEMENTS OF SUPPORT AND REVENUES

YEARS ENDED JANUARY 31, 2023 AND 2022

	Without Donor Restrictions	
	Board-Designated	
	2023	2022
Support and Revenues:		
Contributions and bequests	\$ 24,000	\$ 35,000
Interest, dividends, and investment income (loss)	(30,802)	46,201
Revenue from closed congregations	-	96,874
	(6,802)	178,075
Expenses:		
Congregation Legacy expenses	1,949	806
Change in Net Assets Before Transfers	(8,751)	177,269
Transfer to operating fund	(66,884)	(54,158)
Change in Net Assets	(75,635)	123,111
Net Assets:		
Beginning of year	817,060	693,949
End of year	\$ 741,425	\$ 817,060
Net Asset Breakdown:		
Congregation Legacy Fund	\$ 661,702	\$ 737,719
Ethel Verney insurance proceeds	79,723	79,341
	\$ 741,425	\$ 817,060

**SOUTHWESTERN PENNSYLVANIA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

ETHEL VERNEY FUND FOR POVERTY RELIEF

STATEMENTS OF SUPPORT AND REVENUES

YEARS ENDED JANUARY 31, 2023 AND 2022

	With Donor Restrictions	
	Purpose Restriction	
	2023	2022
Support and Revenues:		
Interest, dividends, and investment income (loss)	\$ (286,855)	\$ 420,402
Expenses:		
Grants	268,500	235,634
Change in Net Assets	(555,355)	184,768
Net Assets:		
Beginning of year	5,074,323	4,889,555
End of year	\$ 4,518,968	\$ 5,074,323

**SOUTHWESTERN PENNSYLVANIA SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

9625 PERRY HIGHWAY FUND (BUILDING SALE)

STATEMENTS OF SUPPORT AND REVENUES

YEARS ENDED JANUARY 31, 2023 AND 2022

	Without Donor Restrictions	
	Board-Designated	
	2023	2022
Support and Revenues:		
Proceeds from sale of building	\$ -	\$ 1,545,011
Interest, dividends, and investment income (loss)	(87,617)	(14,848)
Total support and revenues	(87,617)	1,530,163
Expenses:		
Investment fees	8,063	6,576
Change in Net Assets Before Transfers	(95,680)	1,523,587
Transfer to operating fund	(89,223)	(142,671)
Change in Net Assets	(184,903)	1,380,916
Net Assets:		
Beginning of year	1,380,916	-
End of year	\$ 1,196,013	\$ 1,380,916