

**SOUTHEASTERN PENNSYLVANIA SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

***FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

JANUARY 31, 2026

**SOUTHEASTERN PENNSYLVANIA SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

TABLE OF CONTENTS

| | <u>Page</u> |
|---|--------------------|
| INDEPENDENT AUDITOR'S REPORT | 1-2 |
| | |
| FINANCIAL STATEMENTS | |
| <i>Statement of Financial Position,</i> January 31, 2026 With Summarized Information For 2025 | 3 |
| <i>Statement of Activities And Changes In Net Assets,</i> Year Ended January 31, 2026 With Summarized Information For 2025 | 4 |
| <i>Statements of Cash Flows,</i> Years Ended January 31, 2026 And 2025 | 5 |
| <i>Notes To Financial Statements</i> | 6-16 |
| | |
| SUPPLEMENTAL INFORMATION | |
| <i>Receipts And Disbursements – Operating, Designated And Donor Restricted Net Assets,</i> Year Ended January 31, 2026 | 17-18 |
| <i>Receipts and Disbursements – Sale of Church Properties,</i> Year ended January 31, 2026 | 19 |

INDEPENDENT AUDITOR'S REPORT

**To the Synod Council of Southeastern Pennsylvania Synod
of the Evangelical Lutheran Church in America
Philadelphia, Pennsylvania**

Opinion

We have audited the accompanying financial statements of Southeastern Pennsylvania Synod of the Evangelical Lutheran Church in America (the "Synod") which comprise the statement of financial position as of January 31 2026, and the related statements of activities 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 the Synod as of January 31 2026, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 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 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.

**Synod Council of Southeastern Pennsylvania Synod
of the Evangelical Lutheran Church in America
Philadelphia, Pennsylvania**

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.

Report on Summarized Comparative Information

We have previously audited the Synod's January 31, 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements, in our report dated April 8, 2025. In our opinion, the summarized comparative information presented before the restatement, herein as of and for the year ended January 31, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules of receipts and disbursements – operating, designated and donor restricted net assets and sale of church properties, are 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 information is fairly stated in all material respects in relation to the financial statements as a whole.



**Philadelphia, Pennsylvania
April 6, 2026**

**SOUTHEASTERN PENNSYLVANIA SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

STATEMENT OF FINANCIAL POSITION

January 31, 2026 With Summarized Information For 2025

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Totals</u> | |
|--|---------------------------------------|------------------------------------|----------------------|----------------------|
| | | | <u>2026</u> | <u>2025</u> |
| ASSETS | | | | |
| Cash | \$ 616,906 | \$ 1,794,776 | \$ 2,411,682 | \$ 2,830,605 |
| Investments, at market <i>(Note 2)</i> | - | 928,548 | 928,548 | 575,203 |
| Loans receivable | 8,000 | - | 8,000 | 8,894 |
| Prepaid expenses | 18,723 | - | 18,723 | 20,834 |
| Operating right-of-use asset <i>(Note 6)</i> | <u>36,947</u> | <u>-</u> | <u>36,947</u> | <u>40,154</u> |
| Total current assets | <u>680,576</u> | <u>2,723,324</u> | <u>3,403,900</u> | <u>3,475,690</u> |
| OTHER ASSETS | | | | |
| Investments, at market <i>(Note 2)</i> | 17,257,932 | 848,002 | 18,105,934 | 15,007,764 |
| Operating right-of-use asset <i>(Note 6)</i> | 199,999 | - | 199,999 | 34,622 |
| Beneficial interest in perpetual trust | - | 3,053,268 | 3,053,268 | 2,784,710 |
| Real estate | 110,350 | - | 110,350 | 110,350 |
| Land, buildings and improvements – Bear Creek Synod | 440,004 | - | 440,004 | 440,004 |
| Equity in Chapel and Student Synod | <u>484,429</u> | <u>-</u> | <u>484,429</u> | <u>484,429</u> |
| Total other assets | <u>18,492,714</u> | <u>3,901,270</u> | <u>22,393,984</u> | <u>18,861,879</u> |
| Total assets | <u>\$ 19,173,290</u> | <u>\$ 6,624,594</u> | <u>\$ 25,797,884</u> | <u>\$ 22,337,569</u> |
| CURRENT LIABILITIES | | | | |
| Payables | | | | |
| Evangelical Lutheran Church in America | \$ 60,254 | \$ - | \$ 60,254 | \$ 66,668 |
| Other accounts payable and accrued expenses | 46,727 | - | 46,727 | 44,151 |
| Deferred revenue | 2,247 | - | 2,247 | 2,247 |
| Operating lease liability <i>(Note 6)</i> | <u>36,242</u> | <u>-</u> | <u>36,242</u> | <u>41,510</u> |
| Total current liabilities | <u>145,470</u> | <u>-</u> | <u>145,470</u> | <u>154,576</u> |
| LONG-TERM LIABILITIES | | | | |
| Operating lease liability <i>(Note 6)</i> | <u>216,181</u> | <u>-</u> | <u>216,181</u> | <u>36,650</u> |
| Total liabilities | <u>361,651</u> | <u>-</u> | <u>361,651</u> | <u>191,226</u> |
| NET ASSETS (Notes 1 and 9) | | | | |
| Without donor restrictions | | | | |
| Operating | <u>2,150,633</u> | <u>-</u> | <u>2,150,633</u> | <u>1,794,673</u> |
| Designated | | | | |
| Fund for Mission | 13,374,404 | - | 13,374,404 | 10,475,293 |
| Edmond Estate | 107,857 | - | 107,857 | 121,387 |
| Forward Together in Faith | 656,082 | - | 656,082 | 612,257 |
| Cemetery Fund | 1,467,972 | - | 1,467,972 | 1,301,738 |
| St. Paul's East Norriton Property | - | - | - | 179,274 |
| Other | <u>19,908</u> | <u>-</u> | <u>19,908</u> | <u>19,908</u> |
| Total designated | <u>15,626,223</u> | <u>-</u> | <u>15,626,223</u> | <u>12,709,857</u> |
| Real estate and property | <u>1,034,783</u> | <u>-</u> | <u>1,034,783</u> | <u>1,034,783</u> |
| Total without donor restrictions | <u>18,811,639</u> | <u>-</u> | <u>18,811,639</u> | <u>15,539,313</u> |
| With donor restrictions (Note 3) | <u>-</u> | <u>6,624,594</u> | <u>6,624,594</u> | <u>6,607,030</u> |
| Total net assets | <u>18,811,639</u> | <u>6,624,594</u> | <u>25,436,233</u> | <u>22,146,343</u> |
| Total liabilities and net assets | <u>\$ 19,173,290</u> | <u>\$ 6,624,594</u> | <u>\$ 25,797,884</u> | <u>\$ 22,337,569</u> |

**SOUTHEASTERN PENNSYLVANIA SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended January 31, 2026 With Summarized Information For 2025

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Totals</u> | |
|--|---------------------------------------|------------------------------------|---------------------|---------------------|
| | | | <u>2026</u> | <u>2025</u> |
| Operating Support and Revenue | | | | |
| Support | | | | |
| Contributions from congregations | | | | |
| Partnership support | \$ 1,475,796 | \$ - | \$ 1,475,796 | \$ 1,521,842 |
| Other contributions | 496,005 | 81,266 | 577,271 | 2,232,607 |
| Total support | <u>1,971,801</u> | <u>81,266</u> | <u>2,053,067</u> | <u>3,754,449</u> |
| Revenue | | | | |
| Investment income | 337,787 | 19,640 | 357,427 | 1,066,234 |
| Income from outside trusts | - | 73,456 | 73,456 | 70,121 |
| Registration fees | 74,787 | - | 74,787 | 90,159 |
| Remittance to designated agencies | - | (15,579) | (15,579) | (31,427) |
| Other | 79,647 | - | 79,647 | 33,695 |
| Total revenue | <u>492,221</u> | <u>77,517</u> | <u>569,738</u> | <u>1,228,782</u> |
| Net assets released from restrictions (Note 3) | <u>451,341</u> | <u>(451,341)</u> | <u>-</u> | <u>-</u> |
| Total operating support and revenue | <u>2,915,363</u> | <u>(292,558)</u> | <u>2,622,805</u> | <u>4,983,231</u> |
| Expenses (Note 4) | | | | |
| Evangelical Lutheran Church in America | | | | |
| Apportionment and other gifts | 737,898 | - | 737,898 | 760,921 |
| Budgeted operating expenses and disbursements | 2,177,325 | - | 2,177,325 | 1,937,827 |
| Distributions to beneficiary agencies | 100,938 | - | 100,938 | 91,000 |
| Grants to organizations | 232,105 | - | 232,105 | 204,889 |
| Total expenses | <u>3,248,266</u> | <u>-</u> | <u>3,248,266</u> | <u>2,994,637</u> |
| (Deficit) excess of operating support and Revenue over expenses | <u>(332,903)</u> | <u>(292,558)</u> | <u>(625,461)</u> | <u>1,988,594</u> |
| Nonoperating Changes in Net Assets | | | | |
| Unrealized (loss) gain on investments | (1,462,546) | 27,440 | (1,435,106) | 1,461,185 |
| Realized gain on investments | 3,550,130 | 14,124 | 3,564,254 | 243,468 |
| Change in beneficial interest in perpetual trusts | - | 268,558 | 268,558 | 165,491 |
| Maintenance expenses for closed churches | (311,100) | - | (311,100) | (246,227) |
| Proceeds from sale of Church property – net (Note 7) | 1,828,745 | - | 1,828,745 | 2,909,194 |
| Total nonoperating changes | <u>3,605,229</u> | <u>310,122</u> | <u>3,915,351</u> | <u>4,533,111</u> |
| Changes in net assets | <u>3,272,326</u> | <u>17,564</u> | <u>3,289,890</u> | <u>6,521,705</u> |
| Net assets | | | | |
| Beginning of year (Note 9) | 15,539,313 | 6,607,030 | 22,146,343 | 15,624,638 |
| End of year | <u>\$18,811,639</u> | <u>\$6,624,594</u> | <u>\$25,436,233</u> | <u>\$22,146,343</u> |

**SOUTHEASTERN PENNSYLVANIA SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

STATEMENTS OF CASH FLOWS

Years Ended January 31, 2026 And 2025

| | <u>2026</u> | <u>2025</u> |
|---|---------------------|---------------------|
| (DECREASE) INCREASE IN CASH | | |
| <i>Change in net assets</i> | \$ 3,289,890 | \$ 6,521,705 |
| <i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</i> | | |
| Dividends reinvested | (373,093) | (997,926) |
| Net realized and unrealized gains on investments | (2,129,148) | (1,704,653) |
| Change in beneficial interest in perpetual trust | (268,558) | (165,491) |
| Amortization of right-of-use asset | 55,581 | 42,132 |
| Operating lease liability payments | (43,488) | (42,222) |
| (Increase) decrease in | | |
| Loan receivable | 894 | (894) |
| Prepaid expenses | 2,111 | (5,302) |
| Increase (decrease) in | | |
| ELCA payable | (6,414) | 1,089 |
| Accounts payable and other accrued expenses | 2,576 | (2,620) |
| Deferred income | - | (3,750) |
| Net cash provided by operating activities | <u>530,351</u> | <u>3,642,068</u> |
| <i>Cash flows from investing activities</i> | | |
| Purchase of long-term investments | (16,536,631) | (3,404,221) |
| Proceeds from sales of long-term investments | 15,940,702 | 1,729,016 |
| Changes in short-term investments | <u>(353,345)</u> | <u>(380,624)</u> |
| Net cash used in investing activities | <u>(949,274)</u> | <u>(2,055,829)</u> |
| Net (decrease) increase in cash | (418,923) | 1,586,239 |
| <i>Cash</i> | | |
| Beginning of year | <u>2,830,605</u> | <u>1,244,366</u> |
| End of year | <u>\$ 2,411,682</u> | <u>\$ 2,830,605</u> |

SOUTHEASTERN PENNSYLVANIA SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS

January 31, 2026 And 2025

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

The Southeastern Pennsylvania Synod of the Evangelical Lutheran Church in America (“*Synod*”) is one of sixty-five geographical synodical units of the Evangelical Lutheran Church in America (“*ELCA*”). The Synod lies within Region 7 of the ELCA.

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting. Contributions from congregations received by the Synod represent calendar year (January through December) giving by congregations. These contributions are remitted to and support the fiscal year operations of the Synod.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities as of January 31, 2026 and 2025, and the reported amounts of revenues and expenses for the years then ended. Actual results may differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of amounts held in highly liquid securities with maturities less than three months at the time of purchase are stated at cost, which approximates fair value.

CONCENTRATION OF CREDIT RISK

The Synod occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification (“*ASC*”) 825, “*Financial Instruments*”, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

INVESTMENTS

Investments are stated at market value with gains and losses, both realized and unrealized included in the statement of activities. The fair value of investments traded on a securities exchange is determined based on quoted market prices for those investments.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing Program Services and Supporting Services have been summarized on a functional basis in footnote 4. Accordingly, certain costs have been allocated among Program Services and Supporting Services as follows:

Program Services – Certain expenses are charged to Program Services that benefit directly from the expenditure. Salaries, employee benefits, and payroll taxes directly related to programs are charged to Program Services. Office and occupancy expenses are allocated based on square footage of the Synod’s facility. All other program costs are allocated to the programs based on a predetermined percentage.

Supporting Services – These expenses comprise general and administrative expenses attributable to the general operations of the Synod. These expenses also included fundraising costs incurred to generate contributions for the Synod.

SOUTHEASTERN PENNSYLVANIA SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS – (Continued)

January 31, 2026 And 2025

REAL ESTATE

Real estate held consists of property of active congregations acquired by the Synod and is recorded at cost.

LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Equipment and furniture are carried at cost. Depreciation is provided on a straight-line basis over their useful lives, which is 3-7 years. Leasehold improvements are carried at cost and amortization of such costs is provided over the term of the lease.

NET ASSETS

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

Net assets without donor restrictions include the following:

- ◆ ***Operations*** – Undesignated net assets include the revenues and expenses associated with the principal mission.
- ◆ ***Designated for Fund for Mission*** – The Fund for Mission shall serve as a vehicle for providing financial support for specific mission initiatives and strategies of the Synod, in its efforts to equip the saints and congregations for the work of ministry for building up of the body of Christ.
- ◆ ***Edmond Estate*** – An estate gift which can be used for general purposes of the Synod.
- ◆ ***Designated for Forward Together in Faith*** – The vision encompasses:
 - ◆ **Equipping** our congregations' lay and rostered leaders for innovative risk-taking to reach out beyond their walls and making the Congregational Assessment Tool (CAT) available to all who want it.
 - ◆ **Innovating** the birth of new ministries through the Synod and through congregations listening to their neighborhoods.
 - ◆ **Communicating** our stories more effectively by improving Synod technologies that link congregational leaders and equipping congregations in social media, web and electronic communications.
 - ◆ **Networking** lay and rostered leaders in new ways, using results of the CAT and by supporting local initiatives to partner with church and community groups.
- ◆ ***Cemetery Fund*** – for perpetual care of St. Michael's Germantown Cemetery, St. John's Quakertown Cemetery, and Trinity South Philadelphia Cemetery.
- ◆ ***Designated for St. Paul's East Norriton Property*** – to cover expenses for the Church until it is sold. This fund was closed out during the year ended January 31, 2026.
- ◆ ***Designated for Other*** – includes various other designations by Synod Council.

SOUTHEASTERN PENNSYLVANIA SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

NOTES TO FINANCIAL STATEMENTS – (Continued)

January 31, 2026 And 2025

Net assets with donor restrictions include gifts for which donor-imposed restrictions have not been met. Also included in this category are gifts which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. In conjunction with net asset held in perpetuity, accumulated net gains on long-term investments from such net assets includes a time restriction which can be designated for use in future periods.

REVENUE AND REVENUE RECOGNITION

The Synod recognizes contributions when cash, securities or other assets, and unconditional promise to give is received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before the Synod is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. The Synod recognizes the contribution when the conditions are substantially met or explicitly waived. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as “*net assets released from restrictions.*” The Synod records unconditional promises to give (pledges) as a receivable and revenue in the year pledged. Additionally, the Synod recognizes revenue from registration fees at the time of the event.

TAX-EXEMPT STATUS

The Internal Revenue Service (“*IRS*”) has determined the Synod to be an “association of churches” and, therefore, exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The IRS has further determined that contributions made to the Synod are deductible by the donors to the extent allowed by law.

Management has reviewed the tax positions and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

PRIOR YEAR SUMMARIZED INFORMATION

The 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. Accordingly, such information should be read in conjunction with the financial statements of the Synod, as of, and for the year ended, January 31, 2025, from which the summarized information was derived.

LEASES

Operating leases are included in operating lease right-of-use (“*ROU*”) assets and *ROU* operating lease liabilities in the statement of financial position. The Synod determines whether an agreement is or contains a lease at lease inception.

ROU assets represent the Synod’s right to use an underlying asset for the lease term and lease liabilities represent the 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 interest rate, the incremental borrowing rate based on the information available at commencement date is used in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

**SOUTHEASTERN PENNSYLVANIA SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS – (Continued)

January 31, 2026 And 2025

(2) INVESTMENTS

Investments at January 31 were as follows:

| | 2026 | | 2025 | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Cost | Market Value | Cost | Market Value |
| Short-Term Investments | | | | |
| Savings and Certificates | \$ 104,202 | \$ 104,202 | \$ 114,624 | \$ 114,624 |
| Money market funds | <u>824,346</u> | <u>824,346</u> | <u>460,579</u> | <u>460,579</u> |
| Total Short-Term Investments | <u>928,548</u> | <u>928,548</u> | <u>575,203</u> | <u>575,203</u> |
| Long-Term Investments | | | | |
| Mission Development Certificates – ELCA | 300,000 | 300,000 | 300,000 | 300,000 |
| Pooled Funds – ELCA Endowment | 178,394 | 246,905 | 178,394 | 219,464 |
| Exchange Traded Funds | 2,131,849 | 2,339,391 | - | - |
| Equities | 7,789,064 | 8,946,001 | - | - |
| Real Estate Investment Trusts | 143,607 | 116,174 | - | - |
| Mutual Funds | <u>5,950,164</u> | <u>6,157,463</u> | <u>11,481,408</u> | <u>14,488,300</u> |
| Total Long-Term Investments | <u>16,493,078</u> | <u>18,105,934</u> | <u>11,959,802</u> | <u>15,007,764</u> |
| Total – Pooled Investment Funds | <u>\$ 17,421,626</u> | <u>\$ 19,034,482</u> | <u>\$ 12,535,005</u> | <u>\$ 15,582,967</u> |
| Equity in Pooled Investment Funds is allocated as follows: | | | | |
| Without donor restrictions | | \$ 17,257,932 | | \$ 13,510,647 |
| With donor restrictions | | <u>1,776,550</u> | | <u>2,072,320</u> |
| | | <u>\$ 19,034,482</u> | | <u>\$ 15,582,967</u> |

At January 31, 2026 and 2025, gross unrealized gains on investments were \$1,612,856 and \$3,047,962, respectively.

The Synod utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets at the measurement date for identical assets and/or liabilities. An active market is one in which transactions for assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes contracts traded on active exchange markets valued using unadjusted prices quoted directly from the exchange.

Level 2 – Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Assets or liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date. Unobservable inputs are developed based on the best available information and subject to cost benefit constraints.

**SOUTHEASTERN PENNSYLVANIA SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS – (Continued)

January 31, 2026 And 2025

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value the Synod’s investments as of January 31, 2026 are as follows:

| | <u>2026</u> | | | | |
|---|---------------------|--------------------------------------|---|--|--------------------------------|
| | <u>Total</u> | <u>Level 1 Quoted Prices</u> | <u>Level 2 Other Significant Inputs</u> | <u>Level 3 Significant Unobservable Inputs</u> | <u>Net Asset Value</u> |
| Savings, Certificates and Loans | \$ 104,202 | \$ 104,202 | \$ - | \$ - | \$ - |
| Mission Development Certificates | 300,000 | 300,000 | - | - | - |
| Money market funds | 824,346 | 824,346 | - | - | - |
| Pooled Funds | 246,905 | - | - | - | 246,905 |
| Exchange Traded Funds | 2,339,391 | 2,339,391 | - | - | - |
| Equities | 8,946,001 | 8,946,001 | - | - | - |
| Real Estate Investment Trusts | 116,174 | 116,174 | - | - | - |
| Mutual Funds | <u>6,157,463</u> | <u>6,157,463</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$19,034,482</u> | <u>\$18,787,577</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$246,905</u> |
| Beneficial interest in perpetual Trusts | <u>\$ 3,053,268</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,053,268</u> | <u>\$ -</u> |

The summary of inputs used to value the Synod’s investments as of January 31, 2025 are as follows:

| | <u>2025</u> | | | | |
|---|---------------------|--------------------------------------|---|--|--------------------------------|
| | <u>Total</u> | <u>Level 1 Quoted Prices</u> | <u>Level 2 Other Significant Inputs</u> | <u>Level 3 Significant Unobservable Inputs</u> | <u>Net Asset Value</u> |
| Savings, Certificates and Loans | \$ 114,624 | \$ 114,624 | \$ - | \$ - | \$ - |
| Mission Development Certificates | 300,000 | 300,000 | - | - | - |
| Money market funds | 460,579 | 460,579 | - | - | - |
| Pooled Funds | 219,464 | - | - | - | 219,464 |
| Mutual Funds | <u>14,488,300</u> | <u>14,488,300</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$15,582,967</u> | <u>\$15,363,503</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$219,464</u> |
| Beneficial interest in perpetual Trusts | <u>\$ 2,784,710</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,784,710</u> | <u>\$ -</u> |

There were no transfers between Level 1 and Level 2 during the years ended January 31, 2026 and 2025.

The changes in the beneficial interest in perpetual trusts measured at fair value for which the Synod used Level 3 inputs to determine fair value are as follows:

| | <u>2026</u> | <u>2025</u> |
|---|---------------------|---------------------|
| Beginning balance | \$ 2,784,710 | \$ 2,619,219 |
| Realized/unrealized gains – net/change in valuation | <u>268,558</u> | <u>165,491</u> |
| Ending balance | <u>\$ 3,053,268</u> | <u>\$ 2,784,710</u> |

The beneficial interest in perpetual trusts is measured at the fair value of the underlying investments. Since the Synod does not have access to the underlying investments, the fair value measurement is Level 3.

**SOUTHEASTERN PENNSYLVANIA SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS – (Continued)

January 31, 2026 And 2025

(3) NET ASSETS

Net assets with donor restrictions are available for the following purposes at January 31, 2026 and 2025:

| | <u>2026</u> | <u>2025</u> |
|--|--------------------|--------------------|
| Subject to expenditure for a specific purpose: | | |
| Urban Philadelphia Conference | \$ 12,057 | \$ 12,057 |
| Lily Grant – Thriving Congregations Initiative | 857,855 | 1,022,967 |
| Lily Grant – Faith Alive Nurturing Children | 1,107,583 | 1,243,516 |
| Urban Ministry Task Force | 3,828 | 3,828 |
| Youth Ministry | 9,980 | 9,640 |
| Auxiliary Pastor | 34,697 | 34,697 |
| University/Incarnation Air Rights | 106,549 | 106,549 |
| Companion Synod Reserve | 67 | 15 |
| Candidacy Bequest | 102,599 | 117,849 |
| Grace Norristown Fund | 155,360 | 141,236 |
| Stewardship Extravaganza | 11,876 | 10,622 |
| World Hunger | 5,660 | 8,586 |
| Saints United – Inner City Ministries | 24,987 | 25,487 |
| St. John’s Quakertown – Cemetery Restoration | 94,014 | 95,712 |
| Blessed to be a Blessing (COVID-19) | 658 | 258 |
| Castle Project | 20,000 | - |
| Other | <u>22,142</u> | <u>19,823</u> |
| Total subject to expenditure for a specific purpose: | <u>2,569,912</u> | <u>2,852,842</u> |
| Subject to the passage of time: | | |
| Accumulated gains on endowment | <u>68,510</u> | <u>41,070</u> |
| Total subject to the passage of time: | <u>68,510</u> | <u>41,070</u> |
| Perpetual in nature: | | |
| Beneficial interest in perpetual trust | 3,053,268 | 2,784,710 |
| St. John’s Quakertown Cemetery Restoration | 178,394 | 178,394 |
| Investment in perpetuity | <u>754,510</u> | <u>750,014</u> |
| Total perpetual in nature: | <u>3,986,172</u> | <u>3,713,118</u> |
| | <u>\$6,624,594</u> | <u>\$6,607,030</u> |

Income generated on the investment in perpetuity is separated into income reinvested in perpetuity, income remitted to beneficiary agencies and income which is expendable to support any activities of the Synod.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Total net assets used in various synodical programs totaled \$451,341 for the year ended January 31, 2026.

During the year ended January 31, 2025 the Synod received a grant from the Lily Foundation of approximately \$1,250,000 to be spent over 5 years for the Faith Alive Nurturing Children program.

As of January 31, 2026, the Synod held title to two churches which had closed, the value of which was not included in the net assets of the Synod (*See Note 7*).

Two churches, St. Paul’s Lansdowne and St. Paul’s, East Norriton were sold during the year ended January 31, 2026 and two churches, Bethany Roxborough and Trinity, South Philadelphia were sold during the year ended January 31, 2025.

**SOUTHEASTERN PENNSYLVANIA SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS – (Continued)

January 31, 2026 And 2025

The Synod classifies the original value of gifts received with donor stipulations that require them to be held in perpetuity as net assets with donor restrictions. Interest and dividend income earned on such gifts was classified as without donor restriction except for those endowment gifts for which the donor had designated the income to be reinvested in perpetuity or to be remitted to beneficiary agencies. Cumulative net unrealized gains on net assets with donor restrictions - perpetual endowment funds were classified as net assets with donor restrictions – time/purpose since the Synod had not adopted a total return investment policy in accordance with Commonwealth of Pennsylvania law.

The Synod has adopted an endowment policy in accordance with PA Act 141. Under this policy realized and unrealized gains on Synod endowment assets may be expended for the purposes stipulated by the donors only to the extent that the total of such expenditures, including dividends and interest and less fees, do not exceed 7% of the average of the three most recent fiscal years’ fair values of the net assets with donor restriction held in perpetuity. Realized and unrealized gains in excess of the annual limitation would be included in the statement of activities as increases in the net assets with donor restriction. Such restricted amounts may be released to net assets without donor restriction in future years based on authorization of the Synod only to the extent of the 7% limitation applicable to the year in which they are to be released.

During the years ended January 31, 2026 and 2025, only investment income was withdrawn for operations.

Changes in endowment net assets for the year ended January 31, 2026 and 2025:

| | <u>2026</u> | | |
|--|---|--|--------------------|
| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
| Endowment net assets, January 31, 2025 | \$ - | \$ 969,478 | \$ 969,478 |
| Investment income, net | - | 40,116 | 40,116 |
| Endowment income designated for current operations | - | (8,180) | (8,180) |
| Endowment net assets, January 31, 2026 | <u>\$ -</u> | <u>\$1,001,414</u> | <u>\$1,001,414</u> |

| | <u>2025</u> | | |
|--|---|--|------------------|
| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
| Endowment net assets, January 31, 2024 | \$ - | \$ 941,149 | \$ 941,149 |
| Investment income, net | - | 36,301 | 36,301 |
| Endowment income designated for current operations | - | (7,972) | (7,972) |
| Endowment net assets, January 31, 2025 | <u>\$ -</u> | <u>\$969,478</u> | <u>\$969,478</u> |

**SOUTHEASTERN PENNSYLVANIA SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS – (Continued)

January 31, 2026 And 2025

(4) EXPENSES BY NATURE AND FUNCTION

| | Program Activities | | | | |
|---------------------------|---|------------------------------------|---|-------------------------------|--|
| | Lilly Grant Thirvent Congregations | Lilly Grant Faith Alive | Youth And Young Adult Ministries | ELCA Proportionate | Ministry And Agency Support |
| Salaries & Benefits | \$101,029 | \$106,204 | \$ 27,224 | \$ - | \$ - |
| Distributions to agencies | - | - | - | 737,898 | 107,030 |
| Ecumenical distributions | - | - | - | - | 32,900 |
| ELCA grant distributions | - | - | - | - | 131,791 |
| Forward Together grants | - | - | - | - | 58,000 |
| Trust Fund distributions | - | - | - | - | 123,456 |
| Grants to organizations | - | - | - | - | 248,487 |
| Supplies & Travel | - | 1,213 | 3,065 | - | - |
| Services & Professional | 13,998 | 14,958 | - | - | - |
| Office & Occupancy | - | - | - | - | - |
| Events | <u>50,085</u> | <u>13,558</u> | <u>3,671</u> | <u>-</u> | <u>-</u> |
| Total Expenses | <u>\$165,112</u> | <u>\$135,933</u> | <u>\$ 33,960</u> | <u>\$ 737,898</u> | <u>\$ 701,664</u> |

| | Program Activities | | | |
|---------------------------|---------------------------|------------------------------------|--------------------------|--|
| | Global | Candidacy And Deans | Missions | Program Activities Subtotal |
| Salaries & Benefits | \$ - | \$ 231,520 | \$ 155,326 | \$ 621,303 |
| Distributions to agencies | - | - | - | 844,928 |
| Ecumenical distributions | 1,000 | - | - | 33,900 |
| ELCA grant distributions | - | - | - | 131,791 |
| Forward Together grants | - | - | - | 58,000 |
| Trust Fund distributions | - | - | - | 123,456 |
| Grants to organizations | - | - | - | 248,487 |
| Supplies & Travel | - | 1,778 | 38,424 | 44,480 |
| Services & Professional | - | 6,008 | - | 34,964 |
| Office & Occupancy | - | 9,726 | 6,484 | 16,210 |
| Events | <u>-</u> | <u>3,996</u> | <u>-</u> | <u>71,310</u> |
| Total Expenses | <u>\$ 1,000</u> | <u>\$ 253,028</u> | <u>\$ 200,234</u> | <u>\$ 2,228,829</u> |

| | Supporting Activities | | | | |
|---------------------------|---------------------------------------|--------------------------|---|------------------------------------|------------------------------------|
| | Management And General | Fund- Raising | Supporting Activities Subtotal | 2026 Total Expenses | 2025 Total Expenses |
| Salaries & Benefits | \$ 619,058 | \$ - | \$ 619,058 | \$1,240,361 | \$ 973,515 |
| Distributions to agencies | - | - | - | 844,928 | 880,483 |
| Ecumenical distributions | - | - | - | 33,900 | 29,300 |
| ELCA distributions | - | - | - | 131,791 | 126,005 |
| Forward Together grants | - | - | - | 58,000 | 53,084 |
| Trust Fund distributions | - | - | - | 123,456 | 120,121 |
| Grants to organizations | - | - | - | 248,487 | 314,338 |
| Supplies & Travel | 72,797 | 1,000 | 73,797 | 118,277 | 103,910 |
| Services & Professional | 131,170 | - | 131,170 | 166,134 | 121,254 |
| Office & Occupancy | 51,874 | 3,242 | 55,116 | 71,326 | 55,738 |
| Events | <u>122,800</u> | <u>17,496</u> | <u>140,296</u> | <u>211,606</u> | <u>216,889</u> |
| Total Expenses | <u>\$ 997,699</u> | <u>\$ 21,738</u> | <u>\$1,019,437</u> | <u>\$3,248,266</u> | <u>\$2,994,637</u> |

**SOUTHEASTERN PENNSYLVANIA SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS – (Continued)

January 31, 2026 And 2025

(5) PENSIONS

The Synod participates in pension plans administered by Portico Benefit Services of the ELCA for all eligible employees. Contributions made on behalf of such employees are accumulated in separate accounts and, upon retirement, pension benefits are provided based on the balance in the separate account of the participant. The Synod's policy is to fund all pension costs on a current basis. Contributions to the pension plan for the years ended January 31, 2026 and 2025 were \$88,252 and \$68,947, respectively.

(6) OPERATING LEASES

On December 17, 2021, the Synod signed a lease for office space at the United Lutheran Seminary. The lease is for an initial 5 years and will expire in November 2026. The Synod can extend the lease for one additional five-year period; and the Synod currently expects to exercise this option. The lease calls for initial monthly payments of \$3,300 with a 3% increase in monthly rent on each anniversary date.

The following is quantitative data related to the Synod's operating leases for the years ended January 31, 2026 and 2025:

| | <u>2026</u> | <u>2025</u> |
|--|-------------|-------------|
| Operating Lease Amounts: | | |
| Right-of-use asset | \$ 236,946 | \$ 74,776 |
| Lease liability | 252,423 | 78,160 |
| Other Information: | | |
| Operating outgoing cash flows for operating leases | \$ 43,488 | \$ 42,222 |
| Weighted-average remaining lease term | 5.83 years | 1.83 years |
| Weighted average discount rate | 3.68% | 3.55% |

Lease cost information for the years ended January 31, 2026 and 2025 is as follows:

| | <u>2026</u> | <u>2025</u> |
|----------------------|-----------------|-----------------|
| Operating lease cost | <u>\$55,581</u> | <u>\$42,132</u> |

Aggregate minimum annual rentals for the future years at January 31, 2026 are as follows:

Years Ending January 31,

| | |
|--------------------------------|-------------------|
| 2027 | \$ 44,790 |
| 2028 | 46,130 |
| 2029 | 47,518 |
| 2030 | 48,950 |
| 2031 | 50,412 |
| 2032 and thereafter | <u>43,060</u> |
| Total undiscounted cash flows | 280,860 |
| Less: present value adjustment | <u>(28,437)</u> |
| Lease liability | <u>\$ 252,423</u> |

Rent expense for the office lease for the years ended January 31, 2026 and 2025 was \$55,581 and \$42,132, respectively.

**SOUTHEASTERN PENNSYLVANIA SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS – (Continued)

January 31, 2026 And 2025

(7) REAL ESTATE SALES

In connection with the sale of properties, the Synod records the net proceeds as follows: 15% to the general operating budget, reimbursement for the Synod's expenses related to the church properties under management is deducted from the net proceeds and the remaining net proceeds, if any, to the Fund for Mission.

During the year ended January 31, 2026, St. Paul's Church, East Norriton, was sold for a net sales price, after closing costs, of \$1,228,426 which was transferred to the Synod, of which \$1,038,492 was recorded in the Fund for Mission and the remainder in operations for the 15% share the general operating budget and as reimbursement for expenses incurred in managing the various church properties.

During the year ended January 31, 2026, St. Paul's Church, Lansdowne, was sold for a net sales price, after closing costs, of \$600,319 which was transferred to the Synod, of which \$442,665 was recorded in the Fund for Mission and the remainder in operations for the 15% share the general operating budget and as reimbursement for expenses incurred in managing the various church properties.

During the year ended January 31, 2025, Bethany Lutheran Church, was sold for a net sales price, after closing costs, of \$731,692, which was transferred to the Synod, of which \$519,294 was recorded in the Fund for Mission, \$100,000 was transferred to the Cemetery Fund and the remainder in operations for the 15% share the general operating budget and as reimbursement for expenses incurred in managing the various church properties.

Also, during the year ended January 31, 2025, Trinity Lutheran Church, was sold for a net sales price, after closing costs, of \$2,177,502, which was transferred to the Synod, of which \$1,249,282 was recorded in the Fund for Mission, \$400,000 was transferred to the Cemetery Fund and the remainder in operations for the 15% share the general operating budget and as reimbursement for expenses incurred in managing the various church properties.

**SOUTHEASTERN PENNSYLVANIA SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

NOTES TO FINANCIAL STATEMENTS – (Continued)

January 31, 2026 And 2025

(8) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects the Synod’s financial assets as of January 31, 2026 and 2025, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual and/or donor restrictions. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions and assets designated by the Synod Council.

| Financial Assets | <u>2025</u> | <u>2024</u> |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 2,411,682 | \$ 2,830,605 |
| Investments | 19,034,482 | 15,582,967 |
| Loans receivable | <u>8,000</u> | <u>8,894</u> |
| Total financial assets | 21,454,164 | 18,422,466 |
| Less: | | |
| Designated by the Synod Council | (15,626,225) | (12,709,857) |
| Net assets with donor restrictions | <u>(3,571,326)</u> | <u>(3,822,320)</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 2,256,613</u> | <u>\$ 1,890,289</u> |

The Synod strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in mission development certificates, money market funds and savings accounts. The Synod can spend from the designated funds of approximately \$15.6 million and \$12.7 million as of January 31, 2026 and 2025, respectively, with the approval of the Synod Council.

(9) SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 6, 2026, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**SOUTHEASTERN PENNSYLVANIA SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

***RECEIPTS AND DISBURSEMENTS –
OPERATING, DESIGNATED AND DONOR RESTRICTED NET ASSETS***

Year Ended January 31, 2026

| | <u>Balance January 31, 2025</u> | <u>Including Interfund Transfers</u> | | <u>Balance January 31, 2026</u> |
|--|---|--|----------------------|---|
| | | <u>Receipts</u> | <u>Disbursements</u> | |
| Undesignated | | | | |
| General operating | <u>\$ 1,794,673</u> | <u>\$ 3,034,148</u> | <u>\$ 2,678,188</u> | <u>\$ 2,150,633</u> |
| Designated net assets | | | | |
| Fund for Mission | <u>\$10,475,293</u> | <u>\$ 3,477,601</u> | <u>\$ 578,490</u> | <u>\$13,374,404</u> |
| Edmond Estate | | | | |
| Urban Ministry Task Force | 26,120 | - | - | 26,120 |
| Care for Creation | 9,940 | - | 9,940 | - |
| Retired Pastors Gatherings | 5,000 | - | 1,880 | 3,120 |
| Upper Montgomery Conference | 3,889 | - | 1,710 | 2,179 |
| Lower Montgomery Conference | 5,000 | - | - | 5,000 |
| Northeast/West Conference | 5,000 | - | - | 5,000 |
| Bishops Fund | <u>66,438</u> | <u>-</u> | <u>-</u> | <u>66,438</u> |
| | <u>121,387</u> | <u>-</u> | <u>13,530</u> | <u>107,857</u> |
| Forward Together in Faith | <u>612,257</u> | <u>101,825</u> | <u>58,000</u> | <u>656,082</u> |
| Cemetery Fund | <u>1,301,738</u> | <u>218,118</u> | <u>51,884</u> | <u>1,467,972</u> |
| St. Paul's East Norriton Property | <u>179,274</u> | <u>-</u> | <u>179,274</u> | <u>-</u> |
| Other | | | | |
| Educational Ministry | 4,479 | - | - | 4,479 |
| Salary Sustentation | 7,458 | - | - | 7,458 |
| Youth Ministry | 7,891 | - | - | 7,891 |
| Other | <u>80</u> | <u>-</u> | <u>-</u> | <u>80</u> |
| Total other | <u>19,908</u> | <u>-</u> | <u>-</u> | <u>19,908</u> |
| Total designated net assets | <u>\$12,709,857</u> | <u>\$ 3,797,544</u> | <u>\$ 881,178</u> | <u>\$15,626,223</u> |

**SOUTHEASTERN PENNSYLVANIA SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

***RECEIPTS AND DISBURSEMENTS –
OPERATING, DESIGNATED AND DONOR RESTRICTED NET ASSETS (CONTINUED)***

Year Ended January 31, 2026

| | <u>Balance January 31, 2025</u> | <u>Including Interfund Transfers</u> | | <u>Balance January 31, 2026</u> |
|--|---|--|----------------------|---|
| | | <u>Receipts</u> | <u>Disbursements</u> | |
| Net Assets with donor restrictions | | | | |
| Urban Philadelphia Conference | \$ 12,057 | \$ - | \$ - | \$ 12,057 |
| Lily Grant – Thriving Congregations Initiative | 1,022,967 | - | 165,112 | 857,855 |
| Lily Grant – Faith Alive Nurturing Children | 1,243,516 | - | 135,933 | 1,107,583 |
| Urban Ministry Task Force | 3,828 | - | - | 3,828 |
| Fisher Trust Income for Churches (Bucks) | - | 9,333 | 9,333 | - |
| Blessed to be a Blessing (COVID-19) | 258 | 400 | - | 658 |
| Stewardship Extravaganza | 10,622 | 18,752 | 17,498 | 11,876 |
| Youth Ministry | 9,640 | 340 | - | 9,980 |
| Auxiliary Pastor | 34,697 | - | - | 34,697 |
| University/Incarnation Air Rights Fund | 106,549 | 6,964 | 6,964 | 106,549 |
| Comp Synod Reserve | 15 | 52 | - | 67 |
| Candidacy Bequest | 117,849 | - | 15,250 | 102,599 |
| Grace, Norristown | 141,236 | 14,124 | - | 155,360 |
| World Hunger | 8,586 | 22,074 | 25,000 | 5,660 |
| Castle Grant Project | - | 20,000 | - | 20,000 |
| Saints United – Inner City Ministries | 25,487 | - | 500 | 24,987 |
| St. John’s Quakertown | 95,712 | 8,180 | 9,878 | 94,014 |
| St. John’s Cemetery Perpetual Care Fund | 219,464 | 27,440 | - | 246,904 |
| Other | <u>19,823</u> | <u>4,069</u> | <u>1,750</u> | <u>22,142</u> |
| Total net assets With donor restrictions* | <u>\$ 3,072,306</u> | <u>\$ 131,728</u> | <u>\$ 387,218</u> | <u>\$ 2,816,816</u> |

* Excludes Investment in Perpetuity of \$754,510 and \$750,014 as of January 31, 2026 and 2025, respectively and Beneficial Interest in Perpetual Trusts of \$3,053,268 and \$2,784,710 as of January 31, 2026 and 2025, respectively.

**SOUTHEASTERN PENNSYLVANIA SYNOD
OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA**

RECEIPTS AND DISBURSEMENTS – SALE OF CHURCH PROPERTIES

Year Ended January 31, 2026

| | <u>January 31,</u> <u>2026</u> | <u>January 31,</u> <u>2025</u> | <u>Total</u> |
|--|-----------------------------------|-----------------------------------|--------------------|
| Proceeds from Sale of Church Property | | | |
| Bethany Lutheran | \$ - | \$ 731,692 | \$ 731,692 |
| Trinity Lutheran | - | 2,177,502 | 2,177,502 |
| St. Paul's East Norriton | 1,228,426 | - | 1,228,426 |
| St. Paul's Lansdowne | <u>600,319</u> | <u>-</u> | <u>600,319</u> |
| Total Proceeds | <u>1,828,745</u> | <u>2,909,194</u> | <u>4,737,939</u> |
| Reimbursement of Property Management Expenses for closed churches | (73,276) | (204,239) | (277,515) |
| Operating Income for the Synod | (274,312) | (436,379) | (710,691) |
| Transfer to Cemetery Fund | - | (500,000) | (500,000) |
| Transfer to Fund for Mission | <u>(1,481,157)</u> | <u>(1,768,576)</u> | <u>(3,249,733)</u> |
| Total Disbursements | <u>(1,828,745)</u> | <u>(2,909,194)</u> | <u>(4,737,939)</u> |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Southeastern Pennsylvania Synod

Income Statement

January 31, 2026

| | YTD Actual | 2025 Forecast | Variance | 2026 Budget | 2026 Forecast | 2027 Budget |
|--|------------------|------------------|-----------------|------------------|------------------|------------------|
| 01 - Unrestricted | | | | | | |
| Revenues | | | | | | |
| 00 - Other Income (investments, property sales, donations) | 969,904 | 781,969 | 187,935 | 612,168 | 752,921 | 650,096 |
| 31 - Candidacy | 4,550 | 6,500 | (1,950) | 6,500 | 6,500 | 6,500 |
| 51 - Congregations/Mission Support | 1,475,796 | 1,550,000 | (74,204) | 1,600,000 | 1,500,000 | 1,550,000 |
| Total Revenues | 2,450,250 | 2,338,469 | 111,781 | 2,218,668 | 2,259,421 | 2,206,596 |
| Expenses | | | | | | |
| 21 - Bishop/Director of Operations | 349,261 | 393,065 | 43,805 | 368,065 | 410,228 | 399,228 |
| 22 - Administration | 266,960 | 260,930 | (6,030) | 232,232 | 302,682 | 249,022 |
| 23 - Assistant for Congregations | 174,493 | 208,339 | 33,846 | 207,225 | 180,698 | 180,791 |
| 24 - Communications | 216,073 | 278,034 | 61,961 | 253,534 | 230,047 | 230,562 |
| 25 - Finance | 154,260 | 155,156 | 896 | 156,795 | 162,553 | 163,465 |
| 27 - Stewardship/Development | 1,000 | 1,000 | - | 1,000 | - | - |
| 31 - Candidacy | 53,559 | 57,118 | 3,559 | 65,692 | 75,378 | 73,628 |
| 51 - Congregations/Mission Support | 863,837 | 898,725 | 34,888 | 923,725 | 874,500 | 899,500 |
| 52 - Ecumenical Organizations/Agency | 10,400 | 10,400 | - | 10,400 | 10,400 | 10,400 |
| Total Expenses | 2,089,843 | 2,262,767 | 172,925 | 2,218,668 | 2,246,485 | 2,206,596 |
| NET SURPLUS/(DEFICIT) | 360,407 | 75,701 | 284,706 | - | 12,936 | - |
| 02 - Temporarily Restricted | | | | | | |
| Revenues | | | | | | |
| 00 - Other Income | 23,550 | 11,540 | 12,010 | 11,540 | 15,000 | 15,000 |
| 21 - Bishop (Synod Assembly) | 68,713 | 75,256 | (6,543) | 75,256 | 67,875 | 67,875 |
| 22 - Administration | 268,875 | 107,000 | 161,875 | 107,000 | 157,000 | 157,000 |
| 26 - Bishop's Concovation | 10,074 | 20,000 | (9,926) | 20,000 | 20,000 | 20,000 |
| 27 - Stewardship/Development | 18,751 | - | 18,751 | 15,000 | - | - |
| 31 - Candidacy | 20,000 | - | 20,000 | - | - | - |
| 41 - Congregations | 22,374 | 30,300 | (7,926) | 2,300 | 2,800 | 2,800 |
| 42 - Global Vision | 52 | - | 52 | - | - | - |
| 45 - Youth, Young Adult & Spiritual Formation | 340 | 20,000 | (19,660) | 9,000 | 1,000 | 1,000 |
| 51 - Congregational Support | 74,912 | 72,500 | 2,412 | 72,500 | 73,000 | 73,000 |
| Total Revenues | 507,640 | 336,596 | 171,044 | 312,596 | 336,675 | 336,675 |
| Expenses | | | | | | |
| 00 - Other Income | 9,383 | 3,500 | (5,883) | 3,500 | 5,000 | 5,000 |
| 21 - Bishop (Synod Assembly & Donations) | 64,779 | 71,256 | 6,477 | 71,256 | 63,875 | 63,875 |
| 22 - Administration | 241,037 | 84,000 | (157,037) | 59,000 | 65,000 | 65,000 |
| 25 - Finance | 6,964 | - | (6,964) | - | - | - |
| 26 - Bishop's Concovation | 12,946 | 20,000 | 7,054 | 20,000 | 20,000 | 20,000 |
| 27 - Stewardship/Development | 17,496 | - | (17,496) | 15,000 | 5,000 | 5,000 |
| 31 - Candidacy | - | - | - | - | 10,000 | 10,000 |
| 41 - Congregations | 341,725 | 477,651 | 135,926 | 432,330 | 440,490 | 540,066 |
| 44 - Transformational Ministry | - | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| 45 - Youth, Young Adult & Spiritual Formation | - | 21,500 | 21,500 | 10,500 | 2,500 | 2,500 |
| 51 - Congregational Support | 74,912 | 72,540 | (2,372) | 72,540 | 73,000 | 73,000 |
| Total Expenses | 769,243 | 751,947 | (17,296) | 685,626 | 686,365 | 785,941 |
| NET SURPLUS/(DEFICIT) | (261,603) | (415,351) | 153,748 | (373,030) | (349,690) | (449,266) |

Southeastern Pennsylvania Synod
Income Statement
January 31, 2026

| | YTD Actual | 2025 Forecast | Variance | 2026 Budget | 2026 Forecast | 2027 Budget |
|---|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|
| 03 - Mission | | | | | | |
| Revenues | | | | | | |
| 00 - Other (includes investment income & property sales) | 3,183,689 | 2,284,454 | 899,235 | 1,302,991 | 2,278,093 | 1,812,797 |
| 01 - Forward Together in Faith | 101,825 | 44,894 | 56,931 | 48,037 | 54,748 | 59,607 |
| 02 - St. Petri-Hope Fund for Mission | 90,988 | 41,407 | 49,581 | 44,305 | 55,249 | 59,945 |
| 43 - ELCA Mission Developers and DEM Support | 135,725 | 137,128 | (1,402) | 140,975 | 141,010 | 144,674 |
| 53 - ELCA Churchwide Support | 67,300 | 12,000 | 55,300 | 12,000 | 12,000 | 12,000 |
| Total Revenues | 3,579,527 | 2,519,883 | 1,059,645 | 1,548,308 | 2,541,100 | 2,089,023 |
| Expenses | | | | | | |
| 01 - Forward Together in Faith | 58,000 | 50,000 | (8,000) | 50,000 | 53,000 | 53,000 |
| 02 - St. Petri-Hope Fund for Mission | 7,800 | 25,000 | 17,200 | 25,000 | 25,000 | 25,000 |
| 03 - Care of Creation Ministry | | | | | 12,000 | 20,000 |
| 26 - Special Events (Bishop's Convocation) | 13,000 | 2,000 | (11,000) | 2,000 | 13,000 | 13,000 |
| 41 - Congregations | 10,364 | 14,350 | 3,986 | 14,350 | 14,350 | 14,350 |
| 42 - Global Vision | 1,000 | 11,000 | 10,000 | 11,000 | 16,000 | 16,000 |
| 43 - Mission Developers and DEM Salary & Benefits | 245,815 | 240,861 | (4,954) | 238,326 | 245,330 | 252,390 |
| 44 - Vitality Outreach | - | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 45 - Youth, YA & Spiritual Formation Salary & Benefits | 27,224 | 27,224 | - | - | - | - |
| 46 - Youth, Young Adult & Spiritual Formation Programing | 6,735 | 24,650 | 17,915 | 24,650 | 25,150 | 26,150 |
| 53 - New Start Congregations | 266,552 | 32,750 | (233,802) | 32,750 | 210,767 | 210,767 |
| Total Expenses | 636,490 | 428,835 | (207,655) | 399,076 | 615,597 | 631,657 |
| NET SURPLUS/(DEFICIT) | 2,943,037 | 2,091,048 | 851,989 | 1,149,231 | 1,925,503 | 1,457,366 |
| NET DEFICIT w/o investment income and property sales | (335,471) | (175,708) | (114,327) | (142,102) | (355,587) | (367,983) |
| (the 2026 forecast includes a transfer from the Fund for Mission for \$355,587 to cover the Mission fund deficit and grants) | | | | | | |
| 04 - Permanently Restricted | | | | | | |
| Revenues | | | | | | |
| 00 - Other Income | 263,296 | 60,000 | 203,296 | 60,000 | 100,000 | 100,000 |
| 51 - Congregational Support | 64,123 | 60,000 | 4,123 | 60,000 | 60,000 | 60,000 |
| Total Revenues | 327,419 | 120,000 | 207,419 | 120,000 | 160,000 | 160,000 |
| Expenses | | | | | | |
| 31 - Candidacy | 15,250 | 9,000 | (6,250) | 9,000 | 15,000 | 15,000 |
| 51 - Congregational Support | 64,123 | 60,000 | (4,123) | 60,000 | 60,000 | 60,000 |
| Total Expenses | 79,373 | 69,000 | (10,373) | 69,000 | 75,000 | 75,000 |
| NET SURPLUS/(DEFICIT) | 248,046 | 51,000 | 197,046 | 51,000 | 85,000 | 85,000 |
| TOTAL ALL FUNDS | 3,289,888 | 1,802,398 | 1,487,490 | 827,201 | 1,673,749 | 1,093,100 |
| TOTAL TRANSFERS | (2,867,714) | (1,681,696) | (1,186,018) | (827,201) | (1,660,814) | (1,093,100) |
| TOTAL ALL FUNDS AFTER TRANSFERS | 422,173 | 120,702 | 301,471 | - | 12,936 | - |