

PACIFICA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

JANUARY 31, 2023

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Independent Auditor's Report

Synod Council
Pacifica Synod of the Evangelical
Lutheran Church in America

Opinion

We have audited the accompanying financial statements of Pacifica Synod of the Evangelical Lutheran Church (a nonprofit organization), which comprise the statement of financial position as of January 31, 2023, 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 Pacifica Synod of the Evangelical Lutheran Church as of January 31, 2023, 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 Pacifica Synod of the Evangelical Lutheran Church 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 Pacifica Synod of the Evangelical Lutheran Church'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 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.

Independent Auditor's Report (Continued)

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 Pacifica Synod of the Evangelical Lutheran Church'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 Pacifica Synod of the Evangelical Lutheran Church'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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Net Assets, Schedule of Net Assets Without Donor Restrictions – Designated Funds, the Schedule of Net Assets With Donor Restrictions – Temporarily Restricted Funds, and the Schedule of Expenses by Funding Source on pages 14 – 17 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.

Harvey & Parmelee LLP

April 10, 2023
San Marino, CA

PACIFICA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
STATEMENT OF FINANCIAL POSITION
January 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<u>ASSETS</u>			
Current Assets			
Cash and Cash Equivalents			
Checking	\$ 1,715,277	\$ -	\$ 1,715,277
MIF Demand Accounts			
Agape House	-		-
Calgary, Santa Ana	32,250		32,250
Cathryn W Wright Bequest		77,100	77,100
New Mission Starts	34,281		34,281
Pacifica Synod CLC Legacy	153,607		153,607
Thrivent Money Market Accounts	50,755		50,755
Total Cash and Cash Equivalents	<u>1,986,170</u>	<u>77,100</u>	<u>2,063,270</u>
Short Term Investments			
MIF Term Accounts			
Pending Designation	197,298		197,298
ELCA Endowment Fund Pooled Trust			
Latino Ministry	244,961		244,961
Matthew 25	-	249,128	249,128
Pacifica Synod Mission Funds	163,330		163,330
Warner Trust	-	74,288	74,288
Thrivent Mutual Funds			
Cathryn W Wright Bequest		195,880	195,880
Fink Global Engagement Mission Fund	170,172		170,172
Latino Ministry	-		-
Pacifica Synod Mission Funds	1,287,791		1,287,791
Atonement	1,392,755		1,392,755
Peace, SD	468,580		468,580
Mission Fund	2,910,589		2,910,589
Total Short Term Investments	<u>6,835,476</u>	<u>519,296</u>	<u>7,354,772</u>
Receivables & Prepaids			
Receivable from Hope, Riverside	-		-
Receivable from Grace of Glen Avon, Riverside	2,500		2,500
ELCA Receivable	-		-
Receivables - Other	-		-
Prepaid Expenses	-		-
Total Receivables & Prepaids	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total Current Assets	<u>8,824,146</u>	<u>596,396</u>	<u>9,420,542</u>
Long Term Investments			
MIF Term Accounts			
Agape House	1,745,112		1,745,112
Cathryn W Wright Bequest		-	-
Pending Designation	830,693		830,693
Pacifica Synod Mission Funds		-	-
Total Long Term Investments	<u>2,575,805</u>	<u>-</u>	<u>2,575,805</u>
Fixed Assets			
CFML Land and Building	3,167,169		3,167,169
Furniture, Equipment and Other	447,559		447,559
Auto	9,370		9,370
Accumulated Depreciation	(1,175,843)		(1,175,843)
Total Fixed Assets, Net	<u>2,448,255</u>	<u>-</u>	<u>2,448,255</u>
Other Assets			
ELCA Endowment Fund Pooled Trust			
Matthew 25 Fund		100,000	100,000
Warner Trust		155,573	155,573
Lease Assets	46,510		46,510
Due from (to) Other Funds	(325,038)	325,038	-
Total Other Assets	<u>(278,528)</u>	<u>580,611</u>	<u>302,083</u>
TOTAL ASSETS	<u>\$ 13,569,678</u>	<u>\$ 1,177,007</u>	<u>\$ 14,746,685</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accrued Expenses and Payables	\$ 49,408	\$ -	\$ 49,408
Due to ELCA	106,303	-	106,303
Due to Region	30,000	-	30,000
Due Others from Disbanded Congregations	132,116	-	132,116
Short Term Lease Liability	16,222	-	16,222
Total Current Liabilities	<u>334,049</u>	<u>-</u>	<u>334,049</u>
Long Term Lease Liability	31,938	-	31,938
TOTAL LIABILITIES	<u>365,987</u>	<u>-</u>	<u>365,987</u>
NET ASSETS	<u>13,203,691</u>	<u>1,177,007</u>	<u>14,380,698</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,569,678</u>	<u>\$ 1,177,007</u>	<u>\$ 14,746,685</u>

See accompanying notes.

PACIFICA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
STATEMENT OF ACTIVITIES
Year Ended January 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUE</u>			
Support:			
Mission Support	\$ 1,342,867	\$ 249,566	\$ 1,592,433
ELCA Grants	21,758	199,934	221,692
Shared Ministry Income	4,800	290,032	294,832
Revenue:			
Proceeds from Disbanded Church Assets, net of expenses	979,188	-	979,188
Interest	75,128	8,198	83,326
Dividend Income	147,027	24,317	171,344
Realized Gains (Losses) on Investments	(754)	-	(754)
Unrealized (Losses) on Investments	(231,501)	(49,499)	(281,000)
Conference and Other Registration Fees	59,295	47,892	107,187
Facilities Use	10,500	-	10,500
Other Income	10,711	-	10,711
Net Assets Released from Restrictions	847,907	(847,907)	-
Board Contribution to Restricted Deficient Funds	(35,993)	35,993	-
 Total Support and Revenue	 <u>3,230,933</u>	 <u>(41,474)</u>	 <u>3,189,459</u>
<u>EXPENSES</u>			
Operating Expenses			
Program Services	2,514,161		2,514,161
Management & General	464,810		464,810
 Total Expenses	 <u>2,978,971</u>	 <u>-</u>	 <u>2,978,971</u>
 INCREASE (DECREASE) IN NET ASSETS	 <u>251,962</u>	 <u>(41,474)</u>	 <u>210,488</u>
 NET ASSETS, beginning of year	 12,951,729	 1,218,481	 14,170,210
 NET ASSETS, end of year	 <u>\$ 13,203,691</u>	 <u>\$ 1,177,007</u>	 <u>\$ 14,380,698</u>

See accompanying notes.

PACIFICA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended January 31, 2023

	Program Services	Management & General	Total
<u>General Administration</u>			
Bishops Transition Expenses	\$ 21,162	\$ 3,735	\$ 24,897
Contract Services	21,769	50,796	72,565
Depreciation	26,671	26,671	53,342
Equipment Lease	2,836	6,616	9,452
Hospitality	731	183	914
Insurance	1,586	14,275	15,861
Legal and Professional Services	-	22,974	22,974
Loan Forgiveness	-	1,500	1,500
Occupancy and Utilities	45,836	45,837	91,673
Office Expense	1,840	1,840	3,680
Professional Expense	288	289	577
Shipping and Postage	672	672	1,344
Supplies and Materials	771	772	1,543
Thrivent Account Investment Fees	-	10,692	10,692
	124,162	186,852	311,014
<u>Personnel</u>			
Salaries	610,109	222,067	832,176
Continuing Education	705	256	961
Payroll Taxes	9,568	3,482	13,050
Pension, Medical and Disability	140,784	51,243	192,027
Worker's Compensation	2,500	910	3,410
	763,666	277,958	1,041,624
<u>Leadership, Support and Program</u>			
Ministry Teams	4,125	-	4,125
Region II Support	2,500	-	2,500
Synodical Leadership	9,829	-	9,829
Travel	52,648	-	52,648
	69,102	-	69,102
<u>Other Program Expenses</u>			
Financial Support to ELCA	681,417	-	681,417
Support to Institutions	109,569	-	109,569
Designated Gifts from Disbanded Churches	-	-	-
Assembly Expenses	70,520	-	70,520
Conferences and Workshops	58,898	-	58,898
DEM Expenses	7,433	-	7,433
Grants	306,307	-	306,307
Shared Ministry Expenses	294,405	-	294,405
Other Congregation Expenses	28,682	-	28,682
	1,557,231	-	1,557,231
Total Expenses	\$ 2,514,161	\$ 464,810	\$ 2,978,971

See accompanying notes.

PACIFICA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
STATEMENT OF CASH FLOWS
Year Ended January 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase (Decrease) in Net Assets	\$	210,488
Adjustments to reconcile (Decrease) in Net Assets to Net Cash		
Provided (Used) by operating activities:		
Depreciation	\$	53,342
Unrealized Loss on Investments		281,000
Realized Loss on Investments		754
(Increase) Decrease in Prepaid Expense		1,900
(Increase) Decrease in Loan Receivables		37,169
(Increase) Decrease in Lease Asset		(46,510)
Increase (Decrease) in Accrued Expenses and Payables		(236,900)
Increase (Decrease) in Long Term Lease Liability		31,938
Loan Forgiveness		1,500
		124,193
Total Adjustments		124,193
Net Cash (Used) by Operating Activities		334,681

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment in Fixed Assets		(11,743)
Purchase of Investments		(2,719,992)
Interest Income Invested in Mission Term Accounts		(83,326)
Dividends Reinvested		(171,344)
Withdrawal from MIF Term Account		7,525
Withdrawal from ELCA Endowment Fund		-
Withdrawal from Thrivent Mutual Fund Accounts		19,791
		(2,959,089)
Net Cash Provided by Investing Activities		(2,959,089)

DECREASE IN CASH (2,624,408)

CASH AND CASH EQUIVALENTS - Beginning of year 4,687,678

CASH AND CASH EQUIVALENTS - End of year \$ 2,063,270

COMPOSITION OF CASH AND CASH EQUIVALENTS - ENDING

Without Restriction		1,986,170
With Restriction		77,100
Total Cash and Cash Equivalents - Ending		\$ 2,063,270

See accompanying notes.

PACIFICA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Pacifica Synod of the Evangelical Lutheran Church in America (Synod) was incorporated as a not-for-profit organization in July 1986. The Synod is affiliated with the Evangelical Lutheran Church in America (ELCA) and is responsible for the oversight and the life and mission of the ELCA in the counties of Imperial, Orange, Riverside, San Bernardino, and San Diego in the state of California, and in the state of Hawaii. The Synod is supported primarily through contributions received from member congregations.

Significant Accounting Policies

Basis of Accounting

The financial statements of the Synod have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in ASU 2016-14. Accordingly, net assets, revenue, expenses, gains and losses are classified based on donor-imposed restrictions. Net assets of the Synod and changes therein are classified and reported as:

Without Donor Restrictions – Those resources not subject to donor-imposed restrictions. Resources not subject to donor-imposed restrictions include those net assets that the Synod has set aside for a particular purpose.

With Donor Restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by action of the Synod or by the passage of time, and permanently restricted net assets that are subject to donor-imposed restrictions which never lapse.

Cash and Cash Equivalents

Cash consists of checking and savings deposits with banks.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximately fair value at the date of donation.

The Synod depreciates assets using the straight-line method over the useful lives of the assets of 5, 7 and 39 years.

PACIFICA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies (Continued)

Investments and Credit Risks

Investments consist of funds invested with Mission Investment Fund (a Financial Ministry of the ELCA), the ELCA Endowment Fund Pooled Trust, and Thrivent Financial Mutual Funds. Investments in the Mission Investment Fund include Demand with Check Writing Accounts and Mission Term Accounts. The Demand with Check Writing Accounts is similar in character to savings accounts and the Mission Term Accounts are certificates of deposits. All Mission Investment Funds are stated at cost and are not protected by FDIC.

Investments in the ELCA Endowment Fund are stated at fair value based on amounts reported to the Synod by the management of the Fund. Realized and unrealized gains and losses are reflected in the statement of activities. Investments in the ELCA Endowment Fund are not protected by SIPC (Security Investor Protection Corporation).

Investments in Thrivent Financial Mutual Funds are stated at fair value based upon quoted prices of the mutual funds in an active market. Realized and unrealized gains and losses are reflected in the statement of activities. Investments in the Thrivent Financial Mutual Funds are not protected by SIPC (Security Investor Protection Corporation).

As of January 31, 2023, the Synod's uninsured balance in cash and investments was as follows:

Checking	\$ 1,715,277
Thrive Money Market	50,755
Mission Investment Fund Demand with Check Writing Accounts	297,238
Mission Investment Fund Term Accounts	<u>2,773,103</u>
Checking, Money Market and Certificates of Deposit	4,836,373
ELCA Endowment Pooled Trust	987,280
Thrivent Mutual Funds	<u>6,425,767</u>
Total	\$ <u>12,249,420</u>

Disclosures about Fair Value of Assets and Liabilities

Fair Value Standards (ASC 820-10) establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 - Quoted market prices are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 - Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

PACIFICA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies (Continued)

Contributed Services

The Synod receives services contributed by individuals involved in the Synod's missions. The services provided generally involve the contribution of time to various Synod committees. No amounts for contributed services have been reflected in the financial statements since the services do not meet accounting standards for recognition. The criteria require that contributed services create or enhance financial assets, require specialized skills which would be purchased if not donated and have an objective basis for measurement.

Leases

Leases are evaluated and classified as capital or operating in accordance with generally accepted accounting principles and recorded in accordance with ASC 842,

Effective February 1, 2022, the Synod adopted FASB ASC 842, Leases. The Synod determines if an arrangement contains a lease at inception based on whether it has the right to control the asset during the contract period and other facts and circumstances. The Synod elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification and use the risk free rate as a private organization.

The adoption of FASB ASC 842 resulted in the recognition of a copier right-of-use asset of \$22,703 and a copier operating lease liability of \$22,703 as of February 1, 2022. The adoption of FASB ASC 842 also resulted in the recognition of a real estate right-of-use asset of \$37,286 and real estate lease liability of \$37,286 as of February 1, 2022. Results for periods beginning prior to February 1, 2022 continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Synod's results of operations or cash flows.

Income Taxes

The Synod is included in a group ruling issued by IRS to the ELCA and therefore is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Functional Expenses

Amounts presented in the statement of functional expenses for the year ended January 31, 2023 are allocated to program and supporting services using estimates based on measures of the benefits provided. Accordingly, certain costs have been allocated amount the programs and supporting services benefited based on management's estimate.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PACIFICA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023

NOTE B – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Synod’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at January 31, 2023	
Checking, Money Market and Certificates of Deposit	\$ 4,836,374
ELCA Endowment Pooled Trust	987,280
Thrivent Mutual Funds	<u>6,425,767</u>
Total	12,249,421
Less those financial assets unavailable for general expenditures within one year, due to:	
Donor-imposed to maintain as an endowment	(255,573)
Donor-imposed for specified purposes Temporarily Restricted Funds	<u>(921,434)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 11,072,414</u>

NOTE C – INVESTMENTS

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 investments can include investments in mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows (Level 2). Where Level 1 and Level 2 inputs are not available, investments are classified within Level 3 hierarchy. Because market activity for the ELCA Endowment Fund investment is not active, the Synod’s investment in the Fund is classified as Level 3. Investments in MIF Term Certificates are also classified as Level 3.

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
MIF Term Certificates	\$ 2,773,104	\$ -	\$ -	\$ 2,773,104
ELCA Endowment Fund	987,280	-	-	987,280
Thrivent Financial Mutual Funds	<u>6,425,767</u>	<u>6,425,767</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,186,151</u>	<u>\$ 6,425,767</u>	<u>\$ -</u>	<u>\$ 3,760,384</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>MIF Term</u>	<u>ELCA End Fund</u>
January 31, 2022	\$ 2,698,629	\$ 1,056,910
Interest reinvested	82,000	
Dividends reinvested		28,987
Realized gains		
Unrealized gains		(98,617)
Net cash withdrawn	(7,525)	
Invested		
January 31, 2023	<u>\$ 2,773,104</u>	<u>\$ 987,280</u>

PACIFICA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023

NOTE D – NET ASSETS WITH DONOR RESTRICTIONS - PERMANENTLY RESTRICTED FUNDS

In 1990 and 1994, Pacifica Synod received a bequest of \$155,573 from the estate of Charles and Mabel Warner. In accordance with the provisions of the bequest, Synod Council placed the corpus of the trust in a Mission Certificate Account, and income from the trust is used to fund grants to specific programs and ministries of the Synod, and institutions and agencies affiliated with the ELCA.

In December 2015, Pacifica Synod received a gift of \$100,000. Pursuant to the terms of the gift, the funds have been placed in a permanently restricted fund called “Matthew 25 Fund”. The gift has been invested in the ELCA Endowment Pooled Fund. The income of the fund is to be used to maintain congregational outreach and unity in the spirit of Matthew 25:35-40.

NOTE E – NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARILY RESTRICTED ASSETS

CATHRYN W. WRIGHT BEQUEST

In 2002 the Synod received a bequest from Cathryn W. Wright in the amount of \$590,000. Additional contributions which are also restricted for lay ministries have been added to this fund over the years. Consistent with Mrs. Wright’s direction that the bequest be used for caring lay ministries, the Synod Council has committed the funds to Lay Ministry Training. The following summarizes the activity in the fund during the year:

Fund Balance, January 31, 2022	\$ 671,092
Investment Income	(269)
Lay Ministry Training	<u>(100)</u>
Fund Balance, January 31, 2023	<u>\$ 670,723</u>

NOTE F – BORROWINGS BETWEEN OPERATING FUND, DESIGNATED FUNDS, AND TEMPORARILY RESTRICTED FUNDS

At January 31, 2023, the Unrestricted, Designated, Temporarily Restricted and Permanently Restricted Net Assets have inter-fund receivables and payables, as presented on the Statement of Financial Position. The receivables and payables are primarily attributable to transfers and re-allocations of funds during the year, not fully re-allocated in the related investments.

NOTE G – RETIREMENT PLAN

The Synod participates in a defined contribution retirement plan with Portico Benefit Services, formerly the Board of Pensions of the ELCA. The plan covers substantially all employees, and contributions are immediately fully vested and funded. The Synod’s total contribution to the plan was \$80,239 for the year ended January 31, 2023.

PACIFICA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
January 31, 2023

NOTE H – COMMITMENTS AND CONTINGENCIES

In July 2021, the Synod entered into a 63 month lease for a Kyocera TASKalfa 4053 ci Copier. The lease calls for monthly payments of \$417.25. Cash outflows were \$5,007 and, in accordance with ASC 842, lease expense was \$4,757 for the year ended January 31, 2023. The discount rate related to the Synod's lease liabilities as of January 31, 2023 was 1.63%. The copier right-of-use asset is valued at \$18,316 as of January 31, 2023. The following is a schedule by years of future payments required under the lease together with their present value as of January 31, 2023:

<u>Year Ending</u>	<u>Amount</u>
January 31, 2024	\$ 5,007
January 31, 2025	5,007
January 31, 2026	5,007
January 31, 2027	<u>3,755</u>
Total Lease Payments	18,776
Less: Interest	<u>710</u>
Present Value of Lease Liability	18,066
Less Current Liability	<u>4,713</u>
Long Term Lease Liability	\$13,353

In August 2020, the Synod entered into a 60 month shared property lease of church property for a specific purpose at specific times. The lease calls for monthly payments of \$400 the first two years and then \$1000 a month for the subsequent three years. Cash outflows were \$7,800 and, in accordance with ASC 842, lease expense was \$9,700 and for the year ended January 31, 2023. The discount rate related to the Synod's lease liabilities as of January 31, 2023 was 1.63%. The real estate right-of-use asset is valued at \$21,894 as of January 31, 2023. The following is a schedule by years of future payments required under the lease together with their present value as of January 31, 2023:

<u>Year Ending</u>	<u>Amount</u>
January 31, 2024	\$12,000
January 31, 2025	12,000
January 31, 2027	<u>7,000</u>
Total Lease Payments	31,000
Less: Interest	<u>906</u>
Present Value of Lease Liability	30,094
Less Current Liability	<u>11,509</u>
Long Term Lease Liability	\$18,585

There is a potential asset gain contingency as the Synod is currently in litigation with another church to secure its assets.

NOTE I – DISBANDED CHURCHES

During the year ended January 2023, there was one church disbanded that had a significant impact upon the income of the financial statements. In October of 2022, the property of Lutheran Church of the Master, La Habra was sold for \$3,000,000. The Synod received cash proceeds of \$2,654,682 from the sale.

NOTE J – EVALUATION OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 10, 2023, which is the date the financial statements were available to be used. There have been no significant subsequent events since year end.

SUPPLEMENTARY INFORMATION

PACIFICA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
SUPPLEMENTAL SCHEDULE 1
SCHEDULE OF NET ASSETS
January 31, 2023

	Without Donor Restrictions	With Donor Restrictions
Net Assets Without Donor Restrictions		
Operating Fund Balance (Deficit)	\$ 284,849	
Property Fund		
Furniture and Fixtures	\$ 3,800	
Office Equipment	32,347	
Center for Mission and Learning		
Land	1,236,905	
Building	1,930,264	
Auto	9,370	
Furniture, Equipment, and Other	411,412	
	3,624,098	
Less Accumulated Depreciation	(1,175,843)	
Total Property Fund		2,448,255
Designated Funds - See Supplemental Schedule 2		10,470,587
Total Net Assets Without Restrictions	\$ 13,203,691	
Net Assets With Donor Restrictions		
Temporarily Restricted Net Assets - See Supplemental Schedule 2		\$ 921,434
Permanently Restricted Net Assets - See Note D for additional detail:		
Warner Trust Fund	\$ 155,573	
Matthew 25 Fund	100,000	
	255,573	
Net Assets With Restrictions		\$ 1,177,007

PACIFICA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
SUPPLEMENTAL SCHEDULE 2
SCHEDULE OF NET ASSETS WITHOUT DONOR RESTRICTIONS
DESIGNATED FUNDS
January 31, 2023

Net assets without donor restrictions which have been designated by Synod Council consist of the following:

Agape House	\$ 1,745,111
Assembly Fund Carryover	18,013
Bishop's Transition	83,535
Bishop's Transition - Vestments	2,060
Calvary, Santa Ana	32,250
CLC Legacy - Pacifica Synod	218,454
CLC Legacy - Pending	446,430
Coop Candidacy Comm	15,647
Facilities Renewal	2,876
GEM (POP)	167,212
Latine Ministry Fund	213,793
Latino / Hispanic Ministry	399,905
Laurie Line Scholarship	49,833
Matthew 25 (POP)	172,563
Pacifica Mission Fund	4,462,090
Palm Springs Mission Start	2,124
Peace, San Diego	473,885
RL Miller (POP)	167,939
Synodical Administration	1,725,787
Taiwanese Ministry Fund	45,365
Technology Development Grants	398
Warner TR (POP)	25,317
	\$ 10,470,587

PACIFICA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
SUPPLEMENTAL SCHEDULE 3
SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS
TEMPORARILY RESTRICTED FUNDS
January 31, 2023

Anti-Racism Training	\$ 447
Asian Ministry Coordinator	2,045
Beaumont CV Exploration	3,831
Bishop's Discretionary Fund	2,190
Building Capacity for Sustain Ministry	7,044
Cathryn Wright Trust	670,723
Church of Dream Builders Anaheim	(9,110)
Coaching Ministry	53
Companion Synod Program	7,787
COVID-19 Response Fund Grants	2,065
Day of Theological Reflection	505
ELCA AMMPARO	4,000
ELCA Coach Launch 2019	500
ELCA YG 2018 Synod Day Director	250
Ethiopian Ev Chrch-Mekane Yesus	10,996
Financial Workshops	408
First Call Theological Education	13,027
Good Samaritan Fund - J Martyn	5,863
Hilo Exploration	436
HKBP, Claremont	2,000
ILERT	946
Immanuel Indonesian-Los Alamitos	1,800
International Companion Program	2,144
Luth Office of Public Policy	1,446
Matthew 25 Distribution Fund	(5,605)
New Mission Development Endowment	51,098
Oxford Back / Psych. Evaluation	2,532
Palm Springs Mission Start	13,009
Portico 1% Wellness Award	15,312
Professional Leader's Conference	1,596
R.L.Miller Scholarship Fund	34,438
Rev Laurie Line Memorial Scholarship	27,640
Safe Boundaries Workshop	2,571
Secretaries/Admin Retreat	50
Synod Mission Cong 2017-2018	417
Synod Youth Team/LYO Events	983
Synodical Mission Funding	7,268
Synodical Training	1,414
Theoasis Offering	1,069
The Table / South OC New Start	(4,802)
Valley Luth Retirement Distrib	17,378
Warner Trust Income	22,187
Youth Leadership Training Event	1,483
	\$ 921,434

PACIFICA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN AMERICA
SUPPLEMENTAL SCHEDULE 4
SCHEDULE OF EXPENSES BY FUNDING SOURCE
Year Ended January 31, 2023

	With Donor Restrictions			Without Donor Restrictions		
	Paid with Temp Restricted Funds	Shared Ministry	Total Released from Restrictions	Paid with Undesignated Funds	Paid with Designated Funds	Total Expenses
<u>General Administration</u>						
Bishop's Transition Expenses	\$ -	\$ -	\$ -	\$ 24,897	\$ -	\$ 24,897
Contract Services	-	-	-	72,565	-	72,565
Depreciation	-	-	-	53,342	-	53,342
Equipment Lease	4,092	-	4,092	5,360	-	9,452
Hospitality	-	-	-	914	-	914
Insurance	-	-	-	11,614	4,247	15,861
Legal and Professional Services	-	-	-	22,974	-	22,974
Loan Forgiveness	-	-	-	1,500	-	1,500
Occupancy and Utilities	-	7,500	7,500	51,963	32,210	91,673
Office Expense	-	-	-	3,326	354	3,680
Professional Expense	-	-	-	577	-	577
Shipping and Postage	-	-	-	1,251	93	1,344
Supplies and Materials	-	-	-	1,543	-	1,543
Thrivent Investment Account fees	-	-	-	10,692	-	10,692
	4,092	7,500	11,592	262,518	36,904	311,014
<u>Personnel</u>						
Salaries	-	294,420	294,420	537,756	-	832,176
Continuing Education	-	-	-	961	-	961
Payroll Taxes	-	-	-	13,050	-	13,050
Pension, Medical and Disability	-	75,249	75,249	116,778	-	192,027
Worker's Compensation	-	-	-	3,410	-	3,410
	-	369,669	369,669	671,955	-	1,041,624
<u>Leadership, Support and Program</u>						
Ministry Teams	-	-	-	3,741	384	4,125
Region II Support	-	-	-	2,500	-	2,500
Synodical Leadership	-	-	-	9,829	-	9,829
Travel	928	5,090	6,018	34,252	12,378	52,648
	928	5,090	6,018	50,322	12,762	69,102
<u>Other Program Expenses</u>						
Financial Support to ELCA	1,700	-	1,700	676,414	3,303	681,417
Financial Support to Institutions	1,175	-	1,175	105,091	3,303	109,569
Designated Gifts from Disbanded Churches	-	-	-	-	-	-
Assembly Expenses	-	-	-	-	70,520	70,520
Conferences and Workshops	53,900	-	53,900	-	4,998	58,898
DEM Expenses	-	-	-	-	7,433	7,433
Grants	90,371	179,140	269,511	2,800	33,996	306,307
Shared Ministry Expenses	4,373	-	4,373	-	290,032	294,405
Other Congregation Expenses	3,137	8,520	11,657	-	17,025	28,682
ELCA DMU Grant for Staff - DEM	-	-	118,312	(118,312)	-	-
	154,656	187,660	460,628	665,993	430,610	1,557,231
Total Expenses	\$ 159,676	\$ 569,919	\$ 847,907	\$ 1,650,788	\$ 480,276	\$ 2,978,971