

**PLEASE PLACE  
IN THE BACK OF  
SECTION**

**B**



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

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

**JANUARY 31, 2009**



*TAIT, WELLER & BAKER LLP*  
*Certified Public Accountants*

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**Finance Committee of the Synod Council of  
Southeastern Pennsylvania Synod  
of the Evangelical Lutheran Church in America  
Norristown, Pennsylvania**

We have audited the accompanying statement of financial position of Southeastern Pennsylvania Synod of the Evangelical Lutheran Church in America as of January 31, 2009, and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Synod's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized information has been derived from Southeastern Pennsylvania Synod of the Evangelical Lutheran Church in America's 2008 financial statements and, in our report dated April 24, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Pennsylvania Synod of the Evangelical Lutheran Church in America as of January 31, 2009, and changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming the above opinion on the basic financial statements referred to in the first paragraph, taken as a whole. The accompanying supplemental information for net disbursements – Synod budget accounts and receipts and disbursements designated and temporarily restricted net assets on pages 10 to 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Tait, Weller & Baker LLP*

**Philadelphia, Pennsylvania  
April 24, 2009**

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

**STATEMENT OF FINANCIAL POSITION**

**January 31, 2009 with Summarized Information for 2008**

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Totals</u>      |                    |
|---|---------------------|-----------------------------------|-----------------------------------|--------------------|--------------------|
|   |                     |                                   |                                   | <u>2009</u>        | <u>2008</u>        |
| <b>ASSETS</b>   |                     |                                   |                                   |                    |                    |
| Cash  | \$ 150,252          | \$ -                              | \$ -                              | \$ 150,252         | \$ 107,155         |
| Investments, at market <i>(Note 2)</i>  | 452,895             | 462,128                           | -                                 | 915,023            | 1,937,611          |
| Pledges receivable  | 17,433              | -                                 | -                                 | 17,433             | -                  |
| Miscellaneous receivable  | 2,087               | -                                 | -                                 | 2,087              | 2,556              |
| Prepaid expenses  | 1,250               | -                                 | -                                 | 1,250              | -                  |
| <b>Total current assets</b>   | <u>623,917</u>      | <u>462,128</u>                    | <u>-</u>                          | <u>1,086,045</u>   | <u>2,047,322</u>   |
| <b>OTHER ASSETS</b>   |                     |                                   |                                   |                    |                    |
| Investments, at market <i>(Note 2)</i>  | 580,052             | -                                 | 690,573                           | 1,270,625          | 1,629,413          |
| Prepaid rent <i>(Note 6)</i>  | 696,061             | -                                 | -                                 | 696,061            | -                  |
| Loans receivable  | 5,000               | -                                 | -                                 | 5,000              | 6,000              |
| Real estate   | 110,350             | -                                 | -                                 | 110,350            | 110,350            |
| Leasehold improvements and equipment<br>(net of accumulated depreciation of<br>\$425,927 in 2009 and \$403,249 in 2008) | 26,575              | -                                 | -                                 | 26,575             | 39,323             |
| Land, buildings and improvements –<br>Bear Creek Camp   | 440,004             | -                                 | -                                 | 440,004            | 440,004            |
| Equity in Chapel and Student Center   | 484,429             | -                                 | -                                 | 484,429            | 484,429            |
| <b>Total other assets</b>   | <u>2,342,471</u>    | <u>-</u>                          | <u>690,573</u>                    | <u>3,033,044</u>   | <u>2,709,519</u>   |
| <b>Total assets</b>   | <u>\$2,966,388</u>  | <u>\$462,128</u>                  | <u>\$690,573</u>                  | <u>\$4,119,089</u> | <u>\$4,756,841</u> |
| <b>CURRENT LIABILITIES</b>  |                     |                                   |                                   |                    |                    |
| Payables  |                     |                                   |                                   |                    |                    |
| Evangelical Lutheran Church in America  | \$ 94,173           | \$ -                              | \$ -                              | \$ 94,173          | \$ 120,195         |
| Deferred revenue  | 9,370               | -                                 | -                                 | 9,370              | 3,085              |
| Other accounts payable and accrued expenses   | 131,011             | -                                 | -                                 | 131,011            | 135,464            |
| Note payable, current portion <i>(Note 3)</i>   | 23,424              | -                                 | -                                 | 23,424             | 22,277             |
| <b>Total current liabilities</b>  | <u>257,978</u>      | <u>-</u>                          | <u>-</u>                          | <u>257,978</u>     | <u>281,021</u>     |
| <b>OTHER LIABILITIES</b>  |                     |                                   |                                   |                    |                    |
| Note payable <i>(Note 3)</i>  | 278,174             | -                                 | -                                 | 278,174            | 301,598            |
| <b>Total liabilities</b>  | <u>536,152</u>      | <u>-</u>                          | <u>-</u>                          | <u>536,152</u>     | <u>582,619</u>     |
| <b>NET ASSETS</b>   |                     |                                   |                                   |                    |                    |
| <b>Unrestricted</b>   |                     |                                   |                                   |                    |                    |
| Operating   | 18,442              | -                                 | -                                 | 18,442             | 18,442             |
| <b>Designated</b>   |                     |                                   |                                   |                    |                    |
| Fund for Mission  | 944,333             | -                                 | -                                 | 944,333            | 1,377,506          |
| Other   | 278,799             | -                                 | -                                 | 278,799            | 410,972            |
| <b>Total designated</b>   | <u>1,223,132</u>    | <u>-</u>                          | <u>-</u>                          | <u>1,223,132</u>   | <u>1,788,478</u>   |
| Church Renewal and Endowment  | 264,229             | -                                 | -                                 | 264,229            | 264,229            |
| Real estate and property  | 924,433             | -                                 | -                                 | 924,433            | 924,433            |
| <b>Total unrestricted</b>   | <u>2,430,236</u>    | <u>-</u>                          | <u>-</u>                          | <u>2,430,236</u>   | <u>2,995,582</u>   |
| Temporarily restricted <i>(Note 4)</i>  | -                   | 462,128                           | -                                 | 462,128            | 490,423            |
| Permanently restricted <i>(Note 4)</i>  | -                   | -                                 | 690,573                           | 690,573            | 688,217            |
| <b>Total net assets</b>   | <u>2,430,236</u>    | <u>462,128</u>                    | <u>690,573</u>                    | <u>3,582,937</u>   | <u>4,174,222</u>   |
| <b>Total liabilities and net assets</b>   | <u>\$2,966,388</u>  | <u>\$462,128</u>                  | <u>\$690,573</u>                  | <u>\$4,119,089</u> | <u>\$4,756,841</u> |

*See notes to financial statements.*

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

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Year ended January 31, 2009 with Summarized Information for 2008**

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Totals</u>      |                    |
|---|---------------------|-----------------------------------|-----------------------------------|--------------------|--------------------|
|   |                     |                                   |                                   | <u>2009</u>        | <u>2008</u>        |
| <b>Support and revenue</b>                            |                     |                                   |                                   |                    |                    |
| <b>Support</b>  |                     |                                   |                                   |                    |                    |
| Contributions from congregations                      |                     |                                   |                                   |                    |                    |
| Partnership support                                   | \$2,653,516         | \$ -                              | \$ -                              | \$2,653,516        | \$2,769,718        |
| World Hunger  | -                   | 194,301                           | -                                 | 194,301            | 217,403            |
| Other designated gifts                                | -                   | 35,589                            | -                                 | 35,589             | 41,608             |
| Mission Partners                                      | -                   | 10,000                            | -                                 | 10,000             | 13,860             |
| Remittance to designated agencies                     | -                   | (239,890)                         | -                                 | (239,890)          | (272,871)          |
| Lutheran Charities Appeal                             | -                   | 187,137                           | -                                 | 187,137            | 201,133            |
| <b>Total from congregations</b>                       | <u>2,653,516</u>    | <u>187,137</u>                    | <u>-</u>                          | <u>2,840,653</u>   | <u>2,970,851</u>   |
| Other contributions                                   | <u>445,174</u>      | <u>75,897</u>                     | <u>-</u>                          | <u>521,071</u>     | <u>734,073</u>     |
| <b>Total support</b>                                  | <u>3,098,690</u>    | <u>263,034</u>                    | <u>-</u>                          | <u>3,361,724</u>   | <u>3,704,924</u>   |
| <b>Revenue</b>  |                     |                                   |                                   |                    |                    |
| Investment income                                     | 89,526              | 4,515                             | 2,356                             | 96,397             | 142,765            |
| Unrealized gain (loss) on investments                 | (391,519)           | -                                 | -                                 | (391,519)          | (74,420)           |
| Income from outside trusts                            | -                   | 34,156                            | -                                 | 34,156             | 24,495             |
| Proceeds from sale of Church property – net           | 555,708             | -                                 | -                                 | 555,708            | 454,232            |
| Registration fees                                     | 265,196             | -                                 | -                                 | 265,196            | 308,375            |
| Remittance to designated agencies                     | -                   | (56,735)                          | -                                 | (56,735)           | (55,100)           |
| Other   | 125,194             | 1,877                             | -                                 | 127,071            | 179,169            |
| <b>Total revenue</b>                                  | <u>644,105</u>      | <u>(16,187)</u>                   | <u>2,356</u>                      | <u>630,274</u>     | <u>979,516</u>     |
| <b>Net assets released from restrictions (Note 4)</b> | <u>275,142</u>      | <u>(275,142)</u>                  | <u>-</u>                          | <u>-</u>           | <u>-</u>           |
| <b>Total support and revenue</b>                      | <u>4,017,937</u>    | <u>(28,295)</u>                   | <u>2,356</u>                      | <u>3,991,998</u>   | <u>4,684,440</u>   |
| <b>Expenses</b>                                       |                     |                                   |                                   |                    |                    |
| Evangelical Lutheran Church in America                |                     |                                   |                                   |                    |                    |
| Apportionment and other gifts                         | 1,422,975           | -                                 | -                                 | 1,422,975          | 1,457,180          |
| Budgeted operating expenses and disbursements         | 1,811,000           | -                                 | -                                 | 1,811,000          | 1,788,371          |
| Non-budgeted disbursements                            | 910,738             | -                                 | -                                 | 910,738            | 1,863,583          |
| Distributions to beneficiary agencies                 | 207,133             | -                                 | -                                 | 207,133            | 210,000            |
| Distribution to Lutheran Charities agencies           | 187,137             | -                                 | -                                 | 187,137            | 201,133            |
| Grants to organizations                               | 44,300              | -                                 | -                                 | 44,300             | 49,170             |
| <b>Total expenses</b>                                 | <u>4,583,283</u>    | <u>-</u>                          | <u>-</u>                          | <u>4,583,283</u>   | <u>5,569,437</u>   |
| <b>Changes in net assets</b>                          | <u>(565,346)</u>    | <u>(28,295)</u>                   | <u>2,356</u>                      | <u>(591,285)</u>   | <u>(884,997)</u>   |
| <b>Net assets</b>                                     |                     |                                   |                                   |                    |                    |
| Beginning of year                                     | <u>2,995,582</u>    | <u>490,423</u>                    | <u>688,217</u>                    | <u>4,174,222</u>   | <u>5,059,219</u>   |
| End of year   | <u>\$2,430,236</u>  | <u>\$ 462,128</u>                 | <u>\$690,573</u>                  | <u>\$3,582,937</u> | <u>\$4,174,222</u> |

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

***STATEMENTS OF CASH FLOWS***

**Years ended January 31, 2009 and 2008**

|  | <u>2009</u>        | <u>2008</u>        |
|--|--------------------|--------------------|
| <b>INCREASE (DECREASE) IN CASH</b>   |                    |                    |
| <i>Change in net assets</i>  | \$ (591,285)       | \$ (884,997)       |
| <i>Adjustments to reconcile change in net assets<br/>provided by (used for) operating activities</i> |                    |                    |
| Depreciation   | 22,677             | 30,264             |
| Dividends reinvested   | (32,731)           | (30,866)           |
| Unrealized (gain) loss on investments  | 391,519            | 74,420             |
| Proceeds from sale of church property – net  | (555,708)          | (454,232)          |
| (Increase) decrease in   |                    |                    |
| Prepaid rent   | (696,061)          | -                  |
| Pledges receivable   | (17,433)           | -                  |
| Interest and miscellaneous receivable  | 469                | 5,295              |
| Prepaid expenses   | (1,250)            | 800                |
| Loan receivable  | 1,000              | 2,000              |
| Increase (decrease) in   |                    |                    |
| ELCA payable   | (26,022)           | (91,602)           |
| Deferred revenue   | 6,285              | 3,085              |
| Accounts payable and other accrued expenses  | <u>(4,453)</u>     | <u>6,534</u>       |
| <b>Net cash used for operating activities</b>  | <u>(1,502,993)</u> | <u>(1,339,299)</u> |
| <i>Cash flows from investing activities</i>  |                    |                    |
| Purchase of equipment  | (9,929)            | (39,290)           |
| Proceeds from sale of church property – net  | 555,708            | 454,232            |
| Changes in short-term investments  | <u>1,022,588</u>   | <u>590,395</u>     |
| <b>Net cash provided by investing activities</b>   | <u>1,568,367</u>   | <u>1,005,337</u>   |
| <i>Cash flows from financing activities</i>  |                    |                    |
| Assumption of note payable   | -                  | 353,144            |
| Repayments on note payable   | <u>(22,277)</u>    | <u>(29,269)</u>    |
| <b>Net cash provided by (used for) financing activities</b>  | <u>(22,277)</u>    | <u>323,875</u>     |
| <b>Net increase (decrease) in cash</b>   | 43,097             | (10,087)           |
| <i>Cash</i>  |                    |                    |
| Beginning of year  | <u>107,155</u>     | <u>117,242</u>     |
| <b>End of year</b>   | <u>\$ 150,252</u>  | <u>\$ 107,155</u>  |



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

***NOTES TO FINANCIAL STATEMENTS***

**January 31, 2009 and 2008**

---

**(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***

In preparing financial statements in conformity with U.S. generally accepted accounting principles management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

***CONCENTRATION OF CREDIT RISK***

The Synod occasionally maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 107 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***

The Synod applies SFAS No. 124, “*Accounting for Certain Investments Held by Not-for-Profit Organizations.*” SFAS No. 124 establishes standards for accounting for certain investments held by not-for-profit organizations and requires that investments in securities be recorded at fair value with the resulting gains and losses reported in the statement of activity.

The fair value of investments traded on a securities exchange is determined based on quoted market prices for those investments.

***PROMISES TO GIVE***

Contributions are recognized when the donor makes a promise to give to the Synod that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are re-classified to unrestricted net assets and reported in the statement of activities and changes in net assets as “*net assets released from restrictions.*”

***REAL ESTATE***

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

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

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

**January 31, 2009 and 2008**

***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. Depreciation expense for the years ended January 31, 2009 and 2008 was \$22,677 and \$30,264, respectively.

***PRIOR YEAR 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended January 31, 2008, from which the summarized information was derived.

**(2) INVESTMENTS**

Investments at January 31 were as follows:

|   | <u>2009</u>        |                     | <u>2008</u>        |                     |
|---|--------------------|---------------------|--------------------|---------------------|
|   | <u>Cost</u>        | <u>Market Value</u> | <u>Cost</u>        | <u>Market Value</u> |
| <b>Short-Term Investments</b>                                     |                    |                     |                    |                     |
| Savings, Certificates and Loans                                   | \$ 421,240         | \$ 421,240          | \$1,072,712        | \$ 1,072,712        |
| Lutheran Brotherhood Money Market Fund                            | 433,822            | 433,822             | 678,466            | 678,466             |
| Mission Development Certificates – ELCA                           | <u>59,961</u>      | <u>59,961</u>       | <u>186,433</u>     | <u>186,433</u>      |
| <b>Total Short-Term Investments</b>                               | <u>915,023</u>     | <u>915,023</u>      | <u>1,937,611</u>   | <u>1,937,611</u>    |
| <b>Long-Term Investments</b>                                      |                    |                     |                    |                     |
| <b>Custodian Account</b>  |                    |                     |                    |                     |
| Money Market Funds  | 10,681             | 10,681              | 4,964              | 4,964               |
| Common Stocks   | <u>598,274</u>     | <u>356,001</u>      | <u>598,274</u>     | <u>520,849</u>      |
| <b>Total – Custodian Account</b>                                  | 608,955            | 366,682             | 603,238            | 525,813             |
| Mission Development Certificates – ELCA                           | 247,000            | 247,000             | 247,000            | 247,000             |
| Mutual Funds – Bond   | 304,579            | 294,991             | 290,554            | 291,815             |
| Mutual Funds – Equity   | <u>378,144</u>     | <u>361,952</u>      | <u>365,155</u>     | <u>564,785</u>      |
| <b>Total Long-Term Investments</b>                                | <u>1,538,678</u>   | <u>1,270,625</u>    | <u>1,505,947</u>   | <u>1,629,413</u>    |
| <b>Total – Pooled Investment Funds</b>                            | <u>\$2,453,701</u> | <u>\$2,185,648</u>  | <u>\$3,443,558</u> | <u>\$3,567,024</u>  |
| <b>Equity in Pooled Investment Funds is allocated as follows:</b> |                    |                     |                    |                     |
| Unrestricted  | \$1,032,947        |                     | \$ 2,388,384       |                     |
| Temporarily Restricted  | 462,128            |                     | 490,423            |                     |
| Permanently Restricted  | <u>690,573</u>     |                     | <u>688,217</u>     |                     |
|   | <u>\$2,185,648</u> |                     | <u>\$3,567,024</u> |                     |

At January 31, 2009 and 2008, gross unrealized gains on investments were \$0 and \$200,891 and gross unrealized losses were \$268,053 and \$77,425, respectively.

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

**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**January 31, 2009 and 2008**

On February 1, 2008, the Synod adopted Financial Accounting Standards Board No. 157, “Fair Value Measurements”, (“FAS 157”), which was issued in September 2006 effective for fiscal years beginning after November 15, 2007. This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. The three levels of the fair value hierarchy under FAS 157 are described below:

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Synod’s own assumptions in determining the fair value of investments)

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, 2009 is as follows:

|         | <u>Investments</u> |
|---------|--------------------|
| Level 1 | \$2,185,648        |
| Level 2 | -                  |
| Level 3 | -                  |
|         | <u>\$2,185,648</u> |

**(3) NOTE PAYABLE**

|   | <u>2009</u>      | <u>2008</u>      |
|---|------------------|------------------|
| ELCA Mission Investment Fund,<br>5.0%, due in monthly payments of \$3,164 through March 2019. | <u>\$301,598</u> | <u>\$323,875</u> |

Principal reduction of the note payable for succeeding years is as follows:

|                     |                  |
|---------------------|------------------|
| 2010                | \$ 23,424        |
| 2011                | 24,623           |
| 2012                | 25,882           |
| 2013                | 27,205           |
| 2014                | 28,599           |
| 2015 and thereafter | <u>171,865</u>   |
|                     | <u>\$301,598</u> |

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

*NOTES TO FINANCIAL STATEMENTS -- (Continued)*

**January 31, 2009 and 2008**

---

**(4) NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

|                                   | <u>2009</u>      | <u>2008</u>      |
|-----------------------------------|------------------|------------------|
| Urban Philadelphia Conference     | \$ 21,926        | \$ 28,426        |
| Faith and Leadership              | 375              | 375              |
| Auxiliary Pastor                  | 29,881           | 46,284           |
| University/Incarnation Air Rights | 104,514          | 106,734          |
| Companion Synod Reserve           | 11,070           | 11,070           |
| Candidacy Bequest                 | 214,635          | 214,635          |
| Resurrection Scholarships         | 13,000           | 15,000           |
| Other                             | <u>66,727</u>    | <u>67,899</u>    |
|                                   | <u>\$462,128</u> | <u>\$490,423</u> |

Permanently restricted net assets are available for the following purpose:

|   | <u>2009</u>      | <u>2008</u>      |
|---|------------------|------------------|
| Investment in perpetuity, the income from which is separated into income reinvested in perpetuity, income remitted to beneficiary agencies and income which is expendable to support any activities of the Synod. | <u>\$690,573</u> | <u>\$688,217</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. These net assets were used for the following purposes:

|   |                  |
|---|------------------|
| Lutheran Charities agencies distributions | \$ 187,137       |
| Various synodical programs                | <u>88,005</u>    |
|   | <u>\$275,142</u> |

**(5) PENSIONS**

The Synod participates in pension plans administered by the Board of Pensions 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, 2009 and 2008 were \$106,864 and \$86,668, respectively.

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

**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**January 31, 2009 and 2008**

---

**(6) LEASE COMMITMENTS**

The Synod entered into a lease agreement on May 15, 2008 with Lutheran Theological Seminary at Philadelphia (the "*Seminary*") to occupy space in the basement of the Chapel on the Seminary's campus. In connection with the lease agreement, the Synod would contribute \$1.5 million to cover one-half the cost of renovating the area for the Synod's use to be borrowed from the Synod's Fund for Mission. This payment would constitute payment of rent in advance for a term of 17 years. On January 15, 2009, this agreement was amended due to the economic conditions delaying the raising of necessary funds by the Seminary to complete the project, which was postponed. Under the terms of the amendment, the Seminary has provided interim space for the Synod to occupy for the term of the lease. As of January 31, 2009, the Synod has advanced \$696,061 of prepaid rent to the Seminary to be expensed over the term of the lease. The Synod has the right to vacate the space after one year if the Seminary does not have the funds to complete the project. The Synod shall be reimbursed all sums advanced less rent at \$7,353 per month for the period from the date of its initial move to the date it has vacated the premises.

It is the intent of the Synod's Treasurer to repay this \$1.5 million borrowed from the Synod's Fund for Mission starting in 2009. Amortized occupancy payments will be made on a quarterly basis beginning in 2009 for a total amount of \$40,000 for the first year, with the intention to increase the amortized occupancy budget line by an additional \$5,000 each year.



## **SUPPLEMENTAL INFORMATION**

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

**NET DISBURSEMENTS – SYNOD BUDGET ACCOUNTS**

Year ended January 31, 2009

|  | <u>Disbursements</u> | <u>Income</u> | <u>Net<br/>Disbursements</u> | <u>Revised 2008<br/>Spending<br/>Plan</u> | <u>Original 2008<br/>Budget</u> |
|--|----------------------|---------------|------------------------------|---|---------------------------------|
| Evangelical Lutheran Church in America       |                      |               |                              |   |                                 |
| Proportionate Share                          | \$1,422,975          | -             | \$1,422,975                  | \$1,511,400                               | \$1,510,500                     |
| <b>Distributions to Beneficiary Agencies</b> |                      |               |                              |   |                                 |
| Muhlenberg College                           | 16,200               | -             | 16,200                       | 16,200                                    | 16,200                          |
| Seminary Support                             | 123,200              | -             | 123,200                      | 123,200                                   | 123,200                         |
| Pennsylvania Council of Churches             | 2,900                | -             | 2,900                        | 2,900                                     | 2,900                           |
| Metropolitan Christian Council               | 8,133                | -             | 8,133                        | 12,200                                    | 12,200                          |
| Campus Ministry                              | 20,400               | -             | 20,400                       | 20,400                                    | 20,400                          |
| Archives                                     | 5,000                | -             | 5,000                        | 5,000                                     | 4,300                           |
| Bear Creek Camp                              | 20,600               | -             | 20,600                       | 20,600                                    | 20,600                          |
| Support to Region 7                          | 10,700               | -             | 10,700                       | 10,700                                    | 10,200                          |
| <b>Total</b>                                 | <u>207,133</u>       | <u>-</u>      | <u>207,133</u>               | <u>211,200</u>                            | <u>210,000</u>                  |
| <b>Pastoral Staff</b>                        |                      |               |                              |   |                                 |
| Salaries and Housing Allowances              | 295,880              | -             | 295,880                      | 295,800                                   | 301,400                         |
| Deans Stipends                               | 53,428               | -             | 53,428                       | 46,400                                    | 46,400                          |
| Pension and Other Benefits                   | 77,288               | -             | 77,288                       | 80,200                                    | 99,000                          |
| Travel                                       | 62,503               | -             | 62,503                       | 60,000                                    | 45,000                          |
| <b>Total</b>                                 | <u>489,099</u>       | <u>-</u>      | <u>489,099</u>               | <u>482,400</u>                            | <u>491,800</u>                  |
| <b>Program Staff</b>                         |                      |               |                              |   |                                 |
| Salaries                                     | 172,850              | -             | 172,850                      | 172,800                                   | 172,800                         |
| Pension and other benefits                   | 78,851               | -             | 78,851                       | 81,200                                    | 85,500                          |
| Travel/other                                 | 23,308               | -             | 23,308                       | 17,000                                    | 15,000                          |
| <b>Total</b>                                 | <u>275,009</u>       | <u>-</u>      | <u>275,009</u>               | <u>271,000</u>                            | <u>273,300</u>                  |
| <b>Administrative Staff</b>                  |                      |               |                              |   |                                 |
| Salaries                                     | 245,263              | -             | 245,263                      | 239,300                                   | 236,500                         |
| Pension/other benefits/travel                | 127,831              | -             | 127,831                      | 129,200                                   | 119,900                         |
| <b>Total</b>                                 | <u>373,094</u>       | <u>-</u>      | <u>373,094</u>               | <u>368,500</u>                            | <u>356,400</u>                  |



|                                       |                    |                  |                    |                    |                    |
|---------------------------------------|--------------------|------------------|--------------------|--------------------|--------------------|
| Office Operations (with depreciation) | <u>236,621</u>     | <u>650</u>       | <u>235,971</u>     | <u>235,900</u>     | <u>233,100</u>     |
| Urban Conferences Support             | <u>15,404</u>      | <u>1,790</u>     | <u>13,614</u>      | <u>19,700</u>      | <u>19,700</u>      |
| Social Ministry                       |                    |                  |                    |                    |                    |
| General                               | <u>1,500</u>       | -                | <u>1,500</u>       | <u>2,100</u>       | <u>2,100</u>       |
| Lutheran Advocacy Ministry in PA      | <u>8,900</u>       | -                | <u>8,900</u>       | <u>8,900</u>       | <u>8,900</u>       |
| Total                                 | <u>10,400</u>      | -                | <u>10,400</u>      | <u>11,000</u>      | <u>11,000</u>      |
| Committees and programs               |                    |                  |                    |                    |                    |
| Communications                        | <u>8,954</u>       | -                | <u>8,954</u>       | <u>13,000</u>      | <u>12,600</u>      |
| Christian Education                   | <u>200</u>         | -                | <u>200</u>         | <u>1,900</u>       | <u>1,900</u>       |
| Evangelism                            | <u>746</u>         | -                | <u>746</u>         | <u>1,050</u>       | <u>1,050</u>       |
| Worship                               | <u>500</u>         | -                | <u>500</u>         | <u>500</u>         | <u>500</u>         |
| Stewardship                           | <u>6,172</u>       | <u>2,252</u>     | <u>3,920</u>       | <u>4,050</u>       | <u>4,050</u>       |
| Youth Ministry                        | <u>185,043</u>     | <u>177,423</u>   | <u>7,620</u>       | <u>6,900</u>       | <u>6,900</u>       |
| Global Vision                         | <u>12,300</u>      | -                | <u>12,300</u>      | <u>12,300</u>      | <u>12,300</u>      |
| Candidacy                             | <u>41,988</u>      | <u>7,850</u>     | <u>34,138</u>      | <u>55,800</u>      | <u>55,800</u>      |
| Interim Ministry                      | <u>16,740</u>      | <u>9,290</u>     | <u>7,450</u>       | <u>7,450</u>       | <u>7,450</u>       |
| Mobility                              | <u>75</u>          | -                | <u>75</u>          | <u>2,050</u>       | <u>2,050</u>       |
| Convocation                           | <u>43,736</u>      | <u>43,736</u>    | -                  | <u>900</u>         | <u>900</u>         |
| Ecumenism                             | <u>979</u>         | -                | <u>979</u>         | -                  | -                  |
| Total                                 | <u>317,433</u>     | <u>240,551</u>   | <u>76,882</u>      | <u>105,900</u>     | <u>105,500</u>     |
| Other                                 |                    |                  |                    |                    |                    |
| Comm/Synod Deputy & Council           | <u>7,485</u>       | <u>200</u>       | <u>7,285</u>       | <u>10,700</u>      | <u>5,800</u>       |
| Synod Assembly                        | <u>67,490</u>      | <u>58,595</u>    | <u>8,895</u>       | <u>6,000</u>       | <u>6,000</u>       |
| Bishop's Fund                         | <u>1,000</u>       | -                | <u>1,000</u>       | <u>1,000</u>       | <u>1,000</u>       |
| Legal and Auditing                    | <u>17,965</u>      | -                | <u>17,965</u>      | <u>18,000</u>      | <u>18,000</u>      |
| Total                                 | <u>93,940</u>      | <u>58,795</u>    | <u>35,145</u>      | <u>35,700</u>      | <u>30,800</u>      |
| <b>TOTAL BUDGETED OPERATIONS</b>      | <u>\$3,441,108</u> | <u>\$301,786</u> | <u>\$3,139,322</u> | <u>\$3,252,700</u> | <u>\$3,242,100</u> |

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

**RECEIPTS AND DISBURSEMENTS –  
DESIGNATED AND TEMPORARILY RESTRICTED NET ASSETS**

**Year ended January 31, 2009**

|  | <u>Balance<br/>January 31,<br/>2008</u> | <u>Including<br/>Interfund Transfers</u> | <u>Balance<br/>January 31,<br/>2009</u> |
|--|---|--|---|
|  |   | <u>Receipts</u> <u>Disbursements</u>     |   |
| <b>Designated net assets</b>                           |   |  |   |
| <b>Fund for Mission</b>                                | <u>\$1,377,506</u>                      | <u>\$647,140</u> <u>\$1,080,313</u>      | <u>\$ 944,333</u>                       |
| <b>Other</b>   |   |  |   |
| Churches sold prior to 1991                            | 159,418                                 | -  | 159,418                                 |
| Development Office                                     | 22,830                                  | 6,037                                    | 28,867                                  |
| Educational Ministry                                   | 4,479                                   | -  | 4,479                                   |
| Salary Sustentation                                    | 67,011                                  | -  | 67,011                                  |
| Synod Mission Fund                                     | 6,195                                   | 2,883                                    | 108                                     |
| Youth Ministry   | 77,738                                  | -  | 23,833                                  |
| Unrealized Gains on Investments                        | 48,959                                  | -  | (29,259)                                |
| Other  | <u>24,342</u>                           | <u>-</u>                                 | <u>24,342</u>                           |
| <b>Total other</b>                                     | <u>410,972</u>                          | <u>8,920</u> <u>141,093</u>              | <u>278,799</u>                          |
| <b>Total designated net assets</b>                     | <u>\$1,788,478</u>                      | <u>\$656,060</u> <u>\$1,221,406</u>      | <u>\$1,223,132</u>                      |
| <b>Temporarily restricted net assets</b>               |   |  |   |
| Auxiliary Pastor                                       | \$ 46,284                               | \$ -                                     | \$ 29,881                               |
| Candidacy Bequest                                      | 214,635                                 | -  | 214,635                                 |
| Faith and Leadership                                   | 375                                     | -  | 375                                     |
| Resurrection Scholarships                              | 15,000                                  | -  | 13,000                                  |
| Comp Synod Reserve                                     | 11,070                                  | -  | 11,070                                  |
| University/Incarnation Air Rights Fund                 | 106,734                                 | 4,515                                    | 104,514                                 |
| Urban Philadelphia Conference                          | 28,426                                  | -  | 21,926                                  |
| Other  | <u>67,899</u>                           | <u>19,625</u>                            | <u>66,727</u>                           |
| <b>Total temporarily<br/>    restricted net assets</b> | <u>\$ 490,423</u>                       | <u>\$ 24,140</u> <u>\$ 52,435</u>        | <u>\$ 462,128</u>                       |