SOUTHWESTERN TEXAS SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

Financial Statements and
Independent Auditor's Report

January 31, 2025 and 2024

Calvetti Ferguson

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Calvetti Ferguson
Advising beyond accounting

Independent Auditor's Report

To the Synod Council of the
Southwestern Texas Synod of the
Evangelical Lutheran Church in America
Seguin, Texas

Opinion

We have audited the financial statements of Southwestern Texas Synod of the Evangelical Lutheran Church in America (the "Organization"), a non-profit organization, which comprise the statement of financial position as of January 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Organization's financial position as of January 31, 2025, 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 ("GAAS"). 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 Organization 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.

Management's Responsibilities 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 that, considered in the aggregate, raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the financial statements are 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; as such, it is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, misrepresentations, intentional omissions, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion.
- 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 that, considered in the aggregate, raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are also required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of internal agency activity - 2025 and internal agency activity - 2024 on pages 20-21 are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Matter

The Organization's financial statements as of and for the year ended January 31, 2024, were audited by Randy Walker & Co., an accounting firm acquired by Calvetti Ferguson on August 1, 2025. The audit report for those financial statements, which was issued by Randy Walker & Co. on December 28, 2024, expressed an unmodified opinion. The summarized comparative information presented herein as of and for the year ended January 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



San Antonio, Texas
December 28, 2025

Financial Statements

Southwestern Texas Synod of the Evangelical Lutheran Church in America

Statements of Financial Position
As of January 31, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	$ 1,947,702	$ 1,996,827
Contributions receivable	7,077	-
Prepaid expenses and deposits	19,449	18,895
Total current assets	1,974,228	2,015,722
Noncurrent assets:		
Investments	2,337,950	2,077,206
Assets held for sale	2,071,970	2,071,970
Property and equipment, net	413,762	439,946
Finance lease right-of-use assets, net	7,340	11,834
Total noncurrent assets	4,831,022	4,600,956
Total Assets	**$ 6,805,250**	**$ 6,616,678**
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 7,729	$ 10,008
Deferred revenue	1,374	1,374
Finance lease payables - current	3,254	4,558
Total current liabilities	12,357	15,940
Noncurrent liabilities:		
Finance lease payables - non-current	4,409	7,664
Total noncurrent liabilites	4,409	7,664
Total liabilities	16,766	23,604
Net assets:		
Without donor restrictions:		
Undesignated	3,742,928	3,614,466
Designated by Council for		
Bishop installation	5,000	5,000
Assembly	10,000	10,000
Mission and ministry	1,924,069	1,665,826
Total without donor restrictions	5,681,997	5,295,292
With donor restrictions:		
Purpose-restricted	1,106,487	1,297,782
Total with donor restrictions	1,106,487	1,297,782
Total net assets	6,788,484	6,593,074
Total Liabilities and Net Assets	**$ 6,805,250**	**$ 6,616,678**

The accompanying notes are an integral part of these financial statements.

Southwestern Texas Synod of the Evangelical Lutheran Church in America

Statements of Activities
For the Years Ended January 31, 2025 and 2024

	2025	2024
Operating support and revenue:		
General undesignated mission support	$ 1,207,155	$ 1,177,220
Special events revenue	67,630	23,647
Lutheran Foundation of the Southwest	50,235	47,050
Interest income	37,449	28,591
Gifts and bequests	16,628	4,765
Other income	4,275	4,275
Special events expense	(89,055)	(9,907)
Total operating support and revenue	1,294,317	1,275,641
Operating expenses:		
Program	1,033,558	1,208,992
General and administrative	132,297	151,092
Total operating expenses	1,165,855	1,360,084
Change in net assets without donor restrictions	128,462	(84,443)
Changes in net assets with donor restrictions:		
Contributions	751,434	2,483,694
Net assets released	(942,729)	(2,007,485)
Change in net assets with donor restrictions	(191,295)	476,209
Change in total net assets before non-operating activities	(62,833)	391,766
Non-operating activities:		
Investment income, net	258,243	193,679
Contributed assets from a closed church	-	2,164,319
Total non-operating activites	258,243	2,357,998
Change in total net assets after non-operating activities	195,410	2,749,764
Net assets, beginning of year	6,593,074	3,843,310
Net Assets, End of Year	**$ 6,788,484**	**$ 6,593,074**

The accompanying notes are an integral part of these financial statements.

Southwestern Texas Synod of the Evangelical Lutheran Church in America

Statement of Functional Expenses
For the Year Ended January 31, 2025 (summarized for 2024)

	ELCA Support	Lutheran Campus Ministries	Agency Support	Support Ministry	Mission Team	Leadership Development Team	Ministry Resources Team	Total Program	General and Administrative	2025 Total	2024 Total
Operating expenses:											
Payroll expenses:											
Salaries and benefits	$ 43,404	$ 43,404	$ 43,404	$ 43,404	$ 43,404	$ 43,404	$ 43,404	$ 303,828	$ 101,277	$ 405,105	$ 483,544
Payroll taxes	1,144	1,144	1,144	1,144	1,144	1,144	1,144	8,008	3,426	11,434	17,806
Total payroll expenses	44,548	44,548	44,548	44,548	44,548	44,548	44,548	311,836	104,703	416,539	501,350
ELCA mission support	508,965	-	-	-	-	-	-	508,965	-	508,965	588,609
Support of agencies and institutions	-	-	46,186	-	-	-	-	46,186	-	46,186	45,374
Lutheran campus ministry	-	30,000	-	-	-	-	-	30,000	-	30,000	70,000
Depreciation	319	3,179	3,179	3,179	3,179	3,179	3,179	19,393	6,791	26,184	26,184
Travel	2,752	2,752	2,752	2,752	2,752	2,752	2,752	19,264	3,403	22,667	20,820
Building maintenance	2,178	2,178	2,178	2,178	2,178	2,178	2,178	15,246	2,696	17,942	15,204
Insurance	1,956	1,956	1,956	1,956	1,956	1,956	1,956	13,692	2,420	16,112	13,345
Audit/accounting/legal	1,714	1,714	1,714	1,714	1,714	1,714	1,714	11,998	2,119	14,117	14,135
Support ministry	1,684	1,684	1,684	1,684	1,684	1,684	1,684	11,788	2,082	13,870	15,409
Website	1,593	1,593	1,593	1,593	1,597	1,597	1,597	11,163	1,971	13,134	3,141
Equipment maintenance	1,325	1,325	1,325	1,325	1,325	1,325	1,325	9,275	1,637	10,912	7,909
Utilities	1,058	1,058	1,058	1,058	1,058	1,058	1,058	7,406	1,307	8,713	8,679
SC, exec comm, deans expenses	838	838	838	838	838	838	838	5,866	1,034	6,900	5,286
Amortization	546	546	546	546	546	546	546	3,822	672	4,494	4,849
Telephone	332	332	332	332	332	332	332	2,324	412	2,736	4,091
Equipment lease	201	201	201	201	201	201	201	1,407	239	1,646	409
Printing and office supplies	179	179	179	179	179	179	179	1,253	227	1,480	1,642
Hospitality	131	131	131	131	131	131	131	917	162	1,079	669
Other expenses	73	73	73	73	73	73	73	511	183	694	3,529
Postage	81	81	81	81	81	81	81	567	104	671	613
Computer expenses	51	51	51	51	51	51	51	357	80	437	119
Interest	46	46	46	46	46	46	46	322	55	377	554
Grants to congregations	-	-	-	-	-	-	-	-	-	-	8,100
Leadership development team	-	-	-	-	-	-	-	-	-	-	64
Total Operating Expenses	**$ 570,570**	**$ 94,465**	**$ 110,651**	**$ 64,465**	**$ 64,469**	**$ 64,469**	**$ 64,469**	**$ 1,033,558**	**$ 132,297**	**$ 1,165,855**	**$ 1,360,084**

The accompanying notes are an integral part of these financial statements.

Southwestern Texas Synod of the Evangelical Lutheran Church in America

Statements of Cash Flows
For the Years Ended January 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 195,410	$ 2,749,764
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	26,184	26,184
Amortization	4,494	4,849
Realized/unrealized gain on investments	(173,859)	(121,986)
Contributed assets held for sale	-	(2,071,970)
Changes in operating assets and liabilities		
Grants receivable	(7,077)	-
Prepaid expenses and deposits	(554)	(7,497)
Accounts payable	(2,279)	(45,053)
Net cash provided by operating activities	42,319	534,291
Cash flows from investing activities:		
Purchase of investments	(91,908)	(140,587)
Sale of investments	5,023	13,521
Net cash used in investing activities	(86,885)	(127,066)
Cash flows from financing activities:		
Payments on finance lease obligations	(4,559)	(4,774)
Net cash used in financing activities	(4,559)	(4,774)
Net change in cash flows	(49,125)	402,451
Cash and cash equivalents, beginning of year	1,996,827	1,594,376
Cash and Cash Equivalents, End of Year	**$ 1,947,702**	**$ 1,996,827**
Supplemental cash flow information:		
Interest paid	$ 377	$ 554

The accompanying notes are an integral part of these financial statements.

Note 1 – Nature of Activities

Southwestern Texas Synod of the Evangelical Lutheran Church in America (the "Organization"), a Texas 501(c)(3) non-profit organization, was fully operative January 1, 1988 as a result of the merger of the Evangelical Lutheran Church in America ("ELCA"), the American Lutheran Church, and the Association of Evangelical Lutheran Churches. The Organization provides coordinating services among its congregations and between its congregations and the churchwide organization.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Use of Estimates

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

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Synod Council (the "Council") are reported as net assets without donor restrictions, designated.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that are more restrictive than the Organization's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid savings and securities with a maturity of three months or less to be cash equivalents.

Investments

Investments are carried at market, and realized and unrealized gains and losses are included in investment income in the statements of activities. Investments acquired by gift are valued at amounts representing estimated fair market value at the date of the gift.

Note 2 – Summary of Significant Accounting Policies (continued)

Property and Equipment

Purchased property and equipment are stated at cost. Donated assets are recorded at estimated market value at the date of donation. The Organization capitalizes all asset acquisitions in excess of $1,500. Depreciation is computed using the straight-line method over the estimated useful lives of five to thirty-nine years.

Contributions and Other Support

The Organization records contributions and other support in accordance with Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Contributions and other support are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or law. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue - Exchange Transactions

The Organization recognizes revenue related to exchange transactions in accordance with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* The Organization records revenues from exchange transactions as increases in net assets without donor restrictions to the extent that the earnings process is complete. These transactions primarily include participation fees for events (classified as special events revenue on the statements of activities). Participant fees are variable depending on the event. These types of revenues are reported on an accrual basis in the period in which fees are earned. Performance obligations are satisfied when the event occurs, at which time the revenue is recognized. There are no amounts in excess of the benefit provided. Additionally, there were no receivables, contract assets, or contract liabilities related to these exchange transactions at January 31, 2025, January 31, 2024, and February 1, 2023. Disaggregation of revenue is presented on the face of the statements of activities.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

Donated Services

The Organization receives a significant amount of donated services from its members in carrying out the Organization's ministry. No amounts have been recognized in the statements of activities because the criteria for recognition under GAAP has not been satisfied.

Functional Allocation of Expenses

The costs of providing various programs and activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses, which are allocated on the basis of estimates of time and effort, as well as depreciation, utilities, and building maintenance which are allocated on the basis of square footage or some other reasonable basis.

Note 2 – Summary of Significant Accounting Policies (continued)

Leases

The Organization may have lease agreements that contain both lease and non-lease components as defined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 842, *Leases*. The Organization has elected the practical expedient, by class of underlying asset, to account for the lease and non-lease components as a single lease component. The underlying assets include copiers and phone equipment recognized as right-of-use assets in the statements of financial position.

As the Organization's leases do not provide an implicit rate, a risk-free rate is used based on the information available at commencement date in determining the present values of lease payments. The risk-free rate is the rate of a zero-coupon U.S. Treasury instrument for the same period of time as the lease terms.

Note 3 – Related Party Transactions

On January 1, 2002, the Organization entered into a land lease with Texas Lutheran University (the "University"). The land lease is for 99 years at $1 a year. There are no unusual contractual obligations; the Organization does have to adhere to the standards of usage of the University.

By action of the Synod Assembly, during the years ended January 31, 2025 and 2024, the Organization contributed 50.0% of its unrestricted regular mission support receipts from congregations to the ELCA. The total contributed for the years ended January 31, 2025 and 2024 was $603,578 and $588,610, respectively.

Additionally, the Organization provided financial assistance from net assets without donor restrictions to the following related agencies and institutions during the years ended January 31:

	2025	2024
Cross Trail Ministry	$ 9,237	$ 9,075
Lutheran School of Theology in Chicago	9,237	9,075
Hispanic Ministry	9,237	9,075
Upbring	1,386	1,361
Texas Impact	4,619	4,537
Texas Lutheran University	3,233	3,176
Wartburg Seminary	9,237	9,075
Total	$ 46,186	$ 45,374

Note 4 – Concentration of Credit Risk

The Organization maintains cash and investment balances at multiple financial institutions and investment organizations. The Federal Deposit Insurance Corporation ("FDIC") insures cash balances up to $250,000 per bank. The Securities Investor Protection Corporation ("SIPC") insures investment balances up to $500,000. Funds invested with the Lutheran Foundation of the Southwest, Mission Investment Fund of the ELCA, and the ELCA Foundation are not insured by the FDIC or SIPC. The Organization had uninsured investment balances of $2,333,727 and $2,077,206 at January 31, 2025 and 2024, respectively. The Organization's uninsured cash balances totaled $1,750,232 and $1,833,701 at January 31, 2025 and 2024, respectively, without consideration of reconciling items.

Note 5 – Fair Value of Financial Instruments

The Organization follows the provisions of ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority.
- Level 2 valuations are based on quoted prices in markets that are not active.
- Level 3 valuations are based on inputs that are unobservable and supported by little or no market activity.

The Organization's current assets and liabilities as presented in the statements of financial position are Level 1. The Organization has no Level 2 or Level 3 current assets or liabilities. The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

The Organization's financial instruments also include Level 2 long-term investments. The fair values of investments are based on quoted market prices for those or similar investments.

Investments at fair value were as follows at January 31:

	2025	2024
ELCA endowment fund	$ 1,627,023	$ 1,432,224
STSEM endowment fund	509,221	465,052
ELCA South Archives endowment fund	181,019	159,346
ELCA Mission Plus	20,687	20,584
Total	$ 2,337,950	$ 2,077,206

The following schedule summarizes the return from investments for the years ended January 31:

	2025	2024
Interest and dividend income	$ 89,407	$ 75,504
Realized/unrealized gain	173,859	121,986
Investment fees	(5,023)	(3,811)
Total	$ 258,243	$ 193,679

Note 6 – Endowment Funds

Implementation of Enhanced Disclosures for All Institutional (Endowment) Funds

The Organization has adopted the "Endowments of Not-For-Profit Organizations" standard as required by FASB ASC 958-205-45/50. This standard provides guidance on the net asset classification of donor-restricted endowment funds by a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). This topic also requires additional disclosures about an organization's endowment funds (both donor-restricted and Council-designated) whether or not the organization is subject to UPMIFA.

General Information

The Organization maintains endowment funds established for mission and ministry purposes, which include providing financial resources both for mission and ministry development, as well as ongoing support of ministries that are not self-sustainable.

Endowment Investment Objectives

Endowment investments are invested with, and managed by, the ELCA Endowment Fund Pooled Trust, the ELCA Mission Investment Fund, and the Lutheran Foundation of the Southwest, under the direction of the Council. Funds are invested in a manner that seeks to produce results that meet or exceed the performance of generally recognized market indices, while assuming a moderate level of investment risk.

Endowment "Income" Appropriation (Spending Policy)

The Organization's policy is to appropriate interest and investment earnings as needed for operations. The Council will review the spending policy as market conditions change.

The Organization considers the following factors in making a determination to appropriate (spend) or accumulate donor-restricted or Council-designated endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the endowment fund
3. General economic and investment market conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization, and
7. The investment policies of the Organization

Endowment Net Assets Composition

The Organization's endowment net assets are composed of $1,924,069 and $1,665,826 in Council-designated unrestricted endowment funds as of January 31, 2025 and 2024, respectively.

Note 6 – Endowment Funds (continued)

Changes in Endowment Net Assets

The following represents the changes in endowment net assets for the year ended January 31, 2025:

	Without Donor Restrictions	Time/ Purpose Restricted	Perpetually Restricted	Total
Endowment net assets, beginning of year	$ 1,665,826	$ -	$ -	$ 1,665,826
Investment return:				
Interest and dividends	89,407	-	-	89,407
Net realized and unrealized gains	173,859	-	-	173,859
Other	(5,023)	-	-	(5,023)
Total	$ 1,924,069	$ -	$ -	$ 1,924,069

The following represents the changes in endowment net assets for the year ended January 31, 2024:

	Without Donor Restrictions	Time/ Purpose Restricted	Perpetually Restricted	Total
Endowment net assets, beginning of year	$ 1,531,162	$ -	$ -	$ 1,531,162
Investment return:				
Interest and dividends	64,589	-	-	64,589
Net realized and unrealized gains	121,986	-	-	121,986
Other	(3,811)	-	-	(3,811)
Appropriations for expenditure	(48,100)	-	-	(48,100)
Total	$ 1,665,826	$ -	$ -	$ 1,665,826

Note 7 – Contributed Assets

During the year ended January 31, 2024, the Organization assumed the assets (cash, land, and building) of a closed church pending its sale. The church's cash account balance was $15,453 and $92,349 at January 31, 2025 and 2024, respectively, and is included in cash and cash equivalents in the statements of financial position. The property (land and building) was recorded at estimated fair market value on the date of receipt. At January 31, 2025 and 2024, the balance of the property assumed by the Organization was $2,071,970, and is included in assets held for sale in the statements of financial position. The assets do not have donor restrictions for the years ended January 31, 2025 and 2024.

Note 8 – Property and Equipment

Property and equipment were as follows at January 31:

	2025	2024
Building and improvements	$ 1,022,864	$ 1,022,864
Furniture and fixtures	25,300	25,300
Equipment	14,079	14,079
	1,062,243	1,062,243
Less: accumulated depreciation	(648,481)	(622,297)
Total	$ 413,762	$ 439,946

Depreciation expense was $26,184 for the years ended January 31, 2025 and 2024.

Note 9 – Right-of-Use Finance Leases

The Organization leases office equipment under multiple finance leases with various expiration dates and monthly amounts. The right-of-use leased equipment is carried at cost of $24,401 less accumulated amortization of $17,061 and $12,567 at January 31, 2025 and 2024, respectively. The balance of the equipment lease payables was $7,663 and $12,222 at January 31, 2025 and 2024, respectively. Interest expense related to these leases was $377 and $554 for the years ended January 31, 2025 and 2024, respectively.

The related future minimum lease payments under these right-of-use finance leases are as follows:

Years Ending January 31,	
2026	$ 3,474
2027	2,292
2028	2,292
	8,058
Less: Interest (3.74%)	(395)
Total	$ 7,663

The following summarizes the weighted average remaining lease term and discount rate for the years ended January 31:

	2025	2024
Weighted average remaining lease terms (years):		
Finance leases	2.62	3.62
Weighted average discount rate:		
Finance leases	3.74%	3.74%

Note 10 – Employee Pension and Other Benefits Program

Eligible employees of the Organization participate in a 403(b)(9) defined contribution retirement plan. For the years ended January 31, 2025 and 2024, the Organization's contributions on behalf of such employees were $80,452 and $112,316, respectively. The retirement plan is one of four plans available through Portico Benefit Services (formerly the Evangelical Lutheran Church in America Board of Pensions).

Note 10 – Employee Pension and Other Benefits Program (continued)

Employees are eligible based on working 20 hours or more per week for a minimum of six months per year. Contributions are determined as a percent of defined compensation as follows:

Attained Age on January 1, 1988	Guideline Contribution Rate
55 or older	12%
Over 45 but less than 55	11%
Over 35 but less than 45	10%

The required contribution rate for all other members is 10% of defined compensation.

Note 11 – Liquidity and Availability of Financial Resources

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-stipulated restrictions and internal designations that are amounts set aside for operating and other reserves that could be drawn upon if the Council approves that action.

	2025	2024
Cash and cash equivalents	$ 1,947,702	$ 1,996,827
Investments	2,337,950	2,077,206
Contributions receivable	7,077	-
Total financial assets, excluding noncurrent receivables	4,292,729	4,074,033
Council designations	(1,939,069)	(1,680,826)
Donor restrictions	(1,106,487)	(1,297,782)
Financial assets available to meet cash needs for expenditures within one year	$ 1,247,173	$ 1,095,425

The Organization's primary source of cash flows during the year is related to apportionments received from regional churches for mission support. This revenue source provides a consistent inflow of cash throughout the year to cover normal operating expenses.

Note 12 – Prior Period Reclassification

The following reclassification between investments and cash and cash equivalents was made to the financial statements for the year ended January 31, 2024 in order to conform to the 2025 presentation: $20,687 from cash and cash equivalents to investments. The reclassification has no effect on the previously reported change in net assets.

Note 13 – Subsequent Events

The Organization has evaluated subsequent events through December 28, 2025, the date on which the financial statements presented herein were available to be issued.

Note 14 — 2025 Schedule of Net Assets With Donor Restrictions

Time/purpose restricted net assets consisted of the following at January 31, 2025:

	Balance Beginning of Year	Contributions	Released from Restrictions	Balance End of Year
Archives - ELCA Region IV - South	137,199	-	-	137,199
Archives - Operating - Region IV South	16,962	25,686	5,526	37,122
Bishop's Emergency Fund	6,624	1,943	-	8,567
Border Relief	24,015	2,308	-	26,323
Brownsville Property Proceeds	9,729	-	-	9,729
Clearing Monthly	-	10,101	10,000	101
Disaster Relief	3,068	4,750	6,650	1,168
Companion Synod Costa Rica	38,446	13,235	21,772	29,909
COVID-19 ELCA Grant	3,700	-	3,700	-
DEM Administrative Expenses	5,988	10,000	11,621	4,367
Eagle Pass Frontera Ministry	5,378	65,876	27,540	43,714
EPFM Fiscal Agent	50,120	7,971	58,091	-
Esther Brittain Fund	792	2,084	-	2,876
First Call Theological Education Gifts	3,818	230	4,048	-
Generosity	10,930	6,452	-	17,382
Hispanic Ministry Programs	3,111	1,405	1,369	3,147
Holy Innovations Vitality Grant	24,028	32,735	26,998	29,765
Hunger Grants Evaluations	1,617	-	-	1,617
Koenig Memorial Youth Scholarship Fund	3,015	-	438	2,577
Lay Leadership Academy	1,650	-	1,329	321
LCM Designated	1,421	7,078	8,499	-
LCM ELCA Grant and SWTS M&M	-	9,731	9,731	-
LD Events (BoS Convo)	2,055	-	2,055	-
LDR Grant - EPFM	-	13,770	13,770	-
Leadership Dev & Wellness - Portico	2,186	15,448	6,680	10,954
LFSW Gifts - MinsStudents	77,721	14,503	14,630	77,594
Lord of Life, Austin	183,551	-	102,363	81,188
Mission Starts	8,955	10,560	-	19,515
Mission Funds	-	66,600	24,486	42,114
Platicas De Santa Sofia (SAWC)	-	3,927	3,927	-
Prince of Peace, Austin	4,262	1,727	-	5,989
Prince of Peace, Austin Multi-Cultural	169,398	54,178	60,072	163,504
Sabbatical Support	1,493	-	300	1,193
Senior and Support Staff Development	186	-	-	186
Sustentation Aid/Palm Valley	66,614	32,610	11,680	87,544
SWTS Evangelical Mission Endowment	87	32,193	80	32,200
SWTS Leaders Fund	1,000	4,000	-	5,000
Synod & Cong Vitality	42,873	-	1,546	41,327
Tiemann Leadership Development Endowment	8,006	7,293	12,299	3,000
Transformational Ministry Grant	11,041	840	11,881	-
Young Adult Intern - SJ&E	533	-	-	533
Youth and Young Adults	6,130	-	3,759	2,371

Note 14 — 2025 Schedule of Net Assets With Donor Restrictions (continued)

Time/purpose restricted net assets consisted of the following at January 31, 2025:

	Balance Beginning of Year	Contributions	Released from Restrictions	Balance End of Year
Community Engagement & Program				
CE&P Salary	4,652	21,639	26,291	-
CE&P Pension/Medical	-	27,556	27,556	-
CE&P Employer Share Taxes	-	4,818	4,818	-
CE&P Program Expenses	-	607	607	-
Holy Fork In The Road				
HFitR Salary	87,944	-	87,944	-
HFitR Pension/Medical	1,972	-	1,972	-
HFitR Salary Reduction Pension	1,680	-	1,680	-
HFitR SARegA - Salary	20,800	-	20,800	-
Holy Fork Mins-Lord of Life, Austin	24,541	425	1,425	23,541
DEM				
BoSA Salary	-	12,450	12,450	-
BoSA Housing Allowance	-	18,750	18,750	-
BoSA Pension/Medical	-	17,004	17,004	-
MD				
Platicas Salary (Hlthcr Allwn)	-	147	147	-
Platicas Housing Allowance	-	2,490	2,490	-
Platicas Benefits	-	358	358	-
Platicas Salary Reduction	-	797	797	-
LMD				
Platicas Income	976	-	976	-
Platicas Salary	-	6,764	6,764	-
Platicas Employer Share PRTax	-	517	517	-
Technicolor Ministries-LoLA-Camping	32,876	-	735	32,141
Technicolor Ministries-Income	14,331	3,253	-	17,584
MD-Technicolor				
Technicolor Mins. Salary	-	5,911	5,911	-
Technicolor Mins. Housing Allowance	-	26,000	26,000	-
Technicolor Mins. Benefits	-	6,885	6,885	-
Technicolor Mins. CntEd & PrfExps	-	1,420	1,420	-
Technicolor Mins. Program Exps	-	8,494	8,494	-
MD Valley				
Valley Metanoia Network-Salary	-	6,345	6,345	-
Valley Metanoia Network-Housing Allow	-	8,378	8,378	-
Valley Metanoia Network-Income	13,818	-	3,622	10,196
SanLucas Pastor Benefits	-	23,648	23,648	-
Internal Agency Funds (see page 20)	156,490	87,544	151,105	92,929
Total	**$ 1,297,782**	**$ 751,434**	**$ 942,729**	**$ 1,106,487**

Note 14 — 2024 Schedule of Net Assets With Donor Restrictions

Time/purpose restricted net assets consisted of the following at January 31, 2024:

	Balance Beginning of Year	Contributions	Released from Restrictions	Balance End of Year
Esther Brittain Fund	$ 2,876	$ -	$ 2,084	$ 792
SWTS Evangelical Mission Endowment	8,087	-	8,000	87
Tiemann Leadership Development Endowment	6,645	7,961	6,600	8,006
Lord of Life, San Antonio	-	677	677	-
Senior and Support Staff Development	1,086	100	1,000	186
Sabbatical Support	9,077	-	7,584	1,493
Sustentation Aid/Palm Valley	25,534	77,760	36,680	66,614
Generosity	4,684	6,246	-	10,930
Lord of Life, Austin	43,006	549,480	408,935	183,551
Bishop's Emergency Fund	6,551	750	677	6,624
Mission Starts	38,404	10,551	40,000	8,955
LD Events (BoS Convo)	2,055	-	-	2,055
Young Adult Intern - SJ&E	1,715	-	1,182	533
Hunger Grants Evaluations	1,617	-	-	1,617
Synod & Cong Vitality	30,033	25,000	12,160	42,873
SWTS Leaders Fund	-	15,000	14,000	1,000
Leadership Dev & Wellness - Portico	2,196	50	60	2,186
LFSW Gifts - MinsStudents	71,022	13,914	7,215	77,721
First Call Theological Education Gifts	5,112	1,278	2,572	3,818
F.C.T.E. Events	-	8,927	8,927	-
Lay Leadership Academy	1,650	-	-	1,650
Hispanic Ministry Programs	3,767	610	1,266	3,111
Brownsville Property Proceeds	26,858	-	17,129	9,729
Border Relief	33,940	-	9,925	24,015
Prince of Peace, Austin	2,693	1,569	-	4,262
Youth and Young Adults	6,983	-	853	6,130
LDR Grant - EPFM	30,000	10,000	40,000	-
DEM Administrative Expenses	6,365	10,150	10,527	5,988
Koenig Memorial Youth Scholarship Fund	3,015	-	-	3,015
Coastal Area Disaster	3,068	-	-	3,068
Archives - Operating - Region IV South	5,832	16,158	5,028	16,962
Clearing Monthly	-	561,369	561,369	-
Archives - ELCA Region IV - South	137,199	-	-	137,199
Prince of Peace, Austin Multi-Cultural	165,637	53,342	49,581	169,398
Eagle Pass Frontera Ministry	32,655	31,817	59,094	5,378
Companion Synod Costa Rica	26,585	11,861	-	38,446
Transformational Ministry Grant	11,041	-	-	11,041
COVID-19 ELCA Grant	3,700	-	-	3,700
LCM Designated	-	1,721	300	1,421
LCM ELCA Grant and SWTS M&M	-	52,975	52,975	-
EPFM Fiscal Agent	13,771	40,392	4,043	50,120
ELCA - DEM Clearing	-	99,290	99,290	-
Holy Innovations Vitality Grant	-	60,000	35,972	24,028
Platicas De Santa Sofia (SAWC)	-	33,000	33,000	-

Note 14 — 2024 Schedule of Net Assets With Donor Restrictions (continued)

Time/purpose restricted net assets consisted of the following at January 31, 2024:

	Balance Beginning of Year	Contributions	Released from Restrictions	Balance End of Year
Community Engagement & Program				
CE&P Salary	-	46,800	46,800	-
CE&P Pension/Medical	-	16,572	16,572	-
CE&P Employer Share Taxes	-	2,271	2,271	-
CE&P Program Expenses	-	1,145	1,145	-
CE&P Program Income	-	4,652	-	4,652
Holy Fork In The Road				
HFitR Salary	-	24,267	24,267	-
HFitR Pension/Medical	-	3,101	3,101	-
HFitR Salary Reduction Pension	-	2,400	2,400	-
HFitR SARegA - Salary	-	26,000	26,000	-
Holy Fork Mins-Lord of Life, Austin	-	139,232	2,295	136,937
DEM				
BoSA Salary	-	25,600	25,600	-
BoSA Housing Allowance	-	50,000	50,000	-
BoSA Pension/Medical	-	44,531	44,531	-
BoSA Salary Reduction Pension	-	4,400	4,400	-
MD				
Platicas Salary (Hlthcr Allwn)	-	2,310	2,310	-
Platicas Housing Allowance	-	23,400	23,400	-
Platicas Benefits	-	3,073	3,073	-
Platicas Salary Reduction	-	690	690	-
LMD				
Platicas Income	-	1,123	147	976
Platicas Salary	-	6,504	6,504	-
Platicas Employer Share PRTax	-	373	373	-
Technicolor Ministries-LoLA-Camping	-	33,000	124	32,876
Technicolor Ministries-Income	-	14,331	-	14,331
MD-Technicolor				
Technicolor Mins. Salary	-	10,950	10,950	-
Technicolor Mins. Housing Allowance	-	23,250	23,250	-
Technicolor Mins. Benefits	-	3,981	3,981	-
Technicolor Mins. CntEd & PrfExps	-	165	165	-
Technicolor Mins. Program Exps	-	2,210	2,210	-
MD Valley				
Valley Metanoia Network-Salary	-	8,000	8,000	-
Valley Metanoia Network-Housing Allow	-	19,500	19,500	-
Valley Metanoia Network-Benefits	-	8,897	8,897	-
Valley Metanoia Network-Cont.Ed&Prf	-	2,590	2,590	-
Valley Metanoia Network-Income	-	14,556	738	13,818
MD Eagle Pass				
EPFM - Salary	-	29,792	29,792	-
EPFM - Benefits	-	12,220	12,220	-
EPFM - Employer Share Taxes	-	8,109	8,109	-
SanLucas Pastor Benefits	-	18,716	18,716	-
Internal Agency Funds (see page 21)	47,114	143,035	33,659	156,490
Total	**$ 821,573**	**$ 2,483,694**	**$ 2,007,485**	**$ 1,297,782**

Supplementary Information

Southwestern Texas Synod of the Evangelical Lutheran Church in America

Schedule of Internal Agency Activity - 2025
For the Year ended January 31, 2025

	Balance Beginning of Year	Receipts	Disbursements	Balance End of Year
Assembly worship offering	$ 104,398	$ 56,346	$ 131,657	$ 29,087
Boundary training	735	275	505	505
Creating Healthy Congregations workshops	1,380	-	-	1,380
One Day+ events	-	1,218	1,218	-
Disaster relief	-	1,100	800	300
World hunger	163	2,273	2,436	-
Synod conferences	-	2,548	-	2,548
Synod congregations	2,450	4,700	-	7,150
Lutheran Ministry Center - maint. and repair	1,000	-	-	1,000
Missions - LFSW - Fred Kern Endowment	8,180	1,628	-	9,808
Poovey-Good Samaritan Fund	38,184	17,456	14,489	41,151
Total	**$ 156,490**	**$ 87,544**	**$ 151,105**	**$ 92,929**

Southwestern Texas Synod of the Evangelical Lutheran Church in America

Schedule of Internal Agency Activity - 2024
For the Year ended January 31, 2024

	Balance Beginning of Year	Receipts	Disbursements	Balance End of Year
Assembly worship offering	$ -	$ 109,247	$ 4,849	$ 104,398
Boundary training	85	650	-	735
Stewardship event	-	4,039	4,039	-
Creating Healthy Congregations workshops	1,380	-	-	1,380
Disaster relief	-	2,700	2,700	-
World hunger	-	2,893	2,730	163
Texas Lutheran University	1,443	-	1,443	-
Designated:				-
Synod congregations	-	4,948	2,498	2,450
Lutheran Ministry Center - maint. and repair	1,000	-	-	1,000
Missions - LFSW - Fred Kern Endowment	6,741	1,439	-	8,180
Poovey-Good Samaritan Fund	36,465	17,119	15,400	38,184
Total	**$ 47,114**	**$ 143,035**	**$ 33,659**	**$ 156,490**