

**LAKE AVENUE CONGREGATIONAL  
CHURCH OF PASADENA**

**FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2024 AND 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://CLAconnect.com)

**LAKE AVENUE CONGREGATIONAL CHURCH OF PASADENA  
TABLE OF CONTENTS  
YEARS ENDED AUGUST 31, 2024 AND 2023**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENTS OF ACTIVITIES</b>	<b>4</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>5</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>6</b>



## INDEPENDENT AUDITORS' REPORT

Elder Council and Finance and Audit Committee  
Lake Avenue Congregational Church of Pasadena  
Pasadena, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Lake Avenue Congregational Church of Pasadena, which comprise the statements of financial position as of August 31, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake Avenue Congregational Church of Pasadena as of August 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lake Avenue Congregational Church of Pasadena and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***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 Lake Avenue Congregational Church of Pasadena's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' 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 auditors' 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 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, 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.

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 Lake Avenue Congregational Church of Pasadena'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 Lake Avenue Congregational Church of Pasadena'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.



**CliftonLarsonAllen LLP**

Pasadena, California  
December 19, 2024

**LAKE AVENUE CONGREGATIONAL CHURCH OF PASADENA**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,221,013	\$ 1,013,489
Cash Designated for Capital Reserve	840,191	1,182,604
Cash Designated for Operating Reserve	573,764	580,094
Prepaid Expenses and Other Assets	31,006	38,824
Pledges Receivable	107,811	533,072
Assets Held for Benefit of Annuities and Trusts	116,653	109,487
Endowment Investments	288,158	253,056
Property and Equipment, Net	<u>17,015,039</u>	<u>17,058,534</u>
Total Assets	<u>\$ 21,193,635</u>	<u>\$ 20,769,160</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 436,740	\$ 404,243
Loans Payable	2,689,466	2,866,491
Annuity and Trust Obligations	<u>28,362</u>	<u>28,362</u>
Total Liabilities	3,154,568	3,299,096
<b>NET ASSETS</b>		
Without Donor Restrictions	16,658,786	16,059,844
With Donor Restrictions	<u>1,380,281</u>	<u>1,410,220</u>
Total Net Assets	<u>18,039,067</u>	<u>17,470,064</u>
Total Liabilities and Net Assets	<u>\$ 21,193,635</u>	<u>\$ 20,769,160</u>

See accompanying Notes to Financial Statements.

**LAKE AVENUE CONGREGATIONAL CHURCH OF PASADENA**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED AUGUST 31, 2024 AND 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
Contributions	\$ 6,512,632	\$ 1,396,529	\$ 7,909,161	\$ 6,467,181	\$ 1,809,651	\$ 8,276,832
Tuition and Fees	-	-	-	173,394	-	173,394
Program Revenue	323,990	-	323,990	211,345	-	211,345
Rental Income	378,348	-	378,348	148,274	-	148,274
Employee Retention Credit	-	-	-	63,599	-	63,599
Investment Gains	59,706	42,602	102,308	21,697	17,689	39,386
Trust and Annuity Gains (Losses)	(275)	6,869	6,594	2,793	(3,294)	(501)
Other Income	293,250	-	293,250	-	-	-
Net Assets Released from Restrictions	1,475,939	(1,475,939)	-	1,490,367	(1,490,367)	-
Total Revenue and Support	9,043,590	(29,939)	9,013,651	8,578,650	333,679	8,912,329
<b>EXPENSES</b>						
Salaries and benefits	3,187,265	-	3,187,265	3,624,988	-	3,624,988
Plant Operations	1,035,354	-	1,035,354	982,232	-	982,232
Utilities and Janitorial	979,938	-	979,938	953,479	-	953,479
Depreciation	925,711	-	925,711	886,177	-	886,177
International Staff and Mission	780,038	-	780,038	1,069,234	-	1,069,234
Ministry Expenses	626,468	-	626,468	571,829	-	571,829
Office Administration	413,497	-	413,497	363,979	-	363,979
Local Agency Support	209,618	-	209,618	133,951	-	133,951
Interest	157,159	-	157,159	174,428	-	174,428
Benevolence	129,600	-	129,600	246,633	-	246,633
Total Expenses	8,444,648	-	8,444,648	9,006,930	-	9,006,930
<b>CHANGE IN NET ASSETS</b>	598,942	(29,939)	569,003	(428,280)	333,679	(94,601)
Net Assets – Beginning of Year	16,059,844	1,410,220	17,470,064	16,488,124	1,076,541	17,564,665
<b>NET ASSETS – END OF YEAR</b>	<u>\$ 16,658,786</u>	<u>\$ 1,380,281</u>	<u>\$ 18,039,067</u>	<u>\$ 16,059,844</u>	<u>\$ 1,410,220</u>	<u>\$ 17,470,064</u>

See accompanying Notes to Financial Statements.

**LAKE AVENUE CONGREGATIONAL CHURCH OF PASADENA**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 569,003	\$ (94,601)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	925,711	886,177
Unrealized Gains on Investments	(38,918)	(13,478)
Changes in Operating Assets and Liabilities:		
Assets Held for Benefit of Annuities and Trusts	(7,166)	3,567
Prepaid Expenses and Other Assets	7,818	(22,773)
Employee Retention Tax Credit Receivable	-	852,048
Pledges Receivable	425,261	(415,697)
Accounts Payable and Accrued Expenses	32,497	(221,760)
Annuity and Trust Obligations	-	(2,394)
Net Cash Provided by Operating Activities	<u>1,914,206</u>	<u>971,089</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(882,216)	(280,988)
Purchases of Endowment Investments	(3,684)	(4,211)
Proceeds from Sale of Endowment Investments	7,500	41,761
Net Cash Used by Investing Activities	<u>(878,400)</u>	<u>(243,438)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Loans Payable	(177,025)	(119,974)
Net Cash Used by Financing Activities	<u>(177,025)</u>	<u>(119,974)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	858,781	607,677
Cash and Cash Equivalents - Beginning of Year	<u>2,776,187</u>	<u>2,168,510</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,634,968</u>	<u>\$ 2,776,187</u>
<b>RECAP OF CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents	\$ 2,221,013	\$ 1,013,489
Cash Designated for Capital Reserve	840,191	1,182,604
Cash Designated for Operating Reserve	573,764	580,094
Total	<u>\$ 3,634,968</u>	<u>\$ 2,776,187</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	<u>\$ 157,159</u>	<u>\$ 174,428</u>

See accompanying Notes to Financial Statements.

**LAKE AVENUE CONGREGATIONAL CHURCH OF PASADENA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2024 AND 2023**

**NOTE 1 ORGANIZATION**

Lake Avenue Congregational Church of Pasadena (the Church) was founded in 1896 in Pasadena California, to faithfully teach the Scriptures and that teaching tradition has continued throughout the Church's existence. The purpose of the Church is to expand God's kingdom by becoming and developing wholehearted, fully engaged followers of Jesus Christ. The Church has been a vital and leading force in community involvement through its ministry to the needs of people within the San Gabriel Valley and through its world-wide outreach program. In April 2020, the Church discontinued the operations of the school due to the increase in costs related to the Coronavirus Disease (COVID-19) safety measures. In September 2021, the Church resumed operations of the school under a limited capacity model. Due to lack of enrollment and senior leadership capacity, the Elder Council decided to discontinue operations of the school in July of 2023.

The Church's primary sources of income consist of contributions from members and regular attendees, along with program fee revenue.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation**

The financial statements of the Church have been prepared on the accrual basis of accounting to conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to nonprofit entities. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Church and changes therein have been classified and are reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The Elder Council has designated operating and capital reserve from net assets without donor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition or construction of long-lived assets are released when the assets are placed in service. 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.



**LAKE AVENUE CONGREGATIONAL CHURCH OF PASADENA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Donor-restricted contributions whose restrictions are met in the same year the gift is made are reported as contributions with donor restrictions and releases in the current year. Expirations of donor-imposed restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as net assets released from restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations.

**Contributions**

Contributions, including unconditional promises to give, are recognized as revenue in the period received and reported in their appropriate net asset group, subject to the existence or absence of donor-imposed stipulations. Conditional promises, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. During the years ended August 31, 2024 and 2023, the Church did not receive any conditional pledges. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at a discount rate consistent with the general principles for present value measurement. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

**Lease**

The Church has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred, and the leases are not included as right-of-use assets and lease liabilities on the statements of financial position. The Church has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of its ROU assets. The Church has elected to use the risk-free rate for the leases. The Church has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component. The Church has no significant financing and operating leases as of August 31, 2024 and 2023.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand or in bank and cash in money market funds.

**Investments**

Investments are stated at fair value. The estimated fair value of investments is based on quoted market prices. Unrealized gains or losses on investments resulting from fair value fluctuations are recorded in the statements of activities.

**LAKE AVENUE CONGREGATIONAL CHURCH OF PASADENA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurement**

Fair value standards (ASC 820-10) establishes a hierarchal 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 used to determine 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.

**Endowment**

The Church has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Church's Board of Directors (Elder Council), the endowment assets are invested in a manner that is intended to preserve the principal value of the fund and to earn a reasonable return. Withdrawals from the endowment assets are limited to the cumulative earnings on the original dollar value of the collective donations in the fund.

**LAKE AVENUE CONGREGATIONAL CHURCH OF PASADENA  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment which is purchased or constructed is stated at cost; assets acquired by gift are stated at fair value at the date of acquisition. The Church capitalizes property and equipment purchases of \$2,500 or more. The Church uses the straight-line method for the computation of depreciation of long-lived assets according to the following schedule of useful lives:

Land Improvements	5 to 40 Years
Worship Center	60 Years
Other Buildings and Improvements	3 to 5 Years
Furniture and Equipment	3 to 40 Years

**Impairment of Long-Lived Assets**

The Church reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment losses, if any, are recognized when estimated future cash flows (undiscounted and without interest charges) derived from such assets are less than their carrying values. Management believes no such impairment occurred during the years ended August 31, 2024 and 2023.

**Program Revenues**

Program revenue, including tuition and fees, are recorded as revenues over time in the period during which the academic services are rendered. Tuition and fees received in advance of services to be rendered are recorded as deferred revenues.

**In-Kind Contribution**

Gifts-in-kind are contributions of noncash assets that can be used by the Church. Amounts of noncash assets to be used within one year are recorded at their net realizable value. Amounts of noncash assets expected to be used in future years are recorded at the present value of estimated future cash flows discounted at the date of the contribution.

Donated services are recognized if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Although many volunteers have contributed significant amounts of their time to activities of the Church, the requirements of donated services are not met, and the value of the contributed services is not recorded in the financial statements.

**Functional Expense Allocation Methodology**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits expenses are allocated on the basis of estimates of time and effort such as direct payroll allocation; depreciation, utilities and janitorial, plant operations, office, and interest expenses are allocated on the basis of estimated usage of the facility.

**LAKE AVENUE CONGREGATIONAL CHURCH OF PASADENA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2024 AND 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Church to a concentration of credit risk are its cash and cash equivalents and investments. The Church maintains cash in various financial institutions that periodically, and as of year-end, may exceed federally insured limits. The Church's investments are held by recognized financial institutions. Investments are insured by the Securities Investor Protection Corporation (SIPC) up to statutory limits. SIPC coverage does not protect against changes in market value. Management closely monitors the investments and their activity with the institutions and investment managers and believes the credit risk to be minimal.

**Income Taxes**

The Church is a nonprofit corporation defined in Section 501(c)(3) of the Internal Revenue Code and comparable state laws. U.S. GAAP provide accounting and disclosure guidance about positions taken by an organization that might be uncertain. Management has considered its tax positions and believes all of the positions taken by the Church are more likely than not to be sustained upon examination.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Subsequent Events**

Subsequent events have been evaluated through December 19, 2024, the date that these financial statements were available to be issued. There were no subsequent events that would require adjustment or disclosures in financial statements.

**New Accounting Pronouncements Adopted During the Year**

The Church has adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Church adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Church's financial statements but changed how the allowance for credit losses is determined.

**LAKE AVENUE CONGREGATIONAL CHURCH OF PASADENA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2024 AND 2023**

**NOTE 3 LIQUIDITY AND AVAILABILITY**

As of August 31, 2024 and 2023, the Church's financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of the statement of financial position are as follows:

	2024	2023
Cash and Cash Equivalents	\$ 2,221,013	\$ 1,013,489
Pledges Receivable	107,811	533,072
Less: Net Assets with Donor Restrictions	(1,006,360)	(1,078,270)
Total	<u>\$ 1,322,464</u>	<u>\$ 468,291</u>

Each year, the Church receives significant amount of contributions, which are available to meet annual cash needs for general expenditures and for specific purposes within the mission. During the years ended August 31, 2024 and 2023, the church met its cash needs.

At August 31, 2024, the board-designated \$573,764 for operating reserve and \$840,191 for capital reserve, which are available to be used for general operation if necessary. The Church intends to spend approximately \$1,500,000 from the capital reserve fund in the fiscal year ending August 31, 2025.

**NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

At August 31, 2024 and 2023, assets measured at fair value on a recurring basis are as follows:

	2024			
	Total	Level 1	Level 2	Level 3
Endowment Investments:				
Exchange Traded Funds	\$ 61,304	\$ 61,304	\$ -	\$ -
Fixed Income & Preferreds	183,731	183,731	-	-
Money Market Funds	43,123	-	-	-
Total Investments	<u>\$ 288,158</u>	<u>\$ 245,035</u>	<u>\$ -</u>	<u>\$ -</u>
Assets Held for Benefit of Annuities and Trusts *	<u>\$ 116,653</u>	<u>\$ 116,653</u>	<u>\$ -</u>	<u>\$ -</u>
	2023			
	Total	Level 1	Level 2	Level 3
Endowment Investments:				
Exchange Traded Funds	\$ 147,800	\$ 147,800	\$ -	\$ -
Fixed Income & Preferreds	59,350	59,350	-	-
Money Market Funds	45,906	-	-	-
Total Investments	<u>\$ 253,056</u>	<u>\$ 207,150</u>	<u>\$ -</u>	<u>\$ -</u>
Assets Held for Benefit of Annuities and Trusts *	<u>\$ 109,487</u>	<u>\$ 109,487</u>	<u>\$ -</u>	<u>\$ -</u>

**LAKE AVENUE CONGREGATIONAL CHURCH OF PASADENA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2024 AND 2023**

**NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

\* Assets held for benefit of annuities and trusts comprised cash, equity funds and fixed income funds.

Investment returns for the years ended August 31 are as follows:

	2024	2023
Interest and Dividends	\$ 64,527	\$ 29,159
Realized Losses	(1,137)	(3,251)
Unrealized Gains	38,918	13,478
Total Investment Gains	<u>\$ 102,308</u>	<u>\$ 39,386</u>

**NOTE 5 PROPERTY AND EQUIPMENT**

At August 31, property and equipment are as follows:

	2024	2023
Land	\$ 2,688,184	\$ 2,688,184
Land Improvements	1,297,466	1,243,287
Worship Center	19,756,749	19,756,749
Other Buildings and Improvements	20,184,434	19,833,396
Furniture and Equipment	6,651,476	6,319,583
Work in Progress	145,105	-
Total	<u>50,723,414</u>	<u>49,841,199</u>
Less: Accumulated Depreciation	<u>(33,708,375)</u>	<u>(32,782,665)</u>
Total Property and Equipment, Net	<u>\$ 17,015,039</u>	<u>\$ 17,058,534</u>
Property and Equipment, Net	\$ 17,015,039	\$ 17,058,534
Less: Debt Secured by Property and Equipment	<u>(2,689,466)</u>	<u>(2,866,491)</u>
Net Investment in Property and Equipment	<u>\$ 14,325,573</u>	<u>\$ 14,192,043</u>

The work in progress as of August 31, 2024 consists of repairs and construction on the 720 E Villa property. That project is anticipated to be complete in March of 2025 at an anticipated total cost of approximately \$900,000.

**NOTE 6 ANNUITIES AND TRUST OBLIGATION**

**Gift Annuities**

The Church has established a gift annuity plan whereby donors may contribute assets in exchange for the right to receive a fixed dollar return during their lifetimes.

At August 31, 2024 and 2023, the fair value of the gift annuities assets were \$7,556 and \$7,259 and the present value of the expected payments to the annuities was \$4,916 and \$4,916, respectively.

**LAKE AVENUE CONGREGATIONAL CHURCH OF PASADENA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2024 AND 2023**

**NOTE 6 ANNUITIES AND TRUST OBLIGATION (CONTINUED)**

**Irrevocable Agreements**

The Church administrates a charitable remainder trust as a trustee. The trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term. At the end of the trust's term, the remaining assets are distributed to the Church and such assets shall be held as an endowment with the income being allocated to the music department. If the continued maintenance of this endowment fund becomes impractical, the assets may be used, in the discretion of the board of directors, for the general purpose of the Church.

At August 31, 2024 and 2023, the fair value of the charitable remainder trust were \$109,097 and \$102,228 and the present value of the expected payments to the trustor over the life expectancy was \$23,446 and \$23,446, respectively.

For the years ended August 31, 2024 and 2023, trust and annuity losses consists of the following:

	2024	2023
Interest and Dividends	\$ 3,258	\$ 4,098
Change in Value	13,553	6,276
Payment to Trustors and Annuitants and Related Expenses	(10,217)	(10,875)
Total	<u>\$ 6,594</u>	<u>\$ (501)</u>

**NOTE 7 LOANS PAYABLE**

**Mortgage Payable**

In September 2022, the Church obtained a loan in the amount of \$3,000,000 and paid off the outstanding balance of an existing loan in the amount of \$2,982,554. The loan bears fixed interest rate of 5.4% per annum. Monthly principal and interest payments are \$20,480 until the maturity date of October 1, 2032, at which time a balloon payment for all remaining interest and principal is due. At August 31, 2024 and 2023, the Church was in compliance with all financial and reporting covenants.

At August 31, 2024, future principal payments on loans payable are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2025	\$ 103,056
2026	108,761
2027	114,782
2028	121,136
2029	127,842
Thereafter	2,113,889
Total	<u>\$ 2,689,466</u>

**LAKE AVENUE CONGREGATIONAL CHURCH OF PASADENA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2024 AND 2023**

**NOTE 8    NET ASSETS**

At August 31, net assets without donor restrictions consist of the following:

	2024	2023
Undesignated	\$ 919,258	\$ 105,103
Designated for Operating Reserve	573,764	580,094
Designated for Capital Reserve	840,191	1,182,604
Net Investment in Property and Equipment	14,325,573	14,192,043
Total Net Assets Without Donor Restrictions	<u>\$ 16,658,786</u>	<u>\$ 16,059,844</u>

At August 31, net assets with donor restrictions consist of the following:

	2024	2023
Subject to Expenditure for Specified Purposes:		
Mission Funds	\$ 98,633	\$ 173,704
Evangelism Project	496,526	584,673
Adult Classes and Self-Funded Ministries	101,467	27,476
Special Projects Funds	80,088	117,212
Memorial Funds	113,112	125,400
Benevolence Fund	116,534	49,805
Total Donor Restrictions for Specified Purposes	<u>1,006,360</u>	<u>1,078,270</u>
Subject to Passage of Time:		
Gift Annuity and Trust Agreements	85,763	78,894
Endowment:		
In Perpetuity	185,922	185,922
Subject to Endowment Spending Policy and Appropriation	<u>102,236</u>	<u>67,134</u>
Total Endowment	<u>288,158</u>	<u>253,056</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,380,281</u>	<u>\$ 1,410,220</u>



**LAKE AVENUE CONGREGATIONAL CHURCH OF PASADENA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2024 AND 2023**

**NOTE 8 NET ASSETS (CONTINUED)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by other donor-specified events, as follows during the years ended August 31:

	2024	2023
Mission Funds	\$ 135,215	\$ 105,693
Evangelism Project	88,147	2,205
Adult Classes and Self-Funded Ministries	392,824	422,667
Special Projects Funds	118,477	84,616
Memorial Funds	12,288	154,593
Ministry	600,430	460,265
Appropriation Pursuant to Spending Policy	7,500	41,761
Benevolence Fund	121,058	218,567
Total	<u>\$ 1,475,939</u>	<u>\$ 1,490,367</u>

**NOTE 9 ENDOWMENT**

The Church's endowment consists of a donor-restricted fund for missionaries. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The board of directors of the Church has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of California, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Church classifies as donor-restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The accumulated earnings on the endowment are appropriated for expenditure by the Church in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Church considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Church
- (3) General economic 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 Church
- (7) The investment policies of the Church

**LAKE AVENUE CONGREGATIONAL CHURCH OF PASADENA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2024 AND 2023**

**NOTE 9 ENDOWMENT (CONTINUED)**

Changes in donor-restricted endowment assets for the years ended August 31 are as follows:

	2024	2023
Endowment Net Assets - Beginning of Year	\$ 253,056	\$ 277,128
Investment Return, Net	42,602	17,689
Appropriation Pursuant to Spending Policy	(7,500)	(41,761)
Endowment Net Assets - End of Year	<u>\$ 288,158</u>	<u>\$ 253,056</u>

**NOTE 10 RETIREMENT PLAN**

The Church provides a 403(b) retirement plan for the benefit of employees who have met certain minimum service requirements. The Church contributes a percentage of covered employee' salaries. For the years ended August 31, 2024 and 2023, retirement contributions was \$104,718 and \$107,424, respectively.

**NOTE 11 FUNCTIONAL ALLOCATION OF EXPENSES**

The functional allocation of expenses for the years ended August 31 was as follows:

	2024		
	Program	Management and General	Fundraising
Salaries and Benefits	\$ 2,306,661	\$ 880,604	\$ -
Plant Operations	1,020,341	15,013	-
Utilities and Janitorial	941,759	38,179	-
Depreciation	912,288	13,423	-
International Staff and Mission	780,038	-	-
Ministry Expenses	621,630	4,838	-
Office Administration	43,892	368,448	1,157
Local Agency Support	209,618	-	-
Interest	154,880	2,279	-
Benevolence	129,600	-	-
Total Expenses	<u>\$ 7,120,707</u>	<u>\$ 1,322,784</u>	<u>\$ 1,157</u>

**LAKE AVENUE CONGREGATIONAL CHURCH OF PASADENA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2024 AND 2023**

**NOTE 11 FUNCTIONAL ALLOCATION OF EXPENSES (CONTINUED)**

	2023		
	Program	Management and General	Fundraising
			Total
Salaries and Benefits	\$ 2,731,059	\$ 893,929	\$ -
Plant Operations	968,126	14,106	-
Utilities and Janitorial	902,029	51,450	-
Depreciation	873,327	12,850	-
International Staff and Mission	1,069,234	-	-
Ministry Expenses	571,810	19	-
Office Administration	28,373	334,783	823
Local Agency Support	133,951	-	-
Interest	171,899	2,529	-
Benevolence	246,633	-	-
Total Expenses	<u>\$ 7,696,441</u>	<u>\$ 1,309,666</u>	<u>\$ 823</u>
			<u>\$ 9,006,930</u>

**NOTE 12 RELATED PARTY TRANSACTIONS**

The Church has contracted with a company owned by a member of the Elder Council to remodel the Worship Center. The Church paid member \$45,000 during the year ended August 31, 2023, respectively.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.