PASTORAL LEADERSHIP INSTITUTE AND MULTIPLI

COMBINED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022 AND 2021

TOGETHER WITH AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Pastoral Leadership Institute:

Opinion

We have audited the accompanying combined financial statements of Pastoral Leadership Institute and Multipli, (the Organization), which comprise the combined statement of financial position as of December 31, 2022 and 2021, and the related combined statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, 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. 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 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 Pastoral Leadership Institute'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 Pastoral Leadership Institute'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.

Dugan + Lopatka

DUGAN & LOPATKA

Warrenville, Illinois
July 14, 2023

PASTORAL LEADERSHIP INSTITUTE AND MULTIPLI
COMBINED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
A S S E T S		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,596,619	$ 1,291,420
Accounts receivable	55,242	37,959
Pledges receivable, current	455,000	637,218
Investments	447,819	531,440
Prepaid expenses	88,673	74,353
Total current assets	2,643,353	2,572,390
PROPERTY AND EQUIPMENT:		
Furniture and equipment	40,338	40,338
Less: accumulated depreciation	(40,338)	(40,338)
Net property and equipment	-	-
OTHER ASSETS:		
Pledge receivable, net of current portion	1,162,715	230,000
Right of Use Asset- Operating	66,323	-
Deposits	7,019	7,019
Total other assets	1,236,057	237,019
Total assets	$ 3,879,410	$ 2,809,409

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 29,350	$ 67,818
Lease liability- current maturities	73,797	-
Deferred revenue	155,652	224,494
Deferred rent	-	16,163
Total current liabilities	258,799	308,475
LONG-TERM LIABILITIES		
Lease liability net of current maturities	1,342	-
Total Liabilities	260,141	308,475
NET ASSETS:		
Without donor restrictions	1,448,863	793,575
With donor restrictions	2,170,406	1,707,359
Total net assets	3,619,269	2,500,934
Total liabilities and net assets	$ 3,879,410	$ 2,809,409

EXHIBIT 2

PASTORAL LEADERSHIP INSTITUTE AND MULTIPLI
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:						
Contributions and grants	$ 1,326,414	$ 2,048,681	$ 3,375,095	$ 885,538	$ 379,149	$ 1,264,687
Conference and training fees	561,121	-	561,121	590,077	-	590,077
Investment income (loss)	(82,585)	-	(82,585)	77,171	-	77,171
Total support and revenue	1,804,950	2,048,681	3,853,631	1,552,786	379,149	1,931,935
RECLASSIFICATIONS:						
Net assets released upon satisfaction of purpose restrictions	1,585,634	(1,585,634)	-	109,325	(109,325)	-
FUNCTIONAL EXPENSES:						
Program services	1,943,460	-	1,943,460	1,205,838	-	1,205,838
Management and general	536,296	-	536,296	470,277	-	470,277
Fundraising	255,540	-	255,540	247,677	-	247,677
Total functional expenses	2,735,296	-	2,735,296	1,923,792	-	1,923,792
CHANGE IN NET ASSETS	655,288	463,047	1,118,335	(261,681)	269,824	8,143
NET ASSETS, Beginning of year	793,575	1,707,359	2,500,934	1,055,256	1,437,535	2,492,791
NET ASSETS, End of year	$ 1,448,863	$ 2,170,406	$ 3,619,269	$ 793,575	$ 1,707,359	$ 2,500,934

The accompanying notes are an integral part of this statement.

EXHIBIT 3

PASTORAL LEADERSHIP AND MULTIPLI
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Contributions and program fees received	$ 3,624,287	$ 1,743,163
Cash paid for operations and programs	(3,338,643)	(1,922,954)
Interest and dividends received	3,067	2,809
Net cash provided by (used in) operating activities	288,711	(176,982)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase on investments	(686)	(3,564)
Proceeds from sale of investments	17,174	95,672
Net cash provided by investing activities	16,488	92,108
NET CHANGE IN CASH AND CASH EQUIVALENTS	305,199	(84,874)
CASH AND CASH EQUIVALENTS, Beginning of year	1,291,420	1,376,294
CASH AND CASH EQUIVALENTS, End of year	$ 1,596,619	$ 1,291,420
RECONCILIATION OF CHANGE IN NET ASSETS:		
Change in net assets	$ 1,118,335	$ 8,143
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	-	2,630
Noncash portion of lease expense for operating leases	70,596	-
Repayment of lease liabilities	(77,943)	-
Realized and unrealized (gain) loss on investments	83,296	(76,676)
Changes in other assets and liabilities:		
(Increase) decrease in accounts receivable	(17,283)	43,868
(Increase) in pledges receivables	(750,497)	(121,900)
(Increase) in prepaid expenses	(14,320)	(35,640)
Increase (decrease) in accounts payable and accrued expenses	(38,468)	36,162
(Decrease) in deferred revenue	(68,842)	(28,575)
(Decrease) in deferred rent	(16,163)	(4,994)
Total adjustments	(829,624)	(185,125)
Net cash provided by (used in) operating activities	$ 288,711	$ (176,982)

PASTORAL LEADERSHIP INSTITUTE AND MULTIPLI
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program	Management and General	Fundraising	Total Expenses
Salaries and benefits	$ 1,009,167	$ 115,062	$ 161,031	$ 1,285,260
Professional services	79,998	183,968	10,867	274,833
Training, conferences, and meetings	520,171	29,177	8,300	557,648
Grants	121,496	-	-	121,496
Occupancy	-	77,209	-	77,209
Information technology	4,677	22,202	-	26,879
Supplies	90	6,293	345	6,728
Travel	177,068	70,252	61,198	308,518
Advancement and marketing	600	696	-	1,296
Insurance	-	6,282	-	6,282
Licenses and fees	-	3,979	-	3,979
Bank and finance fees	421	5,108	7	5,536
Postage and shipping	527	1,705	278	2,510
Telecommunications	711	6,033	13,197	19,941
Equipment	-	4,028	-	4,028
Depreciation	-	-	-	-
Miscellaneous	28,534	4,302	317	33,153
Total functional expenses	$ 1,943,460	$ 536,296	$ 255,540	$ 2,735,296

PASTORAL LEADERSHIP INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program	Management and General	Fundraising	Total Expenses
Salaries and benefits	$ 663,151	$ 156,302	$ 204,376	$ 1,023,829
Professional services	15,643	109,778	-	125,421
Training, conferences, and meetings	324,286	28,680	3	352,969
Grants	104,088	-	-	104,088
Occupancy	-	78,554	-	78,554
Information technology	1,500	22,562	-	24,062
Supplies	58	3,874	788	4,720
Travel	66,332	28,454	38,794	133,580
Advancement and marketing	568	1,044	-	1,612
Insurance	13	6,321	-	6,334
Licenses and fees	-	3,410	-	3,410
Bank and finance fees	1,133	4,149	-	5,282
Postage and shipping	299	2,540	312	3,151
Telecommunications	10,174	3,449	-	13,623
Equipment	17	6,796	-	6,813
Depreciation	-	2,630	-	2,630
Miscellaneous	18,576	11,734	3,404	33,714
Total functional expenses	$ 1,205,838	$ 470,277	$ 247,677	$ 1,923,792

PASTORAL LEADERSHIP INSTITUTE AND MULTIPLI
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Pastoral Leadership Institute (PLI) is located in Nashville, Tennessee. PLI is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. PLI's purpose is to operate an in-service, leadership formation program for pastors and others who desire to develop their leadership abilities helpful in pastoring churches in the Lutheran Church-Missouri Synod (LCMS) and beyond. PLI serves as a resource to congregations, church groups, and individuals who desire to develop leadership skills so that a maximization of the gift of leadership given to them by God might be accomplished. PLI's primary sources of revenue are contributions and grants from Lutheran-related organizations and supporters of PLI and fees from conferences and training programs.

Multipli is located in Nashville, Tennessee. Multipli is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Multipli's purpose is to proclaim and promote salvation by faith in the Triune God by supporting, encouraging, and facilitating the spread and growth of the Christian faith around the world and to create and disseminate programs and training that equips individuals and leaders to evangelize more effectively in the areas of the world in which they are serving.

The combined financial statements were available to be issued on July 14, 2023, with subsequent events being evaluated through this date.

The following is a summary of the significant accounting policies and practices reflected in the accompanying financial statements.

Basis for Combined Financial Statements -

Multipli is combined with the PLI for financial reporting due to the fact that the organization have common management and Multipli uses PLI employees to run the conferences and trainings they have during the year. All significant intercompany account balances and transactions have been eliminated in the combined financial statements.

Basis of Accounting -

The financial statements of the Organization have been prepared on the accrual basis of accounting which recognizes revenue as it is earned and expenses as they are incurred.

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 and net assets with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the board of directors.

With donor restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk -

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization's cash deposits exceeded the FDIC limits at various times during the years ended December 31, 2022 and 2021.

Accounts Receivable -

Accounts receivable is stated at the amount the Organization expects to collect from outstanding balances. The Organization provides for probable uncollectible amounts as an expense on the statement of activities and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. An account is considered past due if the Organization has not received any payments for ninety days after the invoice date. The Organization’s policy is to perform in-house reasonable collections after 90 days. Balances that are still outstanding after the Organization has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. The allowance for doubtful accounts is zero as of December 31, 2022 and 2021.

Contributions -

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – 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. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Conference and Training Fees -

Conference and training fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the services. The Organization’s program revenue consists primarily of conferences and educational programs which are considered to have a single performance obligation that is satisfied at a point in time. The performance obligations for these services are considered met, and revenue is recognized, when the conference or educational program occurs.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Donated Property -

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated property, marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Contributed Services -

Contributed services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) would typically need to be purchased by the Organization, require specialized skills, and be performed by people with those skills.

Pledges Receivable -

Pledges receivable are recorded in the fiscal year, in which the pledge has become unconditional and then is classified as either without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Investments -

Investments in securities are carried at fair value based on quoted market prices for those investments. Donated investments are recorded as support at fair value when received.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of market risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment -

Property and equipment are stated at cost or fair market at date of receipt for donated assets. The Organization follows the practice of capitalizing all assets in excess of $2,000. Betterments and renewals are capitalized if they extend or increase the value of the property and equipment. Maintenance and repairs are charged to operations when incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets ranging from three to ten years. Depreciation expense totaled -$0- and $2,630 in 2022 and 2021, respectively.

Leases -

The Organization determines if an arrangement is a lease or contains a lease at inception of the contract. The Organization’s operating leases are presented in operating lease right-of-use assets and operating lease liabilities in the accompanying statement of financial position as of December 31, 2022.

Operating lease right-of-use assets and lease liabilities are measured based on the present value of future lease payments over the lease term at each lease’s commencement date. As most of the Organization’s leases do not specify their implicit rate, the Organization has elected a practical expedient to use the nominal yield, at lease inception, applicable to U.S. Treasury instruments with a maturity of similar length of the lease term.

Operating lease right-of-use assets include all fixed contractual lease payments and initial direct costs incurred by the Organization, less any lease incentives the Organization receives from the lessor. The Organization has elected a practical expedient to account for lease and non-lease components together as a single lease component. The terms of the Organization’s leases generally contain lease payments and reimbursements to the lessor of the Organization’s proportionate share of common area maintenance (CAM), real estate taxes and other pass-through charges. Only the fixed lease components are included in the right-of-use assets and lease liabilities. Additionally, the Organization has elected not to apply these lease accounting policies to leases with a term of one year or less at the commencement date.

Operating lease expense for lease payments is recognized on a straight-line basis over the terms of each lease. Variable lease components include CAM, real estate taxes and other charges and are recorded as lease expense as incurred.

The Organization’s leases can contain options granting the right to renew or extend the term of the lease for specified option periods. The decision as to whether the Organization will exercise the renewal options is generally at the Organization’s sole discretion. The Organization includes lease extensions in the lease term when it is reasonably certain that the Organization will exercise the extension.

Income Taxes

The Organization has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes - (Continued)

The Organization files income tax returns in the U.S. federal jurisdiction and in various states. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2019. PLI does not expect a material net change in unrecognized tax benefits in the next twelve months.

Deferred Revenue -

Deferred revenue (contract liabilities) consists of advancement payments for program fees. These advances are deferred until the performance obligations are met. Once the performance obligations are met, they are recognized as revenue.

Use of Estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, professional services, trainings and conferences, office expenses, information technology, travel and other, which are allocated on the basis of estimates of time and effort.

New Accounting Pronouncement -

Effective January 1, 2022, the Organization adopted ASU 2016-02, *Leases* (Topic 842) and subsequent amendments. Under ASU 2016-02, all of the Organization's real estate and equipment leases that have lease terms exceeding twelve months will now be required to be recognized on the statement of financial position as amortizable right-of-use assets accompanied by liabilities for the present value of the lease payments that the Organization is obligated to make in order to obtain control of the leased assets for the duration of each lease term.

Lease expense, under these amendments, will be recognized in different patterns depending on whether the underlying lease is an operating lease or a finance lease. Lease expense for operating leases will be recognized as a single expense using the straight-line method over the term of the lease, which includes options to renew the lease that the Organization is reasonably expected to exercise. Finance lease expense will consist of two components, interest expense on the lease obligation payable and straight-line amortization of the right-of-use asset.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Pronouncement - (Continued)

Implementation of these amendments is reflected using the modified retrospective method as of January 1, 2022. Consequently, the 2021 financial statements and disclosures do not reflect the effects of implementing the new lease standard. As a result of implementation, the Organization recorded additional lease assets and lease liabilities of $136,920 as of January 1, 2022. Upon implementation, the Organization elected an available package of practical expedients permitted under the transition guidance included in ASU 2018-11, *Leases* (Topic 842) – *Targeted Improvements* that permits the Organization to carry forward the historical lease identification, classification and initial direct costs associated with the Organization's pre-existing leases. The implementation of the amendments did not materially impact the Organization's change in net assets or cash flows.

(2) PLEDGES RECEIVABLE:

Pledges receivable to give at December 31, 2022 and 2021 are as follows:

	2022	2021
Receivable in less than one year	$ 455,000	$ 650,000
Receivable in greater than one year and less than five years	1,368,500	230,000
Total unconditional promises to give	1,823,500	880,000
Less - Discounts to net present value	(205,785)	(12,782)
Net unconditional promise to give	$ 1,617,715	$ 867,218

The discount rate used on long-term promises to give is 7.50% for pledges made in 2022 and 3.5% for pledges made in 2021.

(3) INVESTMENTS:

Investments consist of the following at December 31, 2022 and 2021:

	2022	2021
Mutual funds	$ 419,179	$ 494,488
Pooled investment account	28,640	36,952
Total	$ 447,819	$ 531,440

(3) INVESTMENTS: (Continued)

Investment income (loss) consists of the following at December 31, 2022 and 2021:

	2022	2021
Interest and dividends	$ 3,067	$ 2,809
Realized and unrealized gain	(83,296)	76,676
Investment fees	(2,356)	(2,314)
Total	$ (82,585)	$ 77,171

(4) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification (ASC) for Fair Value Measurements establishes a single definition of fair value and a framework for measuring fair value, sets out a fair value hierarchy to be used to classify the source of information used in fair value measurement, and expands disclosures about fair value measurements required under other accounting pronouncements. It does not change existing guidance as to whether or not an instrument is carried at fair value.

The ASC established market and observable inputs as the preferred source of values, followed by assumptions based on hypothetical transactions in the absence of market inputs.

The valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Organization's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Mutual Funds: Valued at the daily closing price as reported by the fund. Shares in mutual funds held by the Organization are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Synod are deemed to be actively traded.

(4) FAIR VALUE MEASUREMENTS: (Continued)

Pooled investment account: Fair values for investments are provided by the trust administrator which determines the fair value by reference to quoted market prices and other relevant information generated by market transactions.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, Organization's assets at fair value as of December 31, 2022 and 2021:

	Assets at Fair Value as of December 31, 2022			
Description	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds -				
Money market fund	$ 60,744	$ -	$ -	$ 60,744
Equity fund	358,435	-	-	358,435
Pooled investment account	-	-	28,640	28,640
Total assets at fair value	$ 419,179	$ -	$ 28,640	$ 447,819

	Assets at Fair Value as of December 31, 2021			
Description	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds -				
Money market fund	$ 60,028	$ -	$ -	$ 60,028
Equity fund	434,460	-	-	434,460
Pooled investment account	-	-	36,952	36,952
Total assets at fair value	$ 494,488	$ -	$ 36,952	$ 531,440

The following table sets forth a summary of changes in the fair value of level 3 assets for the years ended December 31, 2022 and 2021:

	2022	2021
Balance, beginning of year	$ 36,952	$ 34,669
Realized and unrealized gain (loss)	(8,312)	3,090
Purchases and sales, net	-	(807)
	$ 28,640	$ 36,952

(5) CONTRACT LIABILITIES:

The following table provides information about significant changes in deferred revenue (or contract liabilities) as of December 31, 2022 and 2021:

	2022	2021
Deferred revenue, beginning of the year	$ 224,494	$ 253,069
Revenue recognized that was included in deferred revenue at the beginning of the year	(224,494)	(253,069)
Increase in deferred revenue due to cash received during the year	155,652	224,494
Deferred revenue, end of the year	$ 155,652	$ 224,494

(6) LEASES:

The Organization leases its facilities under operating leases with non-related parties. The Organization is also responsible for its share of real estate taxes, insurance and maintenance costs for the buildings. Additionally, the Organization has various operating leases for equipment and vehicles. The operating leases will expire at various dates through 2024.

For operating leases, the Organization recognizes a right-of-use asset and a lease liability at lease commencement. The balance of the right-of-use asset at December 31, 2022, totaled $66,323. The discount rate used for the operating leases is based on the risk-free rate at the time the lease was signed.

The components of lease expense for the year ending December 31, 2022 are as follows:

Operating lease expense –	
Operating lease cost	$ 76,293
Variable operating lease cost	916
Total lease expense	$ 77,209

Future minimum lease payments under noncancelable leases as of December 31, 2022 are as follows:

	Operating
2023	$ 79,021
2024	1,348
Total future minimum lease payments	80,369
Less imputed interest included	(5,230)
Present value of net minimum lease payments	$ 75,139
Weighted average lease term	0.86 years
Weighted average discount rate	2.73%

(6) LEASES: (Continued)

Cash paid for amounts included in the measurements of the Company's leases for the year ended December 31, 2022 is as follows:

Operating cash from operating leases	$ 83,640

(7) NET ASSETS:

Net assets with donor restrictions as of December 31, 2022 and 2021, are available for the following:

	2022	2021
Scholarships	$ 121,224	$ 68,912
PLI International	-	392,711
Young Leaders	170,365	162,077
Multicultural Learning Community	46,000	46,000
Time restricted	1,823,500	880,000
Multipli	-	148,342
Other	9,317	9,317
	$ 2,170,406	$ 1,707,359

(8) LIQUIDITY AND AVAILABILITY:

	December 31,	
	2022	2021
Financial assets -		
Cash and cash equivalents	$ 1,596,619	$ 1,291,420
Receivable	1,672,957	905,177
Investments	447,819	531,440
Total financial assets	3,717,395	2,728,037
Donor imposed restrictions	2,170,406	1,707,359
Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year	$ 1,546,989	$ 1,020,678

The Organization receives significant contributions, some of which are restricted by donors to fund specific programs or projects. Such restricted funds are tracked for use for the identified program or project. Restricted contributions of $2,048,68 and $379,149 were received and included in financial assets for the years ended December 31, 2022 and 2021, respectively.

(8) LIQUIDITY AND AVAILABILITY: (Continued)

PLI manages its liquidity and reserves following three guiding principles:

- operating within a prudent range of financial soundness and stability.
- maintaining adequate liquid assts to fund near-term operating needs.
- maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

(9) RETIREMENT PLAN:

Certain employees are covered by the defined benefit plan for eligible employees through the LCMS. The Organization's contributions to this plan totaled approximately $78,400 and $84,900 for the years ended December 31, 2022 and 2021, respectively.

PASTORAL LEADERSHIP INSTITUTE AND MULTIPLI
COMBINING SCHEDULE OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2022

	Pastoral Leadership Institute	Multipli	Eliminations	Total
A S S E T S				
CURRENT ASSETS:				
Cash and cash equivalents	$ 1,109,762	$ 486,857	$ -	$ 1,596,619
Accounts receivable	86,539	5,596	(36,893)	55,242
Pledges receivable, current	455,000	-	-	455,000
Investments	447,819	-	-	447,819
Prepaid expenses	88,673	-	-	88,673
Total current assets	2,187,793	492,453	(36,893)	2,643,353
PROPERTY AND EQUIPMENT:				
Furniture and equipment	40,338	-	-	40,338
Less: accumulated depreciation	(40,338)	-	-	(40,338)
Net property and equipment	-	-	-	-
OTHER ASSETS:				
Pledge receivable, net of current portion	1,162,715	-	-	1,162,715
Right of Use Asset- Operating	66,323	-	-	66,323
Deposits	7,019	-	-	7,019
Total other assets	1,236,057	-	-	1,236,057
Total assets	$ 3,423,850	$ 492,453	$ (36,893)	$ 3,879,410
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	$ 28,456	$ 37,787	$ (36,893)	$ 29,350
Deferred revenue	155,652	-	-	155,652
Lease liability- current maturities	73,797	-	-	73,797
Deferred rent	-	-	-	-
Total current liabilities	257,905	37,787	(36,893)	258,799
LONG-TERM LIABILITIES				
Lease liability net of current maturities	1,342	-	-	1,342
Total Liabilities	259,247	37,787	(36,893)	260,141
NET ASSETS:				
Without donor restrictions	994,197	454,666	-	1,448,863
With donor restrictions	2,170,406	-	-	2,170,406
Total net assets	3,164,603	454,666	-	3,619,269
	$ 3,423,850	$ 492,453	$ (36,893)	$ 3,879,410

PASTORAL LEADERSHIP INSTITUTE AND MULTIPLI
COMBINING SCHEDULE OF ACTIVITES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Pastoral Leadership	Multipli	Eliminations	Total
PUBLIC SUPPORT AND REVENUE:				
Contributions and grants	$ 2,854,451	$ 785,631	$ (264,987)	$ 3,375,095
Conference and training fees	532,360	28,761	-	561,121
Investment income (loss)	(82,585)	-	-	(82,585)
Total support and revenue	3,304,226	814,392	(264,987)	3,853,631
FUNCTIONAL EXPENSES:				
Program services	1,871,005	337,442	(264,987)	1,943,460
Management and general	515,263	21,033	-	536,296
Fundraising	254,289	1,251	-	255,540
Total functional expenses	2,640,557	359,726	(264,987)	2,735,296
CHANGE IN NET ASSETS	663,669	454,666	-	1,118,335
NET ASSETS, Beginning of year	2,500,934	-	-	2,500,934
NET ASSETS, End of year	$ 3,164,603	$ 454,666	$ (264,987)	$ 3,619,269

PASTORAL LEADERSHIP INSTITUTE AND MULTIPLI
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Pastoral Leadership Institute			Multipli			
	Program	Management and General	Fundraising	Program	Management and General	Fundraising	Total Expenses
Salaries and benefits	$ 727,616	$ 115,062	$ 161,031	$ 281,551	$ -	$ -	$ 1,285,260
Professional services	35,139	183,105	10,867	44,859	863	-	274,833
Training, conferences, and meetings	516,211	28,710	8,300	3,960	467	-	557,648
Grants	121,496	-	-	-	-	-	121,496
Occupancy	-	77,209	-	-	-	-	77,209
Information technology	3,729	13,010	-	948	9,192	-	26,879
Supplies	-	6,282	345	90	11	-	6,728
Travel	172,910	62,088	59,947	4,158	8,164	1,251	308,518
Advancement and marketing	-	696	-	600	-	-	1,296
Insurance	-	6,282	-	-	-	-	6,282
Licenses and fees	-	3,303	-	-	676	-	3,979
Bank and finance fees	421	5,108	7	-	-	-	5,536
Postage and shipping	212	1,617	278	315	88	-	2,510
Telecommunications	-	4,899	13,197	711	1,134	-	19,941
Equipment	-	4,028	-	-	-	-	4,028
Depreciation	-	-	-	-	-	-	-
Miscellaneous	28,284	3,864	317	250	438	-	33,153
Total functional expenses	$ 1,606,018	$ 515,263	$ 254,289	$ 337,442	$ 21,033	$ 1,251	$ 2,735,296