

**2019 OPERATING RESULTS SUMMARY  
FOR THE TWELVE MONTHS ENDING JANUARY 31, 2020**

The churchwide organization of the Evangelical Lutheran Church in America had total operating revenue and support of \$69.6 million for the twelve-month period ending January 31, 2020. This was \$3.2 million greater than expenses of \$66.3 million. Net operating results were also favorable to the annual breakeven budget by \$3.2 million. The excess of revenue over expenses were attributable to a combination of greater than expected investment returns, bequest and trust income, and underspending, offset by shortfalls in other sources of income. The Revenue Summary, which follows on page 4, and the Actual Expenses vs. Spending Authorization, which follow on page 5 provides this detail.

Had the market have not been favorable at the end of the year and capital projects completed as planned, the excess of revenues over expenses would have only been \$0.4M. Said differently, included in total revenues is \$2.5 million of unrealized gains on investments and depreciation expense savings of \$0.3M. These favorable variances do not generate cash available for spending by the organization.

Operating revenue (before the release of designated and restricted funds) totaled \$66.6 million for the twelve-month period compared with a budget of \$63.3 million and \$64.8 million in the prior year. We are grateful for the generosity of our members, congregations, and synods. Income from congregations through synods in the form of Mission Support for the twelve months was \$42.6 million, or 99.6 percent of budget and 99.0 percent of last year. This represents a significant improvement in the year over year trend as follows:

**Mission Support**

Years	Decline in \$	Decline in %
2015 over 2014	(\$1,267,000)	(2.6%)
2016 over 2015	(\$1,969,000)	(4.2%)
2017 over 2016	(\$754,000)	(1.7%)
2018 over 2017	(\$1,413,000)	(3.2%)
2019 over 2018	(\$416,000)	(1.0%)
Total over 5 years	(\$5,819,000)	(12.0%)

Total investment income (both realized and unrealized) exceeded the budget by \$3.1 million. Unrestricted income from bequests and trusts was favorable to budget by \$1.1 million and to the prior year by \$732,000. The increase was attributable to a single planned gift in excess of \$1.0 million. In accordance with an action taken by the Church Council in 2007, any excess of unrestricted bequest income over budget will be transferred to an endowment fund which is used as seed money for new and innovative ministries. This transfer from operating funds to the endowment fund (i.e., reduction in income) has not yet been reflected in these statements in order for our readers to have a clear picture of our actual financial results for the year.

Consistent with the prior year, the Mission Investment Fund provided grant support of \$1.5 million to the churchwide organization. While both unrestricted and temporarily restricted direct gifts and the global ministries income fell short of the budget for FY19, following the completion of the campaign, additional monies were raised and deposited in restricted funds to be used in future years.

Income from the release of designated and restricted funds is \$1.9 million below the FY 2019 budget as this support was not needed to fund the current year operations as originally planned. Management will request approval from the Church Council to designate this savings for budget shortfalls in future years.

Spending by the operating units and offices of the churchwide organization was tightly managed, generating a \$1.8 million favorable variance (or 2.7 percent savings) when compared to the spending authorizations. While our goal is to use every dollar we receive to carry out our mission in the world, as an organization we must closely monitor spending as 25 percent of our Mission Support and gift revenues (or over \$12 million) were received in the last two months of the year (December and January). Savings were relatively evenly shared as spending by unit ranged from 97 – 100 percent.

FY 2019 revenues for ELCA World Hunger for the twelve months were \$23.4 million, including \$2.5 million of bequest income which was deferred for spending until FY 2020. Actual revenues were slightly higher than budget, while actual expenditures were slightly below budget for a net increase in fund balance excluding bequests of \$0.2 million.

Contributed support to Lutheran Disaster Response was \$11.7 million for the year with over \$14.6 million being spent to assist with relief efforts and related work.

*Always Being Made New: The Campaign for the ELCA* ended on June 30, 2019. Gifts to campaign priorities over the 5 ½ year period totaled \$250 million, including \$194.7 million in cash and multi-year commitments, and \$55.3 million in planned gifts.

**EVANGELICAL LUTHERAN CHURCH IN AMERICA**  
**CURRENT OPERATING FUNDS**  
**SUMMARY OF REVENUE AND EXPENSES**  
**For the Period Ending January 31, 2020**

	2019 <u>ACTUAL</u>	2019 <u>BUDGET</u>	2018 <u>ACTUAL</u>	Year-to-Date Variance	
				<u>ACTUAL vs. BUDGET</u> Favorable/ (Unfavorable)	<u>CURRENT YEAR vs. PRIOR YEAR</u> Favorable/ (Unfavorable)
<b>UNRESTRICTED</b>					
Mission Support	42,589,108	42,750,000	43,005,111	(160,892)	(416,003)
Other	16,186,721	11,948,254	14,250,579	4,238,467	1,936,142
TOTAL UNRESTRICTED	<u>58,775,829</u>	<u>54,698,254</u>	<u>57,255,690</u>	<u>4,077,575</u>	<u>1,520,139</u>
<b>TEMPORARILY RESTRICTED</b>					
Direct Gifts (1)	5,062,570	6,150,000	4,816,903	(1,087,430)	245,667
Other	2,799,878	2,442,500	2,747,166	357,378	52,711
TOTAL TEMPORARILY RESTRICTED	<u>7,862,448</u>	<u>8,592,500</u>	<u>7,564,069</u>	<u>(730,052)</u>	<u>298,379</u>
<b>TOTAL REVENUE</b>	<b>66,638,277</b>	<b>63,290,754</b>	<b>64,819,759</b>	<b>3,347,523</b>	<b>1,818,518</b>
<b>TOTAL Designated and Restricted Funds Released</b>	<b>2,928,843</b>	<b>4,873,922</b>	<b>4,638,295</b>	<b>(1,945,079)</b>	<b>(1,709,452)</b>
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>69,567,120</b>	<b>68,164,676</b>	<b>69,458,054</b>	<b>1,402,444</b>	<b>109,066</b>
<b>LESS TOTAL EXPENSES</b>	<b>66,321,573</b>	<b>68,165,676</b>	<b>66,095,898</b>	<b>1,844,104</b>	<b>(225,674)</b>
<b>NET REVENUE OVER (UNDER) EXPENSES</b>	<b><u>3,245,548</u></b>	<b><u>(1,000)</u></b>	<b><u>3,362,156</u></b>	<b><u>3,246,548</u></b>	<b><u>(116,608)</u></b>

(1) The fundraising team raised additional support excluding ELCA World Hunger and Lutheran Disaster Response totaling \$2.6 million that was recorded in Restricted Funds.

**EVANGELICAL LUTHERAN CHURCH IN AMERICA**  
**CURRENT OPERATING FUNDS**  
**REVENUE SUMMARY**  
**For the Period Ending January 31, 2020**

2nd Close

	2019 <u>ACTUAL</u>	2019 <u>BUDGET</u>	2018 <u>ACTUAL</u>	Year-to-Date Variance	
				<u>ACTUAL vs. BUDGET</u> Favorable/ (Unfavorable)	<u>CURRENT YEAR vs. PRIOR YEAR</u> Favorable/ (Unfavorable)
<b>UNRESTRICTED</b>					
Mission Support	42,589,108	42,750,000	43,005,111	(160,892)	(416,003)
Direct Gifts	3,207,879	3,480,000	2,569,333	(272,121)	638,545
Investment Income	5,253,397	2,175,380	4,859,366	3,078,017	394,031
Bequests and Trusts	2,485,550	1,362,500	1,753,515	1,123,050	732,036
Endowment	1,453,933	1,382,000	1,459,320	71,933	(5,387)
Rent	1,813,535	1,744,855	1,664,570	68,680	148,965
Service Level Agreements/Other	1,972,427	1,803,519	1,944,475	168,908	27,952
<b>TOTAL UNRESTRICTED</b>	<b><u>58,775,829</u></b>	<b><u>54,698,254</u></b>	<b><u>57,255,690</u></b>	<b><u>4,077,575</u></b>	<b><u>1,520,139</u></b>
<b>TEMPORARILY RESTRICTED</b>					
Global Mission - Missionaries	1,882,232	2,200,000	2,157,796	(317,768)	(275,565)
Global Mission - YAGM's	992,218	1,300,000	1,010,497	(307,782)	(18,279)
Bequests and Trusts	1,051,326	701,500	1,007,808	349,826	43,518
Endowment	1,748,552	1,741,000	1,739,358	7,552	9,194
Direct Gifts	688,121	1,150,000	148,610	(461,879)	539,511
Mission Investment Fund	1,500,000	1,500,000	1,500,000	0	0
<b>TOTAL TEMPORARILY RESTRICTED</b>	<b><u>7,862,448</u></b>	<b><u>8,592,500</u></b>	<b><u>7,564,069</u></b>	<b><u>(730,052)</u></b>	<b><u>298,379</u></b>
<b>TOTAL REVENUE</b>	<b><u>66,638,277</u></b>	<b><u>63,290,754</u></b>	<b><u>64,819,759</u></b>	<b><u>3,347,523</u></b>	<b><u>1,818,518</u></b>
<b>TOTAL Designated and Restricted Funds Released</b>	<b><u>2,928,843</u></b>	<b><u>4,873,922</u></b>	<b><u>4,638,295</u></b>	<b><u>(1,945,079)</u></b>	<b><u>(1,709,452)</u></b>
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b><u>69,567,120</u></b>	<b><u>68,164,676</u></b>	<b><u>69,458,054</u></b>	<b><u>1,402,444</u></b>	<b><u>109,066</u></b>

**PRELIMINARY AND UNAUDITED**

2nd Close

**EVANGELICAL LUTHERAN CHURCH IN AMERICA**  
**CURRENT OPERATING FUNDS**  
**ACTUAL EXPENSES VS. SPENDING AUTHORIZATION**  
**For the Period Ending January 31, 2020**

	<u>Actual Expenses</u>	<u>Spending Authorization</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Percent of Actual to Budget</u>
<b>UNITS</b>				
Domestic Mission	23,716,582	24,331,089	614,507	97.47%
Global Mission	13,537,954	13,989,357	451,403	96.77%
Mission Advancement	5,143,527	5,144,089	562	99.99%
<b>OFFICES</b>				
Presiding Bishop	6,064,855	6,243,559	178,704	97.14%
Treasurer	8,975,780	9,242,596	266,816	97.11%
Secretary	3,998,454	4,063,786	65,332	98.39%
<b>OTHER</b>				
General Treasury	209,326	151,200	(58,126)	138.44%
Retiree Minimum Health Obligation	2,000,000	2,000,000	0	100.00%
Depreciation	2,675,094	3,000,000	324,906	89.17%
<b>TOTAL OPERATING EXPENSES</b>	<u>66,321,573</u>	<u>68,165,676</u>	<u>1,844,104</u>	<u>97.29%</u>

PRELIMINARY AND UNAUDITED

2nd Close

**EVANGELICAL LUTHERAN CHURCH IN AMERICA  
ELCA WORLD HUNGER  
SUMMARY OF REVENUE AND EXPENSE  
For the Period Ending January 31, 2020**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL VS. BUDGET</u>	<u>CURRENT VS. PRIOR YEAR</u>
<b>BEGINNING BALANCE</b>	<b>3,406,883</b>			
<b>Income</b>				
Direct Giving	19,330,035	19,500,000	(169,965)	(201,138)
Endowments and Donor Requested Payments	722,361	500,000	222,361	57,062
Bequests & Trusts/Misc *	2,548,406	0	2,548,406	(829,614)
Campaign - Where Needed Most	750,000	750,000	0	750,000
<b>Total Income</b>	<b>23,350,801</b>	<b>20,750,000</b>	<b>2,600,801</b>	<b>(223,691)</b>
<b>Expense</b>				
Fundraising Allocation Expenses	2,929,435	2,837,024	(92,411)	(2,929,435)
Domestic Mission	3,542,949	3,543,404	455	518,750
Global Mission	13,801,142	13,904,955	103,813	2,717,855
Mission Advancement	1,055,454	1,214,617	159,163	1,719,548
<b>Total Expense</b>	<b>21,328,980</b>	<b>21,500,000</b>	<b>171,020</b>	<b>2,026,718</b>
<b>NET</b>	<b>2,021,821</b>	<b>(750,000)</b>	<b>2,771,821</b>	<b>1,803,027</b>
<b>ENDING BALANCE</b>	<b>5,428,704</b>			

\* Bequest and trusts income will be recognized as received; however, spending of Bequest and trusts income will be deferred until the following fiscal year, beginning with FY19. Accordingly, there is no budgeted Bequest and trusts income for FY19. The actual income will be allocated in the FY20 budgeting process.

Note: The remaining FY19 fund balance is \$2,880,298 and the fund balance for the following year is \$2,548,406.

**PRELIMINARY AND UNAUDITED**