

## **Report of the ELCA Treasurer March 2023**

### **FY23 Operating Results**

The churchwide organization (CWO) of the ELCA ended fiscal year 2022 (1/31/2023) with positive operating results in the unrestricted fund. Despite an inflationary environment coupled with lower congregational attendance and unrestricted giving following the pandemic, reductions in spending resulted in net revenues over expenses of \$2.1 million vis a vis a breakeven budget.

Mission support, which represented approximately 63% of our unrestricted giving in FY22, comes from offerings shared with congregations who keep about 95% for their ministries and share the remainder with synods. Synods keep about 55% of this to support their work and pass along the remainder to CWO. Mission Support for FY22 was 3.2% below budget and 4.6% below the prior year.

This is not to suggest our constituency is not supportive of the work of the church; rather there seems to be a shift toward greater giving for restricted funds (i.e., ELCA World Hunger and Lutheran Disaster Response) rather than support for infrastructure. This is an important consideration as we set our vision and plan for the future.

Direct gifts in support of Where Needed Most were also favorable to plan by 7.5% in part due to special synod gifts of \$1.3 million.

Consistent with global market returns, investment income was below plan and prior year. Support for missionaries and young adults in global mission were also below plan, largely due to fewer participants in the programs which also contributed to some of the expense savings.

Overall spending was at 89% of the spending authorization which generated savings of \$7.2 million.

The combination of ELCA World Hunger and Lutheran Disaster revenues resulted in the largest year ever, totaling over \$46.9 million. LDR revenues were over \$24 million, led primarily by over \$12.4 million of support for the crisis in Eastern Europe. The generous support for ELCA World Hunger allowed the organization to provide sustainable development grants in 54 countries and 22 states.

We continue to focus on building the infrastructure to support and innovative culture. The ramp up was slower than planned in FY 22 which also contributed to expenditure savings. The goal of our innovation work is for it to permeate the organization. In addition, to the Innovation home area staff, we have released nearly \$600K from an endowment this year and are beginning work to support innovation projects aimed to focus on young adults and diverse communities. We are working to build websites to engage new people and have begun partnerships with the Barna Group and the Fuller Youth Institute. Our funding for this work comes from the unrestricted budget as well as donors and grants from the Lilly Foundation.

### **Adaptive Insights**

CWO implemented Adaptive Insights, the budgeting tool within Workday for the FY23 budget. While this was a labor intensive initiative for the entire organization, feedback from cost center managers is that they feel have a much better understanding of their budgets having gone through this process.

**SUMMARY OF REVENUE AND EXPENSES**  
**For the Period Ending January 31, 2023**

	2022 ACTUAL	2022 BUDGET	2021 ACTUAL	Year-to-Date Variance	
				ACTUAL vs. BUDGET Favorable/ (Unfavorable)	CURRENT YEAR vs. PRIOR YEAR Favorable/ (Unfavorable)
<b>UNRESTRICTED</b>					
Mission Support	38,727,560	40,000,000	40,613,722	(1,272,440)	(1,886,162)
Other	23,207,732	23,015,906	25,991,148	191,826	(2,783,416)
<b>TOTAL UNRESTRICTED</b>	<b>61,935,292</b>	<b>63,015,906</b>	<b>66,604,870</b>	<b>(1,080,614)</b>	<b>(4,669,578)</b>
TOTAL Designated and Restricted Funds Released	806,427	2,800,244	798,871	(1,993,817)	7,556
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>62,741,719</b>	<b>65,816,150</b>	<b>67,403,741</b>	<b>(3,074,431)</b>	<b>(4,662,022)</b>
<b>LESS TOTAL EXPENSES</b>	<b>59,203,111</b>	<b>66,466,419</b>	<b>59,361,217</b>	<b>7,263,308</b>	<b>158,106</b>
<b>NET REVENUE OVER (UNDER) EXPENSES</b>	<b>3,538,608</b>	<b>(650,269)</b>	<b>8,042,524</b>	<b>4,188,877</b>	<b>(4,503,916)</b>

**REVENUE SUMMARY**  
**For the Period Ending January 31, 2023**

	2022		2021	Year-to-Date Variance	
	ACTUAL	BUDGET	ACTUAL	ACTUAL vs. BUDGET Favorable/ (Unfavorable)	CURRENT YEAR vs. PRIOR YEAR Favorable/ (Unfavorable)
<b>UNRESTRICTED</b>					
Mission Support	38,727,560	40,000,000	40,613,722	(1,272,440)	(1,886,162)
Direct Gifts	6,720,329	6,253,000	6,142,628	467,329	577,701
Investment Income	1,368,653	2,228,990	3,411,710	(860,337)	(2,043,057)
Bequests and Trusts	3,869,713	2,400,000	5,135,498	1,469,713	(1,265,785)
Endowment	3,441,574	3,714,152	3,282,544	(272,578)	159,030
Rent	1,786,642	1,794,764	1,820,705	(8,122)	(34,063)
Service Level Agreements/Other	2,052,053	1,700,000	2,795,336	352,053	(743,283)
Missionaries	1,815,578	2,290,000	1,713,426	(474,422)	102,152
YAGM	653,191	1,135,000	189,301	(481,809)	463,890
Mission Investment Fund	1,500,000	1,500,000	1,500,000	-	-
<b>TOTAL REVENUE</b>	<b>61,935,292</b>	<b>63,015,906</b>	<b>66,604,870</b>	<b>(1,080,614)</b>	<b>(4,669,578)</b>
<b>TOTAL Designated and Restricted Funds Released</b>	806,427	2,800,244	798,871	(1,993,817)	7,556
<b>Net Operating Revenue and Support</b>	<b>62,741,719</b>	<b>65,816,150</b>	<b>67,403,741</b>	<b>(3,074,431)</b>	<b>(4,662,022)</b>
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PRELIMINARY AND UNAUDITED

**ACTUAL EXPENSES VS. SPENDING AUTHORIZATION**  
**For the Period Ending January 31, 2023**

	<u>Actual Expenses</u>	<u>Spending Authorization</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Percent of Budget</u>
<b>Home Areas</b>				
Christian Community & Leadership	19,892,977	22,602,044	2,709,067	88.01%
Service and Justice	10,829,925	12,544,376	1,714,451	86.33%
Innovation	539,976	1,971,917	1,431,941	27.38%
Operations	25,079,070	26,403,082	1,324,012	94.99%
Presiding Bishop	10,801,050	11,868,849	1,067,799	91.00%
Treasurer	9,207,400	9,315,306	107,906	98.84%
Secretary	5,070,621	5,218,928	148,307	97.16%
<b>OTHER</b>				
General Treasury	609,604	690,000	80,396	88.35%
Depreciation	2,251,559	2,255,000	3,441	99.85%
<b>TOTAL OPERATING EXPENSES</b>	<u>59,203,111</u>	<u>66,466,419</u>	<u>7,263,308</u>	<u>89.07%</u>
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**EVANGELICAL LUTHERAN CHURCH IN AMERICA ELCA WORLD HUNGER  
SUMMARY OF REVENUE AND EXPENSE  
For the Period Ending January 31, 2023**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL VS. BUDGET</u>	<u>FY22 TOTAL BUDGET</u>
<b>BEGINNING BALANCE</b>	13,693,783			
<b>Income</b>				
Direct Giving	19,090,048	20,000,000	(909,952)	20,000,000
Endowments and Donor Requested Payments	956,436	750,000	206,436	750,000
Bequests & Trusts/Misc *	2,847,311	1,500,000	1,347,311	1,500,000
Release of Bequest Income	-	415,000	(415,000)	415,000
<b>Total Income</b>	<u>22,893,795</u>	<u>22,665,000</u>	<u>228,795</u>	<u>22,665,000</u>
<b>Expense</b>				
Service and Justice:				
Domestic Program	5,612,127	6,246,593	(634,466)	6,246,593
International Program	14,110,282	15,844,143	(1,733,861)	15,844,143
Witnessing in Society	1,633,415	1,600,000	33,415	1,600,000
Fundraising Allocation Expense	2,085,382	2,295,965	(210,583)	2,295,965
<b>Total Expense</b>	<u>23,441,206</u>	<u>25,986,700</u>	<u>(2,545,495)</u>	<u>25,986,700</u>
<b>NET</b>	<u>(547,411)</u>	<u>(3,321,700)</u>	<u>2,774,290</u>	<u>(3,321,700)</u>
<b>ENDING BALANCE</b>	<u>13,146,372</u>			

\* 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.

13,146,371.99

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**PRELIMINARY AND UNAUDITED**