



Report of the Treasurer

Part One: Work of the office

Responsibilities

The treasurer of the Evangelical Lutheran Church in America (ELCA) proposes policies and within such policies provides for the implementation of the financial, accounting, audit, granting, banking, investment, property, and information technology systems of the churchwide organization. The governing description of the Office of the Treasurer appears in the *Constitution, Bylaws, and Continuing Resolutions of the Evangelical Lutheran Church in America*, continuing resolutions **15.14.A20**, and **15.14.B21**.

Budget development and financial analysis

In the area of budgeting, the Office of the Treasurer estimates revenue, recommends spending authorization levels, and advises the Office of the Presiding Bishop regarding financial sustainability. Working closely with the Office of the Presiding Bishop, including the Development team, this office engages in collaborative efforts to monitor and align spending with anticipated income. The Budgeting team also oversees the capital expenditures and related budget of the churchwide office. See Section V for more details on the FY23–25 budget.

Accounting services

The Financial Accounting and Reporting team is responsible for processing financial transactions, performing month-end closings, and reporting results of the churchwide organization, including the annual audit performed by external auditors. Financial statements are prepared both monthly and annually. Collaboration with internal programmatic home areas and offices is an important aspect of this team's work as they manage projects, taking into account the resources available and the spending authorized by the Churchwide Assembly and/or the Church Council. Oversight of the financial statements also includes maintenance of a general ledger, accounting for both receipts and spending for unrestricted, restricted, and designated funds. The accounts receivable and accounts payable functions are also performed by the Financial Accounting team. This group provides various accounting services for the ELCA Foundation, Lutheran Men in Mission, and Women of the ELCA as well as services for special events including the Youth Gathering and the Churchwide Assembly.

Banking and investments

The Office of the Treasurer is responsible for safeguarding organizational assets and for recommending policies to the ELCA Church Council for managing cash balances and monitoring the activities of investment managers. Investment strategies are designed to meet the objectives and needs of the operating funds. Operational banking and investment relationships continued with BMO Harris Bank until December 2021 when BMO Harris sold their asset management business to Columbia Threadneedle Investments, the global asset management business of Ameriprise Financial, Inc. After interviews and review of capabilities, the churchwide organization and the Mission Investment Fund both elected to transition to Columbia Threadneedle Investments. The team for Columbia Threadneedle met with the Budget and Finance Committee of the Church Council for the first time in April 2022.

BMO Harris Bank continues to provide treasury management services for churchwide programs. Endowment assets and other deferred gift investments are managed by the ELCA Foundation.

Grants management

The grants management team transitioned to the Office of the Treasurer as part of the Future Church reorganization effective Feb. 1, 2021. Due to the financial significance of grants distributed annually by the churchwide organization, the goal was to create enhanced integration between the grants management system (Grantmaker) and the financial system. The Grants Management team supports, consults, and collaborates with program staff in the development of efficient and effective processes for all grant/scholarship distributions of the ELCA churchwide office. In fiscal year 2021, there was a total of 55 different active grant processes, distributing \$42.7 million. The Grants Management team has created several resources for grantees, employees, and reviewers to assist with achieving the goal of more fluid and standardized processes, along with developing a variety of avenues for both external and internal reporting on all churchwide organization grants.

Audit

The Office of the Treasurer is responsible for designing the system of internal controls to safeguard the organization's resources, including the coordination of internal audit services. In 2020, in conjunction with the Audit Committee of the Church Council, the Office of the Treasurer received proposals for outsourced internal audit services from three independent accounting firms and selected Forvis (formerly known as BKD) for a three-year contract to provide internal audit services.

Forvis' work provides a third-party assessment of the churchwide organization's risk matrix, financial controls, and best practices. The internal audit function reports directly to the ELCA Audit Committee. Forvis also performs internal audit services for the ELCA Foundation and the Mission Investment Fund of the ELCA.

Crowe LLP provides external audit services for the churchwide organization and meets with the ELCA Audit Committee twice a year. During the triennium, audit processes have resulted in unmodified opinions and no proposed adjustments or material weaknesses in internal controls. During the triennium, in addition to the audit of the churchwide organization financial statements, Crowe LLP also performed audit procedures and issued a report with respect to the Expenditure of Federal Awards. This was applicable because the ELCA (through Lutheran Disaster Response) was the recipient of federal grant money related to 2018 hurricane relief work from the Federal Emergency Management Agency (FEMA). The audit reports for the churchwide organization are attached as an addendum to this report.

Information Technology

ELCA Information Technology (IT) creates impact and value through modern product solutions for organizational efficiency, automation, and continuous improvement. The churchwide organization IT team provides contemporary business software, hardware, and technology systems that enhance the effectiveness of how the ELCA carries out ministry through the churchwide organization and other expressions of this church. Our mission is to deliver and support purposeful technology solutions in a secure, user-friendly, consistent, impactful, and cost-effective manner and to assist people in accomplishing the shared purpose and vision of the ELCA.

Highlights during the triennium 2020–2022

2019–2021 was certainly filled with unprecedented times and changes. Yet through all these challenges, people were reminded that God provides for all our needs. We witnessed the faithfulness and resilience of the members of this church, congregations, and synods, and give thanks for each of you. In the Office of the Treasurer, staff increased their focus on the tools that support the ability to provide leadership with timely and accurate information to make sound financial decisions. Office of the Treasurer staff also provided IT solutions to simplify and enhance coordinated efforts in ministry across the ecology. Accomplishments include:

- **Financial system replacement:** The Finance team, in collaboration with IT and the ELCA Foundation, conducted a yearlong analysis on the changing people, process, and technology needed to provide a more modern, scalable, and reliable financial system that would streamline financial operations, allow expense reporting through mobile devices, and automate workflow by integrating with other enterprise systems. As a result of this analysis, the Office of the Treasurer migrated from a 24-year-old financial accounting system to Workday, effective July 2020. This new system facilitated the centralization of financial operations management and continues to drive the core church financial processes and reporting for both organizations.
- **Enhanced budgeting, forecasting, and planning:** There is a need to streamline, simplify the budgeting process, and add the ability to do financial forecasting across revenue, capital, workforce, balance sheet, and cash flow planning. Workday's budgeting module will help develop models that will be planned monthly and/or yearly with granularity. The project will validate and deploy the technology and improved processes needed to optimize budgeting and forecasting as well as handling "what if" situations and scenarios. Staff are currently in the design process phase for the budgeting module of Workday and expect to begin using the tool as part of the detailed 2023 budget work across the organization.
- **Resource Development Committee:** At its November 2019 meeting, the Church Council voted to form a new subcommittee of the Budget and Finance Committee—the Resource Development Committee—to continue developing strategies related to growing funding for unrestricted revenue streams, including Mission Support, as well as future churchwide appeals. The Office of the Treasurer, along with the Development team in the Office of the Presiding Bishop, provides resource support to the committee. This committee meets quarterly.
- **Paycheck Protection Program loan:** As a result of the economic uncertainty stemming from the impact of the COVID-19 pandemic, the churchwide organization applied for and received a Paycheck Protection Program (PPP) loan from the United States Small Business Administration. The funds were shared with the separately incorporated ministries and organizations that fall under the personnel policies of the churchwide organization,

including the ELCA Foundation, Mission Investment Fund of the ELCA, Women of the ELCA, and Lutheran Men in Mission. The loan proceeds were expended for the purposes outlined by the government and forgiveness of the loan was granted in 2021.

- **Cost savings:** Working with Portico Benefit Services, the churchwide organization shifted its standard health insurance benefits from the Gold+ plan to the higher-deductible Silver+ plan and developed a cost sharing program in which employees contribute to the cost of health insurance for spouses and dependents. Staff may also choose to “buy up” to the Gold+ plan. Financial incentives are provided for those employees who can transition coverage to a spouse’s plan. Even factoring in the cost of contributing to the Health Savings Accounts (HSA) of employees on the Silver+ plan, the churchwide organization has realized savings in health insurance costs.
- **Open Doors:** The Grants and Accounts Payable teams worked with the Innovation home area to quickly set up and process Open Doors grants for 135 congregations that submitted ideas for engaging new people as congregations transitioned into a time of re-gathering in physical spaces.
- **Future Church remapping:** In 2020, the strategic work around the Future Church reorganization was completed. One of the outcomes was that responsibility for certain work and the related personnel and spending was transitioned to different areas of the organization. Together, finance and IT led the organization in remapping the accounts, funds, and activities in Workday into the new structure.
- **Sustainable fundraising model:** In collaboration with the Development team, a model was put in place to allocate a percentage of gifts given to the churchwide organization to create a fund to ensure that funds are available to support fundraising initiatives in the future.
- **Post-retirement medical benefits:** The trust that covers payment of future medical benefits for members with service in predecessor church bodies was fully funded during the triennium.
- **Modern collaboration tools:** Key to the work of the church is being able to communicate and collaborate with the ELCA ecology. Cloud technology enabled the churchwide organization, bishops, synods, rostered ministers, council members, missionaries, and those external to the organization to meet, govern, document share, and continue ministry remotely at the start of the pandemic. During the pandemic, technology components were migrated to a new system to allow for worldwide collaboration and further support the “work from anywhere” model.
- **Digital technology upgrades:** The pandemic and remote work of the church demanded a shift in the way the churchwide organization provides ministry to its constituents. Digital technologies are essential to the churchwide organization being able to provide electronic and digital services for donations, grants, and resources to serve the needs of the church. During this triennium, multiple investments and upgrades were made to the digital ecosystem provided to congregations and constituents. These include implementing a single online identity and login to ELCA systems that enhances security and simplicity of use, upgrading the ELCA resource store for a better user experience, launching several new digital properties in conjunction with Strategic Communications and ministry partners, and enabling file digitization for numerous business processes to streamline work, reduce paper waste, and better enable work from anywhere. Finally, digital signature technology was integrated, enabling improved efficiency for timely approvals and reducing the need to exchange paper-based documentation.
- **Churchwide Assembly Event Guide mobile application:** A new vendor was selected to provide all the mobile features needed to support physical and virtual events across this church. This new technology is powering the ELCA Guide for the 2022 Churchwide Assembly. It was selected as the event-management solution for the Youth Gathering and will facilitate future synod and churchwide events as well.
- **COVID-19 response enablement:** At the onset of COVID-19, IT helped the churchwide organization transition to remote work over a single weekend. This rapid transition was facilitated by previous investments and strategies enabled by the team. As strategic needs shifted due to the pandemic, new technologies were introduced to assist the organization in continuing to worship, support members, and respond to the pandemic. The IT team established dedicated toll-free call menus and routing, created a responsive chat bot to automate question assistance, enabled digital signatures for COVID-19-related grant approvals, launched a digital site to deliver current information to churchwide staff, and provided for the Here to Serve initiative.

Plans for 2023–2025

Throughout the next triennium, IT will have opportunities across the expressions of this church to analyze, assess, and deliver improved technical solutions for mission growth. Some of these opportunities include:

- **Affordable advanced ministry technology:** Plans will continue to be focused on building partnered relationships to assist congregations and synods in using technology solutions to advance their ministries and reach new, young, and diverse people. Focus areas will include church management systems (e.g., membership, administration), finances, websites, and communication tools that are best-in-class at affordable prices for bishops, rostered ministers, congregations, and synods.
- **Digital advancements:** In partnership with Marketing and Strategic Communications and other parts of the churchwide organization, IT will deliver world-class, easy-to-use online and digital solutions for existing members that will aid in reaching new, young, and diverse individuals. These solutions will be intended to align with ways younger generations choose to worship and engage with functions of the church in an online, virtual setting. IT also plans to deliver new, modern email management and an online fundraising toolkit.
- **Business process workflow automation and information management:** Projects will be prioritized toward fostering improved information management by providing integration, determination of what needs to be managed, security, and accessibility to the vast amounts of information that the organization creates, retains, and deletes. Priority will be given to processes creating the most efficiency for interaction and management across this church and within the churchwide organization.
- **Enterprise risk management and security:** As part of the churchwide organization's increasing prioritization of enterprise risk management, this office will implement additional prevention and mitigation strategies for risks identified as related to the operations of the Office of the Treasurer.
- **Analytics and automation:** Building upon capabilities of software systems implemented during 2019–2022, priority will be given to optimizing the user experience, automating processes, integrating technologies, leveraging single points of entry for constituent information, and enhancing data analytics to assist with engagement strategies for new, young, and diverse people.
- **Enhanced budgeting, forecasting, and planning:** There is a need to streamline and simplify budgeting processes and add an ability to do financial forecasting across revenue, capital, workforce, balance sheet, and cash flow planning. Workday's budgeting module will help develop models that will be planned monthly and/or yearly with granularity. The project will validate and deploy technology, and improved processes are needed to optimize budgeting, forecasting, and handling of "what if" scenarios. Staff are currently in the design process phase for the budgeting module of Workday and expect to begin using the tool as part of the detailed 2023 budget work across the churchwide organization.

Part Two: 2019, 2020, and 2021 financial report

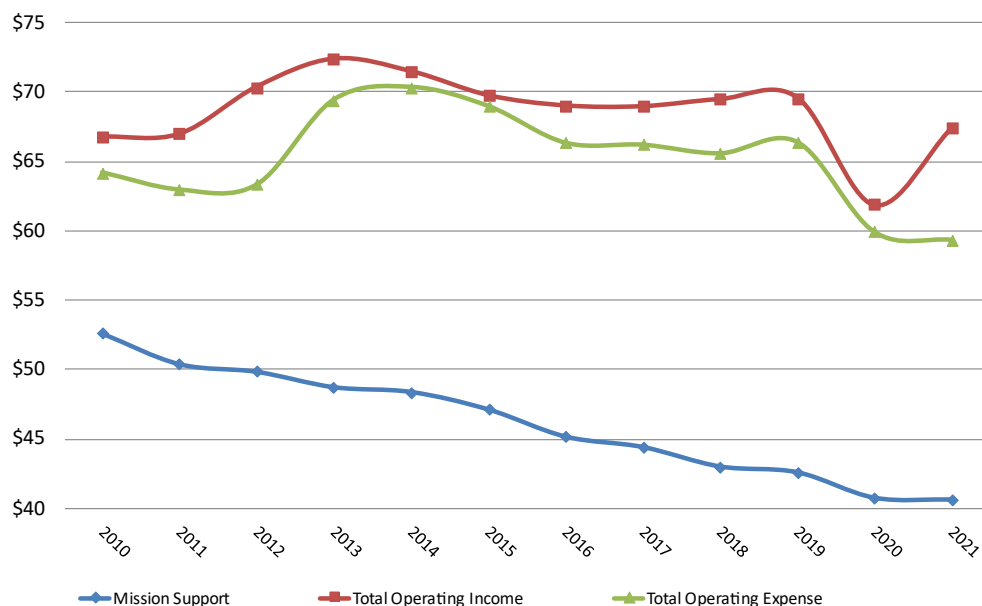
The audited financial statements of the ELCA churchwide organization for the fiscal years ended Jan. 31, 2020, Jan. 31, 2021, and Jan. 31, 2022, are attached as Appendices A–C of this report. These statements include the activities of all units and offices of the churchwide organization for each of the three years. Financial statements are prepared by management, audited by Crowe LLP, and reviewed by the Audit Committee of the ELCA.

Current Fund operating results for 2019, 2020, and 2021

Net operating results of the churchwide organization were positive (revenues exceeded expenses) in each of the three years of the triennium. Net revenue was \$3.2 million, \$1.9 million, and \$6.0 million favorable for 2019, 2020, and 2021, respectively, prior to the transfer of excess bequest income to an endowment fund as per the endowment guidelines. In addition, the remaining excess in 2019 and 2020 was designated by the Church Council to offset budget deficits in future years. The 2021 excess was designated by the Church Council to establish a fund to be used to assess the feasibility of a fundraising campaign at a future date as well as to support losses incurred by the Youth Gathering related to the cancellation of the 2022 event and to provide startup funds for future events. The favorability of results in all three years was driven primarily by reduced expenditures with the spending, as a percent of authorized spending, ranging from 89% to 97%. Generally speaking, these expenditure reductions related to “operating expenses” rather than grants and support for ministries.

Mission Support, which represents the share of income passed from congregations to synods to the churchwide organization, decreased from \$42.6 million in 2019 to \$40.7 million in 2020 to \$40.6 million in 2021. This church was richly blessed by the continued generosity of members, congregations, and synods during this pandemic. Over the triennium, revenues related to fundraising efforts have increased, and the organization has also benefitted from strong investment returns.

Current Fund Income vs. Expense 2010 – 2021 (In Millions)



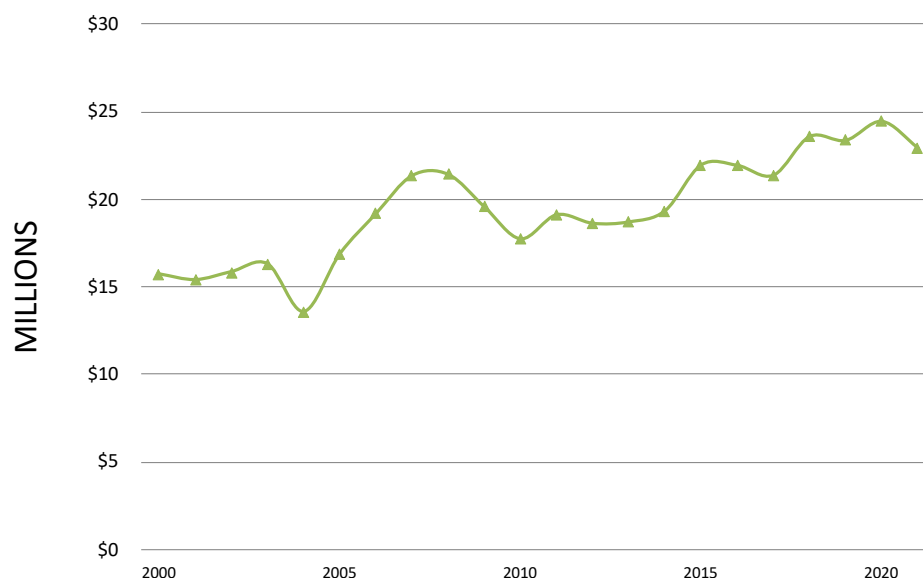
ELCA World Hunger

As reflected in the graph below, total revenue for ELCA World Hunger during the triennium exceeded \$70 million (over the three years 2019–2021), of which gifts from individuals, congregations, and synods accounted for \$59.2 million. This church celebrates three giving milestones in the history of ELCA World Hunger which occurred during 2019–2021.

- 1) A \$2 million bequest received in 2020 representing the single largest bequest received.
- 2) A record year of \$20.762 million in direct gifts received in 2021.
- 3) Total revenues of \$24.2 million in 2020.

This generosity allows the ELCA to support hunger initiatives including food security, health and housing, hunger education, agriculture and income generation, migration, and human rights in 66 countries. Over the same three-year period, approximately \$34.5 million was received and \$35.1 million distributed to provide relief in response to disasters in 47 countries and 17 states and territories.

World Hunger Revenue 2000 – 2021



COVID-19 Appeal

In April 2020, a fundraising appeal was launched to offer direct operational ministry support to congregations, synods, and local ministries. Over \$1.8 million was received with \$1.6 million distributed through 190 block grants to 63 synods, serving the needs of over 400,000 people and funding more than 830 ministries across the United States. In addition, over \$3.1 million was distributed to international partners through Lutheran Disaster Response during 2020 and 2021.

Summary

Despite challenges presented by the pandemic, the financial position of the organization remains strong. James 1:17 says, “Every good and perfect gift is from above, coming down from the Father of the heavenly lights, who does not change like shifting shadows.” We are grateful for your financial support which funds the work of the churchwide organization; staff take very seriously our responsibility to faithfully steward these resources. We appreciate your prayers and continued support as we work toward our purpose “to activate each of us so more people know the way of Jesus and discover community, justice, and love.”

Ms. Lori S. Fedyk, *treasurer of the ELCA*, together with

Mr. Jonathan Beyer, *executive for information technology & digital solutions*

Ms. Cecilia Favella, *finance director*

Mr. Santiago Padilla, *director, planning, budgeting & system optimization*

Ms. Annette Roman, *executive for financial controls and policy, finance director*