

**REPORT OF THE TREASURER
FOR THE TWELVE MONTHS ENDING JANUARY 31, 2022**

Unrestricted Operating Results

“Rejoice always, pray continually, give thanks in all circumstances; for this is God's will for you in Christ Jesus.” 1 Thessalonians 5:16-18. I think many of us expected that 2021 would be different than 2020...we would have the pandemic behind us, and life would be back to normal. Now we say the pandemic will be with us for a long time and we are learning how to adapt as other challenges come our way. Either way, we know that we do not walk alone in this journey and for this, we give thanks.

The net operating results of the churchwide organization of the Evangelical Lutheran Church in America were favorable to the budget for the year ended January 31, 2022, by just over \$8.0 million. We give thanks for the continued generosity and faithfulness in giving by our members, congregations, and synods despite altered worship patterns, the rise in cases from variants, and the beginning of inflationary pressures. Reduced spending also favorably impacted operating performance as spending was not in accordance with plans due to continuation of the pandemic.

Total unrestricted revenues from operations were \$66.6 million compared to a plan of \$61.8 million or \$4.8 million better than the budget – driven by bequest and trust income and investment income. During 2021, we received a single unrestricted bequest of \$1.7 million. We give thanks to God, to the individual who cared so deeply for our church, and to the fundraisers who at some point in time nurtured this gift. Consistent with an action of the Church Council in 2006, the excess of unrestricted bequest income (\$3.0 million) will be transferred to the Mission Development Fund (an endowment representing seed money for new and innovative ministries and in support of churchwide priorities).

Mission Support exceeded the budget by \$364,000 or 0.9 percent - this is positive news which also reflects congregations' ability to shift toward more online giving. Mission Support shared with the churchwide organization was 99.7 percent of the FY20 amount. Other forms of giving to support our unrestricted budget, including missionaries and the young adults in global mission program, which totaled \$8.0 million, fell short of budget by about 12.9 percent but was 31.7 percent higher than FY20. In addition, overall fundraising efforts including restricted funds, totaling \$86.6 million, were very successful exceeding plans by over \$7.3 million.

Spending was just over 90 percent of the spending authorization, reflecting savings of \$6.5 million. Consistent with FY20, it is important to note that the expenditure savings were administrative in nature (travel, open staffing positions, office expenses) and not due to a reduction in grants or support of our ministries. Most of the shortfall in the innovation home area is due to staffing and delays due to transitions which occurred during 2021. Unfortunately, we also had to cancel some gatherings and events. We continue to have learnings from operating in a hybrid work environment and innovation initiatives which will shape our work together and budgets in the future.

As a result of the favorable revenue streams and the savings from reduced spending, we did not need to utilize over \$3.1 million of budgeted support which had been allocated from a designated fund set up in prior years to cover budget deficits.

ELCA World Hunger

FY21 was a record year for ELCA World Hunger direct giving at \$20,762,496!! Thank you to all who made this possible!!! Giving from individuals, congregations, and synods exceeded FY20 by \$1.6 million and FY19 by \$1.4 million. Total World Hunger revenues, including bequests and endowment distributions, for the year exceeded \$22.9 million.

We increased our financial support for hunger issues by \$1.6 million over FY20; however, still fell short of our planned expenditures primarily due to reduced administrative costs and delays in some grant distribution due to the pandemic. These funds have begun to distribute in FY22. Because over half of ELCA World Hunger annual funding typically is received in the last 3 months of the fiscal year, we carry forward a fund balance to allow for consistent spending during the beginning of the next fiscal year. The generosity of our constituency in supporting ELCA World Hunger has afforded us the opportunity to increase our planned grant distributions in FY22 by \$1.7 million over what we plan to raise.

Lutheran Disaster Response

Support received for Lutheran Disaster Response in FY21 was \$14.4 million, as compared to \$7.4 million in FY20. Significant named events and the related support received during FY21 included Haiti Earthquake \$1.3 million; Domestic hurricanes: \$1.2 million; Domestic tornadoes: \$2.9 million, Unrestricted support: \$5.1 million. During FY21, \$8.9 million was expended to support disaster efforts both domestically and internationally.

Paycheck Protection Program Loan

As was reported in November 2021, in July we received notification that the loan had been fully forgiven by the Small Business Administration as well as notification from our lender that funds from the SBA were received to extinguish the loan. A gain from the forgiveness of debt will be reflected in our audited financial statements (but is not reflected in the internal operating statements).

The churchwide organization remains grateful for the gifts we receive to support our work for the church and for the world in which we live.

SUMMARY OF REVENUE AND EXPENSES
For the Period Ending January 31, 2022

	2021 ACTUAL	2021 BUDGET	2020 ACTUAL	Year-to-Date Variance	
				ACTUAL vs. BUDGET Favorable/ (Unfavorable)	CURRENT YEAR vs. PRIOR YEAR Favorable/ (Unfavorable)
UNRESTRICTED					
Mission Support	40,613,722	40,250,000	40,739,221	363,722	(125,499)
Other	25,991,149	21,576,923	19,453,086	4,414,226	6,538,062
TOTAL UNRESTRICTED	66,604,871	61,826,923	60,192,307	4,777,948	6,412,563
TOTAL Designated and Restricted Funds Released	798,871	4,020,077	1,687,534	(3,221,206)	(888,663)
TOTAL OPERATING REVENUE AND SUPPORT	67,403,742	65,847,000	61,879,841	1,556,742	5,523,900
LESS TOTAL EXPENSES	59,361,217	65,847,000	59,927,085	(6,485,783)	(565,868)
NET REVENUE OVER (UNDER) EXPENSES	8,042,524	-	1,952,756	8,042,524	6,089,768

REVENUE SUMMARY
For the Period Ending January 31, 2022

	2021		2020	Year-to-Date Variance	
	ACTUAL	BUDGET	ACTUAL	ACTUAL vs. BUDGET Favorable/ (Unfavorable)	CURRENT YEAR vs. PRIOR YEAR Favorable/ (Unfavorable)
UNRESTRICTED					
Mission Support	40,613,722	40,250,000	40,739,221	363,722	(125,499)
Direct Gifts	6,142,628	6,510,000	5,355,499	(367,372)	787,129
Investment Income	3,411,710	1,475,380	1,100,091	1,936,330	2,311,619
Bequests and Trusts	5,135,498	2,064,000	2,258,643	3,071,498	2,876,855
Endowment	3,282,544	3,449,169	3,349,445	(166,625)	(66,901)
Rent	1,820,705	1,744,855	1,849,989	75,850	(29,284)
Service Level Agreements/Other	2,795,336	2,103,519	3,283,749	691,817	(488,413)
Missionaries	1,713,426	2,155,000	577,768	(441,574)	1,135,658
YAGM	189,301	575,000	177,902	(385,699)	11,398
Mission Investment Fund	1,500,000	1,500,000	1,500,000	-	-
TOTAL REVENUE	66,604,871	61,826,923	60,192,307	4,777,948	6,412,563
TOTAL Designated and Restricted Funds Released	798,871	4,020,077	1,687,534	(3,221,206)	(888,663)
Net Operating Revenue and Support	67,403,742	65,847,000	61,879,841	1,556,742	5,523,900

PRELIMINARY AND UNAUDITED

ACTUAL EXPENSES VS. SPENDING AUTHORIZATION
For the Period Ending January 31, 2022

	<u>Actual</u> <u>Expenses</u>	<u>Spending</u> <u>Authorization</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>Percent of</u> <u>Budget</u>
Home Areas				
Christian Community & Leadership	21,003,067	22,268,376	1,265,309	94.32%
Service and Justice	9,649,820	12,560,316	2,910,496	76.83%
Innovation	1,247,403	2,111,697	864,294	59.07%
Operations	24,480,007	25,756,611	1,276,604	95.04%
Presiding Bishop	11,469,622	11,962,108	492,486	95.88%
Treasurer	8,431,195	8,732,564	301,369	96.55%
Secretary	4,579,189	5,061,939	482,750	90.46%
OTHER				
General Treasury	122,996	150,000	27,004	82.00%
Depreciation	2,857,925	3,000,000	142,075	95.26%
TOTAL OPERATING EXPENSES	<u>59,361,217</u>	<u>65,847,000</u>	<u>6,485,783</u>	<u>90.15%</u>
	-	-		

EVANGELICAL LUTHERAN CHURCH IN AMERICA
ELCA WORLD HUNGER
Rollforward of Fund Balance and Bequests
For the Period Ending January 31, 2022

	<u>BASE REVENUE</u>	<u>BEQUEST INCOME</u>	<u>TOTAL</u>	<u>ANNUAL BUDGET</u>
BALANCE, BEG OF YEAR	\$ 4,951,342	\$ 5,213,179	\$ 10,164,521	
Income				
Direct Giving	20,762,496	-	20,762,496	18,510,000
Endowments and Donor Requested Pmts	855,201	-	855,201	750,000
Bequests & Trusts/Misc	-	1,306,360	1,306,360	1,500,000
Release of Bequest Income from prior year	-	-	-	2,540,000
Total Income	21,617,697	1,306,360	22,924,057	23,300,000
Expense				
Fundraising Allocation	2,076,483	-	2,076,483	2,177,250
Domestic Program	3,101,633	-	3,101,633	3,842,570
International Program	14,518,462	-	14,518,462	15,732,200
Witnessing in Society	1,654,291	-	1,654,291	1,547,980
Total Expense	21,350,869	-	21,350,869	23,300,000
NET for FY 2021	266,828	1,306,360	1,573,188	
BALANCE, END OF YEAR	\$ 5,218,170	\$ 6,519,539 (b)	\$ 11,737,709	

(a) The transfer of dollars from bequests income to base revenue did not occur as revenues exceeded budget.

(b) The proposed revised budget for FY 21 was to use \$2,40,000 of the prior year bequest fund balance to allow spending to exceed the revenues. The actual results do not reflect this use based on the facts that revenues exceeded budget and the spending was below the \$23.3 million budget. Accordingly, the portion of fund balance at 1/31/22 that relates to prior years is \$6.5 million. There are incremental spending plans in the revised spending authorization for FY22.

PRELIMINARY AND UNAUDITED