

Report from the Treasurer

FY23 Operating Results – Unrestricted

The unrestricted results of operations for the year ended Jan. 31, 2024, reflect tremendous gratitude for the generosity of our members, congregations, synods, and related organizations who have financially supported the work of the churchwide organization. At the same time, the organization is mindful of the sources and trends in the underlying data as we plan for our future work. Overall, the churchwide organization's fiscal year 2023 results are favorable with net revenues over expenses of \$3.5 million compared to a breakeven budget. Total unrestricted revenues exceeded plan by \$3.6 million and expenses were below plan by \$6.1 million, offset by the release of designated and restricted funds being \$6.2 million less than in the budget. Not releasing \$6.2 million of designated funds is actually positive news as the actual operating revenues were sufficient to cover the actual operating expenses without drawing monies from a designated fund and an endowment as was originally planned.

Mission Support was 2.4% or \$.9 million below the plan and 4.3% or \$1.6 million below the prior year. 2023 marks the third out of four years since 2020 where the year over year decline exceeded 4 %. Mission support begins with individual members, many of whom have been negatively impacted by rising interest rates and inflation. International conflicts, the migrant crisis, and geopolitical turmoil have eroded consumer confidence. In addition, church attendance overall has not resumed to pre-pandemic levels and governmental support to nonprofit organizations has been fully utilized; and with expenses rising, in many cases, congregations and synods have fewer revenues to share. Finally, the philanthropic spikes noticed during the pandemic have not proven to be sustainable for most nonprofit organizations. While these are all likely contributors to the decline, questions about the likelihood of these trends reversing in the short term must be considered.

Consistent with many other nonprofits, declines in giving trends were also noted in both unrestricted and restricted direct gifts. In addition to the likely economic impact on giving discussed above, the 40% shortfall to budget (30% to prior year) in unrestricted direct gifts is also attributable to overly ambitious goal setting, staffing vacancies in the fundraising staff, and an abundance of generous gifts related to Holy Closures that were realized in FY22, which did not repeat in FY23.

The shortfalls in mission support and direct gifts were more than offset by investment income of \$7.0 million. While this category is conservatively budgeted, FY23 was benefitted by poor performance in FY22. Investment income was \$5.2 million favorable to the budget and \$5.6 million better than last year. While our investment returns were positive for much of the year, investment income grew from \$3.0 million at the end of October to \$7.0 million during the 4th quarter. Of this, \$2.4 million represents unrealized gains at Jan. 31, 2024.

In addition, bequest income exceeded plan by nearly \$4.0 million and prior year by \$3.1 million. We are especially grateful for all of those who nurtured relationships and instilled a love for our church in those donors who remembered the work of the churchwide organization in their estate plans. In accordance with our policies, the majority of the excess bequest income will be added to the Mission Development Fund endowment which supports future new and innovative ministries and other churchwide priorities. While we celebrate cash management and favorable investment returns and bequest income, we also recognize that these are not predictable, sustainable revenue streams which should be assumed to recur at this level for planning purposes. We give thanks to the continued faithfulness of the Mission Investment Fund, a separately incorporated ministry of the ELCA, for their continued investment in our church's

growth and vitality through a \$1.5 million gift to support grants to new and developing congregations.

Prudent, faithful, and diligent attention to expense control also contributed to the favorable performance for the year as actual expenditures were only 91% of the spending authorization, resulting in savings of \$6.1 million. The average spending for the past 3 years, excluding FY20, was 92.2%. Significant areas of savings included compensation and benefits for staff vacancies (44%), travel and events (19%), and purchased services (9%). It is important to note that the most significant savings were in the Innovation home area, which became more fully staffed in the fourth quarter, so we anticipate the underspending to be less in future years.

The strength of the 4th quarter revenue streams and spending below the projected 95% did not require the utilization of the budgeted operations support designated fund. Therefore, we will be presenting a revised FY24 budget utilizing this fund, in lieu of the deficit budget that was originally approved.

ELCA World Hunger

We celebrate a record year for ELCA World Hunger expenditures which totaled over \$24.9 million. Our ability to work to address the root causes of hunger and poverty around the world is made possible each year by the generosity of individuals, congregations, and synods. We give thanks.

Spending in FY23 exceeded revenue streams by \$4.8 million as was planned due to an accumulated fund balance from generosity in recent years. Direct gifts from individuals, congregations, and synods totaled nearly \$17.3 million, representing 84.3% of the plan. We look forward to 2024 and celebrating 50 years as Lutherans working together in hunger ministries around the world.

Lutheran Disaster Response

Nearly \$13.7 million was raised in FY23 in support of Lutheran Disaster Response. Major disasters supported include the crisis in the Middle East, domestic wildfires, and general disaster funds. Spending totaled over \$17.5 million with significant grants supporting the Eastern Europe and Middle East crises, general hurricane preparedness and response, wildfires, and tornadoes.

We strive to faithfully steward those gifts entrusted to us as we are called to carry out the duties assigned to the churchwide organization and for which others depend on us. Our financial position remains strong, and we are grateful for the support from synods, congregations, members, ministry partners, and for the work of the Church Council.



EVANGELICAL LUTHERAN CHURCH OF AMERICA
SUMMARY OF REVENUE AND EXPENSES
For the Period Ending January 31, 2024

	2023 ACTUAL	2023 BUDGET	2022 ACTUAL	Year-to-Date Variance	
				ACTUAL Vs. BUDGET Favorable/(Unfavorable)	CURRENT YEAR vs. PRIOR YEAR Favorable/(Unfavorable)
UNRESTRICTED					
Mission Support	37,080,134	38,000,000	38,727,560	(919,866)	(1,647,426)
Other	28,033,069	23,507,098	23,043,410	4,525,971	4,989,659
TOTAL UNRESTRICTED	65,113,202	61,507,098	61,770,970	3,606,104	3,342,233
TOTAL Designated and Restricted Funds Released	749,983	6,922,562	806,427	(6,172,579)	(56,444)
TOTAL OPERATING REVENUE AND SUPPORT	65,863,186	68,429,660	62,577,397	(2,566,474)	3,285,788
LESS TOTAL EXPENSES	62,309,074	68,429,660	60,780,021	6,120,586	1,529,053
NET REVENUE OVER (UNDER) EXPENSES	3,554,112	-	1,797,376	3,554,112	1,756,736

PRELIMINARY AND UNAUDITED, INTERNAL STATEMENTS ONLY



REVENUE SUMMARY

For the Period Ending January 31, 2024

	2023 ACTUAL	2023 BUDGET	2022 ACTUAL	Year-to-Date Variance	
				ACTUAL vs. BUDGET Favorable/(Unfavorable)	CURRENT YEAR vs. PRIOR YEAR Favorable/(Unfavorable)
UNRESTRICTED					
Mission Support	37,080,134	38,000,000	38,727,560	(919,866)	(1,647,426)
Direct Gifts	6,336,180	10,537,000	9,189,098	(4,200,820)	(2,852,918)
Investment Revenue	7,005,992	1,851,000	1,368,653	5,154,992	5,637,339
Bequests and Trusts	6,841,607	2,850,000	3,705,391	3,991,607	3,136,217
Endowment	3,606,353	3,264,000	3,441,574	342,353	164,779
Rent	1,041,369	1,233,101	1,786,642	(191,732)	(745,273)
Services and Other Revenue	1,701,568	2,271,997	2,052,053	(570,429)	(350,485)
Mission Investment Fund	1,500,000	1,500,000	1,500,000	-	
Total Revenue	65,113,202	61,507,098	61,770,970	3,606,104	3,342,233
TOTAL Designated and Restricted Funds Released	749,983	6,922,562	806,427	(6,172,579)	(56,444)
Net Operating Revenue and Support	65,863,186	68,429,660	62,577,397	(2,566,474)	3,285,788

PRELIMINARY AND UNAUDITED, INTERNAL STATEMENTS ONLY



ACTUAL EXPENSES VS. SPENDING AUTHORIZATION
For the Period Ending January 31, 2024

	Actual Expense	Spending Authorization	Variance Favorable (Unfavorable)	Percent of Budget
Home Areas				
Christian Community and Leadership	21,970,123	22,652,836	682,713	96.99%
Service and Justice	10,819,129	12,677,267	1,858,138	85.34%
Innovation	1,018,185	3,014,272	1,996,087	33.78%
Operations	23,949,420	25,317,991	1,368,571	94.59%
Presiding Bishop	9,560,383	10,538,889	978,506	90.72%
Secretary	4,953,231	5,292,364	339,133	93.59%
Treasurer	9,435,113	9,486,738	51,625	99.46%
Other				
General Treasury	2,432,197	2,479,666	47,469	98.09%
Depreciation	2,120,019	2,287,628	167,609	92.67%
TOTAL OPERATING EXPENSES	62,309,074	68,429,660	6,120,586	91.06%

**EVANGELICAL LUTHERAN CHURCH IN AMERICA ELCA WORLD HUNGER
SUMMARY OF REVENUE AND EXPENSE
For the Period Ending January 31, 2024**

	ACTUAL	BUDGET	ACTUAL VS. BUDGET	YTD % of Budget
BEGINNING BALANCE	13,007,464			
Income				
Direct Giving	17,280,796	20,499,000	(3,218,204)	84.30%
Endowments and Donor Requested Payments	990,664	750,000	240,664	132.09%
Bequests & Trusts/Misc *	1,843,885	1,500,000	343,885	122.93%
Release of Bequest Income	-	4,020,000	(4,020,000)	
Service and Other Revenue	209	-	209	
Total Income	20,201,732	26,769,000	(6,567,268)	
Expenses				
Service and Justice:				
Domestic Program	4,025,185	5,045,926	(1,020,741)	79.77%
International Program	16,844,412	17,271,514	(427,102)	97.53%
Witnessing in Society	2,162,207	2,197,632	(35,425)	98.39%
Fundraising Allocation Expense	1,923,005	2,255,004	(331,999)	85.28%
Total Expense	24,954,808	26,770,076	(1,815,268)	
NET	(4,753,077)	(1,076)	(4,752,001)	
ENDING BALANCE	8,254,388			

* 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.

PRELIMINARY AND UNAUDITED