

Treasurer's Report

June 5, 2020

In the Treasurer's Report for this year, I'll be providing a review of the recently completed fiscal year and some brief comments on the current year. In addition, I'll provide some comments on the proposed budget for 2021. Attached to this report, you will find the usual spreadsheet style format containing all of the detailed budget line item amounts.

Financial status at the close of the recently completed fiscal year

We finished the 2019 fiscal year with a budget surplus of \$41,919. That news typically would be a cause for celebration and a parade! Granted the governor would not allow us to hold a parade at this time, but even if that were not the case, there is cause for concern from the trend that continued in 2019 and a celebration would not be warranted. The trend that I'm referring to is that over the last two years, we have seen the giving from our congregations decrease by approximately \$150,000. This is the largest two-year drop that we have seen since 2009-2010. Only through some significant cost reductions, including staff reductions, have we been able to realize a surplus during this time.

I am always grateful for the support that we receive from our congregations and ever hopeful that the giving received will continue to provide for doing the work that God has called us to do as the Central States synod.

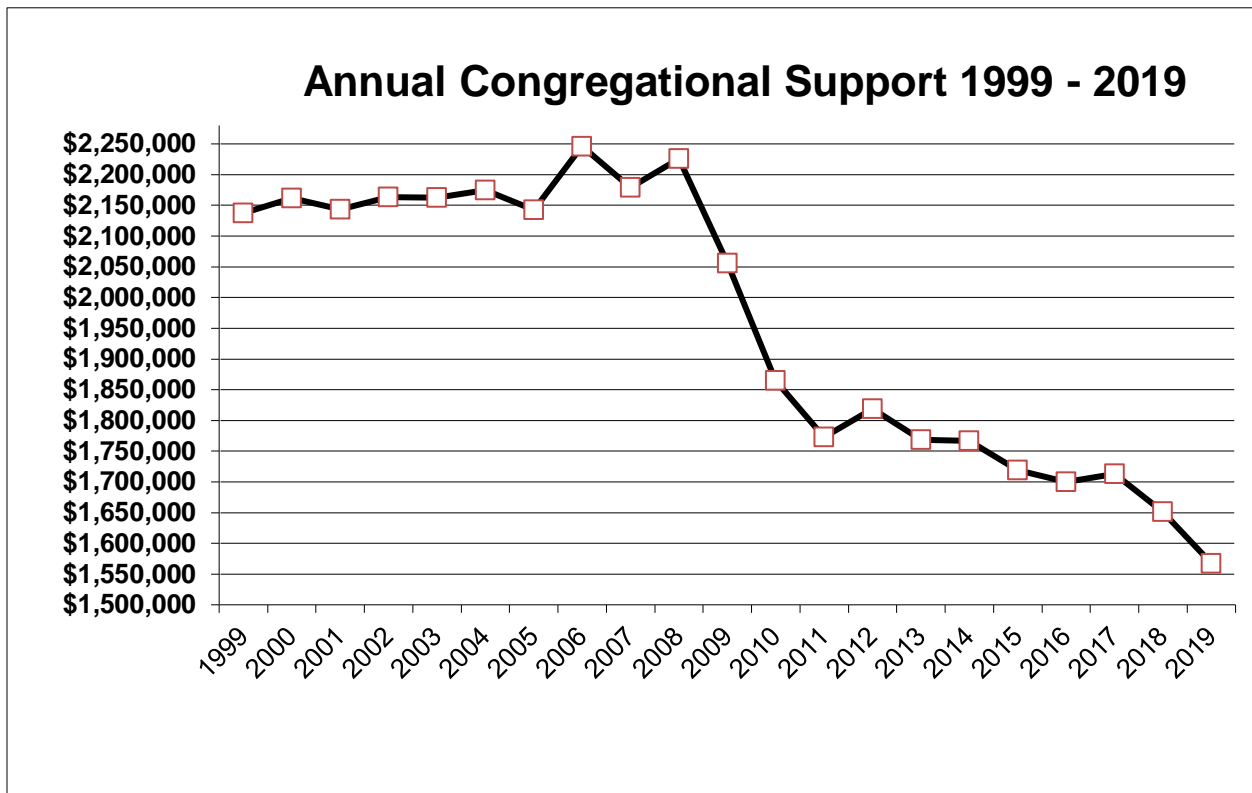
Income vs. Expenditures

Total Expenditures for 2019 were \$1,610,700. Total Revenue & Support was \$1,652,619, which was \$48,203 less than anticipated and \$60,938 less than the previous year. As I mentioned, the synod ended the year with a \$41,919 surplus in our operating budget, as compared to a \$6,505 surplus in 2018. The spending reductions implemented during the year included: reducing office space rent by moving to new offices, reduction in operating expenses resulting from the move, and a reconfiguration of the synod staff. In addition, support for Campus Ministry salaries was lower than expected due to the transition in St. Louis.

A detailed listing of the actual income and expenditures for 2019 is included in the attached budget spreadsheet. Refer to the "FYE 1/31/2020 Actual" column.

Congregational Support

The synod experienced a 5.4% decrease of \$84,153 in congregational support from the previous year, decreasing from \$1,651,653 to \$1,567,500. As I mentioned previously, this is a steep drop that is especially disappointing after the significant decrease of \$61,120 that we experienced in 2018. The following graph shows this as well as the giving trend over the past 20 years.



A report detailing the support received in 2019 from each congregation of the synod is attached as a part of this report.

ELCA Churchwide

In 2019, the synod continued to contribute to the Churchwide organization at a 50% rate. This means that half of the donations received from our congregations and from the annual appeals are shared with the larger church. The total contributed was \$791,680, which was a decrease of \$41,896 or 5.3% from the previous year.

Annual Audit

In order to defer some of our expenses as a part of managing our cash flow during the pandemic, the annual audit of our accounts and practices for the 2019 fiscal year has been delayed to later in 2020. When the audited financial statements are available, they will be posted on the synod web site.

Current fiscal year budget, calendar year 2020

The Synod Council revised the approved budget for the current fiscal year to create a "spending budget" that takes into account additional or new information received since last year's assembly. This spending budget is included in the attached detailed budget spreadsheet as the "Revised" column for 2020 (FYE 1/31/2021).

For the 2020 spending budget, the following key changes were made:

- a. Lowered the anticipated Congregational support amount from \$1,625,000 to \$1,550,000 as a result of the sharp decrease in support experienced over the last two years.
- b. Reduced the amount expected for Shared Mission contributions to \$1,000.
- c. Because of the grant to support our Lutheran Disaster Response resource, expectations for Reimbursements to be received was increased by \$10,000
- d. Decreased the amount to be shared with Churchwide by \$37,500 as a result of the reduced expectations for Congregational support
- e. Significantly reduced the Synod Salaries & Benefits by \$60,586 due to the reconfiguration of the staff

These changes resulted in a balanced spending budget for the year at a spending level that is \$85,000 lower than the approved budget.

I would like to mention that the first three months (February through April) of giving from our congregations for the current fiscal year have been routine. In a year, when our congregations have not been able to worship in person for several months, "routine" is a blessing. This means that our congregations and their members realize that the work of the church goes on, even (or perhaps especially) during a pandemic. We have to continue to pay our pastors and church staff and meet our commitments.

For the synod, our giving is down slightly from last year, but we have also taken steps to reduce our expenses to ensure we can continue to provide salary and benefits for the bishop and her staff, support our Campus pastors, pay our rent, and continue to support the larger church. What a shining demonstration that we are indeed Church together.

Proposed budget for calendar year 2021, Fiscal Year Ending January 31, 2022

The proposed budget for the fiscal year ending on January 31, 2021 is shown in the attached detailed budget spreadsheet for your consideration. This is shown in the "Proposed" column for the year 2021 (FYE 1/31/2022) in the attached budget spreadsheet. This budget will be presented to the Synod Council for approval in lieu of the synod assembly this year.

The budget presented is targeting congregational giving of \$1,550,000, which is the same as the current year's budget. In this budget our Total Support & Revenue will support our anticipated Total Expenses of \$1,622,043.

There are only two significant changes in this proposed budget:

1. Synod Salaries & Benefits were increased to \$490,718 to reflect a 2% salary increase for the staff, an increase in benefits costs, and increased family coverage for benefits.
2. Campus Ministry Salaries & Benefits support was decreased by \$15,000.

Mission Endowment Fund

Authorized by the 1999 Synod Assembly, the Mission Endowment Fund last year celebrated 20 years of providing financial support for a variety of ministries across the synod that are not supported by the synod's operating budget.

The Mission Endowment Fund receives planned gifts and bequests from wills, estates, and congregation closures. The principle is invested and produces annual earnings to benefit leadership development in the form of: rostered persons' continuing education and sabbatical leave, lay schools of theology, seminarian scholarships and seminary graduates' debt retirement. The earnings also support outreach in our synod including: new ministry starts and congregational revitalization.

A donor can designate an endowment gift toward a specific purpose in the Fund or the donation can be included in the Central States Legacy Fund, which will support all of the purposes mentioned above.

I encourage all rostered leaders, lay leaders, and congregations to take advantage of the support available from the Mission Endowment Fund. For more information, please go to the synod web site or you can contact me and I'll be delighted to help you.

In closing, I would like to express my thanks to the members of the Mission Budget Team for all of their good work throughout the year. It is an honor and privilege for me to serve the synod and I am blessed to be able to work with each of these good and faithful servants.

Respectfully submitted,

Scott Schulte
Treasurer