

Report of the Treasurer



TREASURER'S REPORT TO THE 2024 SYNOD ASSEMBLY

The financial information being provided to the Assembly is shown in the budget presentation, which includes the revised budget for 2024-2025, the requested budget for 2025-2026, and draft unaudited financial results for the General Operating Fund for the year ending January 31, 2024.

FINANCIAL RESULTS FOR 2024

The Synod outsourced its accounting services to Lutheran Metropolitan Ministries (LMM) in August of 2023. LMM has provided the Synod draft financial statements for year-end 2024.

Highlights are as follows:

- Mission Support Income was \$1,130,673, which was \$94,327 below the revised budget for 2023-2024 of \$1,225,000.
- Total Income for the year was \$1,205,220, which includes Synod Assembly Registration fees.
- Total Expenses for the year before depreciation were \$1,433,768, compared to a revised budget of \$1,385,410. ELCA Mission Support expense of \$550,000 and Total Staff expense were in line with the budget. Contract services of \$83,491 were \$48,491 over budget due to higher audit expenses and the engagement of an accounting consultant to assist with the audit preparation.
- The operating loss before depreciation -\$228,906 exceeded the budgeted loss before depreciation of -\$100,211, and the variance can be explained by the shortfall in Mission Support revenue and the higher contract fees for auditing and accounting.

In the past, the Synod charged many expenses directly to the Synod's Restricted Fund Accounts. While this is an acceptable practice, going forward, for better transparency we will include many of these expenses in the operating budget. These expenses will be offset in the income statement under the caption "Funds Released From Restrictions." In 2023-2024 these releases totaled \$27,515.

We have not included investment income or unrealized gains and losses on investments in our operating statement. Income and gains and losses on investments from our PNC Investment portfolio have been credited or debited to the Council Designated PNC Investment Surplus Fund. Investment income and unrealized gains and losses on investments in our ELCA Endowment Fund account have been credited or debited to the Synod's Net Asset Account. In fiscal 2023-2024 the Synod's investment portfolio benefited from a strong stock market and the combined income and unrealized gains net of fees was a positive \$107,019. The prior year was a loss of -\$109,725.

A Budget Deficit Fund is maintained at 16% of budgeted Operating Fund expenditures. At year-end the fund had a starting balance of \$246,285, and the operating loss of -\$228,906 was charged against that balance. A transfer of a like amount was then made from the PNC Investment Surplus Fund to restore the Budget Deficit Fund to the required balance.

AUDITED FINANCIAL STATEMENTS

Due to internal accounting issues, the Synod was not able to complete audits of fiscal 2021-2022 and fiscal 2022-2023 until October of 2023. The report for those years is on the Synod's website. In fiscal 2023 the Synod's net assets declined by -\$299,996 before its investment return and -\$409,721 after a negative investment return of -\$109,725. The decline in net assets was due to outflows from Donor Restricted Funds, outflows from the Council Designated funds to cover the

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building renovations, and transfers from Council Designated funds to cover the operating loss in the General Fund. Work on the 2023-2024 audit will take place in May, with an expectation the audit will be received in June.

LIQUIDITY POSITION

Historically, the Synod has been blessed with a strong cash position and investment portfolio. However, the recurring deficits and normal outflows from the restricted funds have reduced the Synod's cash position, as can be seen from the chart below. During 2023-2024 the Synod sold \$310,000 in securities from the PNC Investment Portfolio to cover outflows, which was partially offset by a \$107,019 improvement in the net market value of the securities.

NEOS ELCA TREND IN CASH & INVESTMENTS

	1/31/2020	1/31/2021	1/31/2022	1/31/2023	1/31/2024
Huntington Checking	\$268,281	\$462,482	\$129,046	\$88,144	\$113,563
ELCA Mission Demand Fund	\$356,363	\$361,091	\$363,084	\$1,310	\$1,315
Cash Total	\$624,643	\$823,572	\$492,130	\$89,454	\$114,878
ELCA Mission Term CD	\$57,017	\$58,444	\$59,701	\$60,984	\$61,635
PNC Investment Portfolio'	\$937,148	\$1,043,689	\$1,118,552	\$1,012,358	\$769,748
ELCA Mission Endowment Fund	\$369,613	\$414,196	\$449,905	\$424,442	\$459,178
Investment Total	\$1,363,777	\$1,516,329	\$1,628,158	\$1,497,784	\$1,290,561
Cash & Investments	\$1,988,421	\$2,339,901	\$2,120,288	\$1,587,238	\$1,405,439

RESTRUCTURING OF COUNCIL DESIGNATED AND DONOR RESTRICTED FUNDS

At its meeting on April 13, the Synod Council approved the restructuring of a number of restricted funds. The restructuring 1) eliminated funds whose balances had been exhausted and whose purpose was no longer relevant to the Synod, 2) merged funds that had a similar purpose, 3) converted some donor restricted funds to council designated where the source of funds was not really from a donor and where restrictions were vague or non-existent, and 4) eliminated "project funds" and moved them to the general fund. These changes will be effective as of April 30, 2024.

Respectfully submitted,

I. Robert Emmerich, Treasurer