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Synodical Council District Report

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Synodical Council Membership



1 Synod President



12 District Lay
Representatives



Voting
Member



2 Pastors at-Large



Voting
Member



1 Teacher at-Large



Voting
Member



3 District
Presidents



Voting
Member



3 Area of Ministry
Chairmen



Voting
Member



2 First & Second
Vice President



10 Advisors

Synodical Council Responsibilities

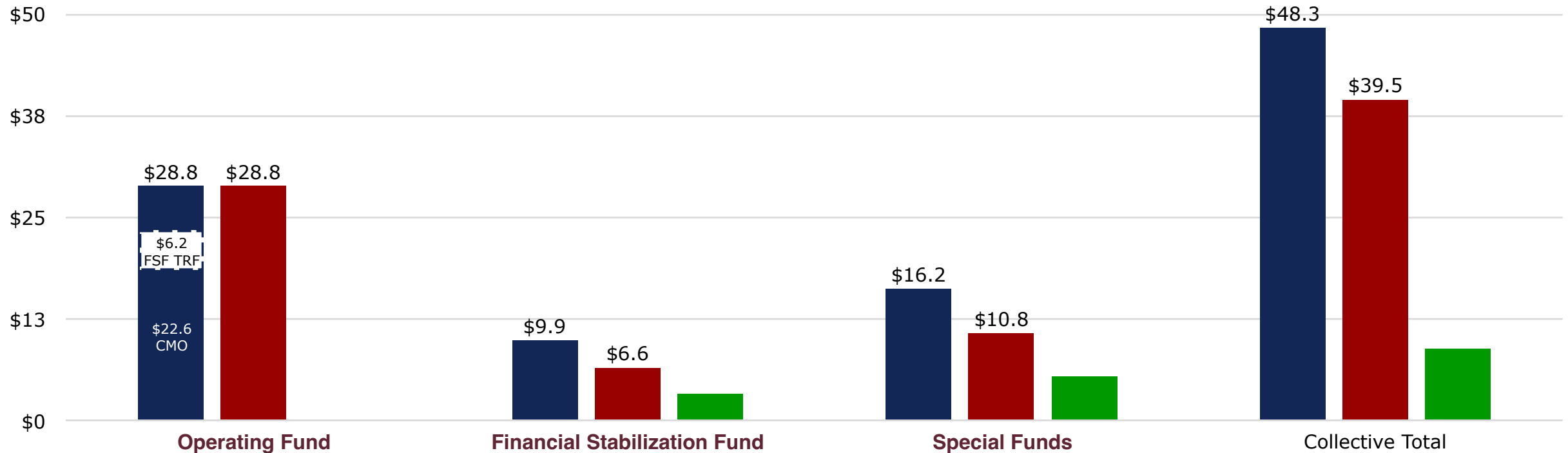
“Except for those responsibilities specifically conferred on the Conference of Presidents, **the Synodical Council shall be responsible for the possession, care, control, and management of the property and activities of the synod in pursuit of its mission**, including but not limited to **planning, programs, operations, and legal and fiscal matters.**”



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Fiscal Year 2021 Summary *(in millions)*

■ Support ■ Expenses ■ Surplus / (Deficit)



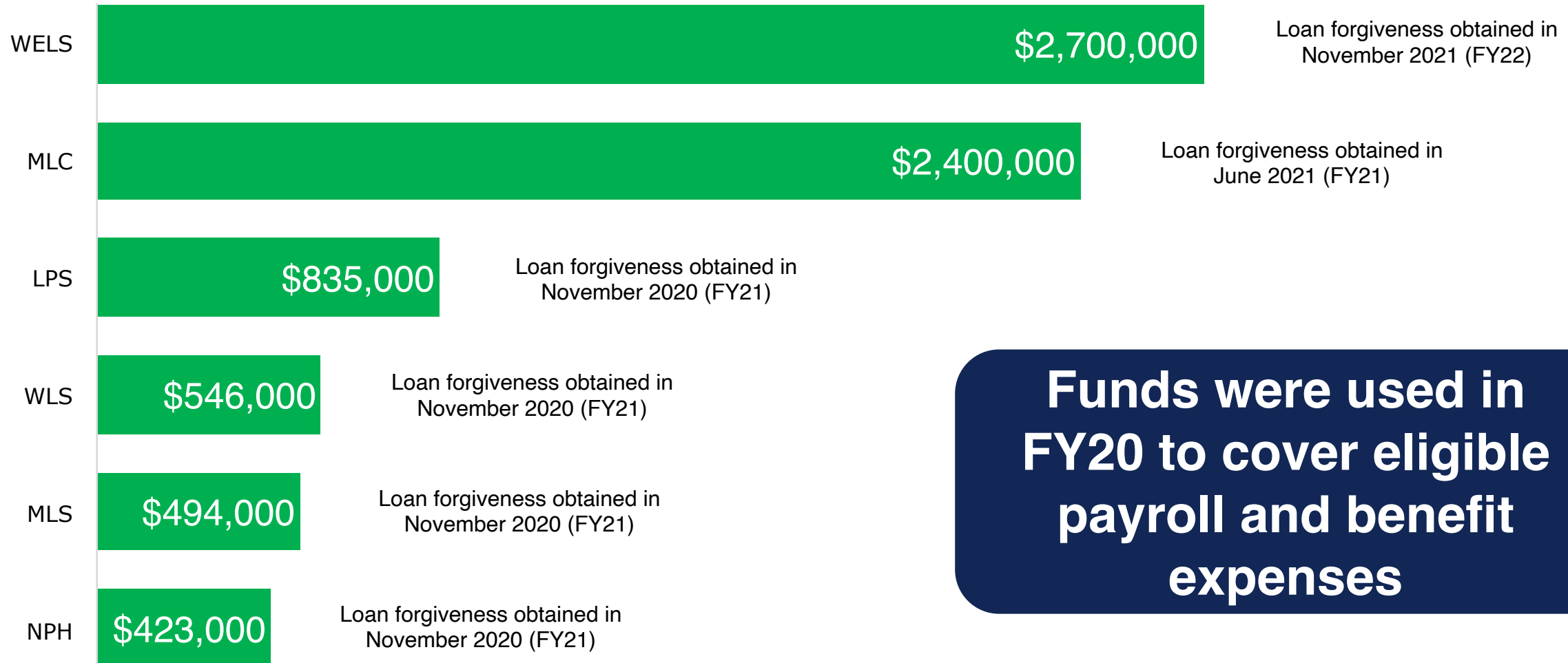
Used to account for ministry expenses funded by sources of support that have no restrictions on use, the largest of which being Congregation Mission Offerings (CMO), followed by transfers from the Financial Stabilization Fund.

Established to prevent mid-year adjustments to ministry plans given the unpredictable nature of its funding sources (primarily gifts, grants, bequests, and investment income). Funds are held for a minimum of one year before being transferred to the operating fund based on ministry needs and opportunities.

Special Funds are used for gifts that are restricted by donors for a specific ministry OR have been designated by the ministry for a specific purpose. Some gifts may not be immediately available for ministry. The planning for and use of these gifts is initiated by areas of ministry with guidance from WELS Financial Services and approval from the Synodical Council.



Paycheck Protection Program

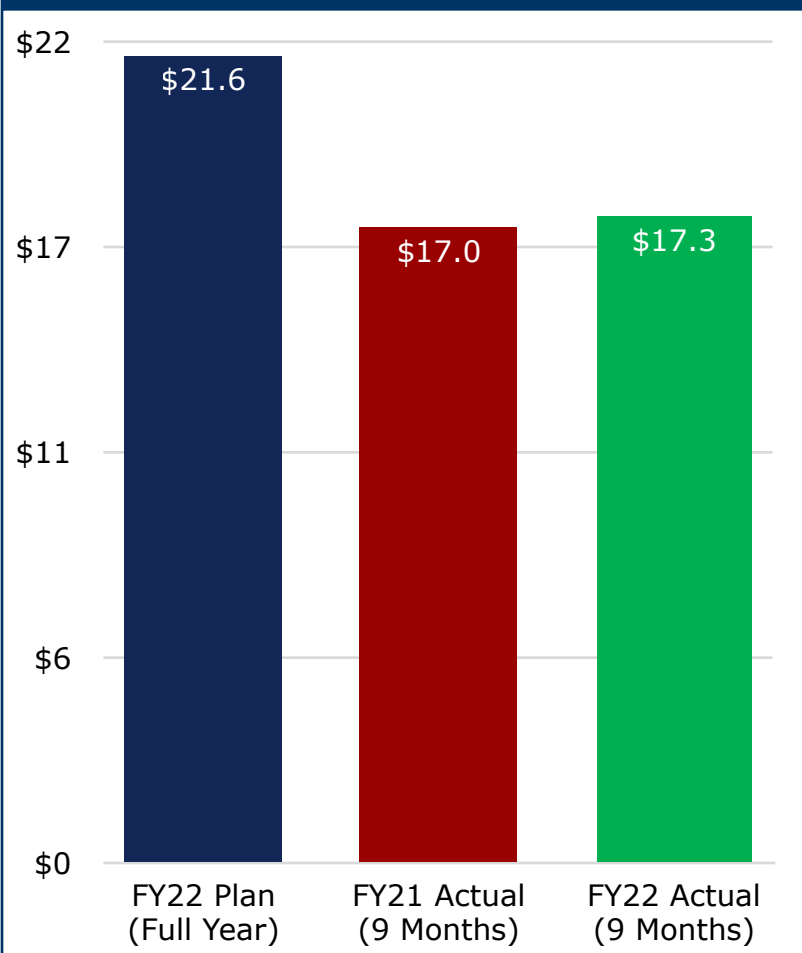


**Funds were used in
FY20 to cover eligible
payroll and benefit
expenses**

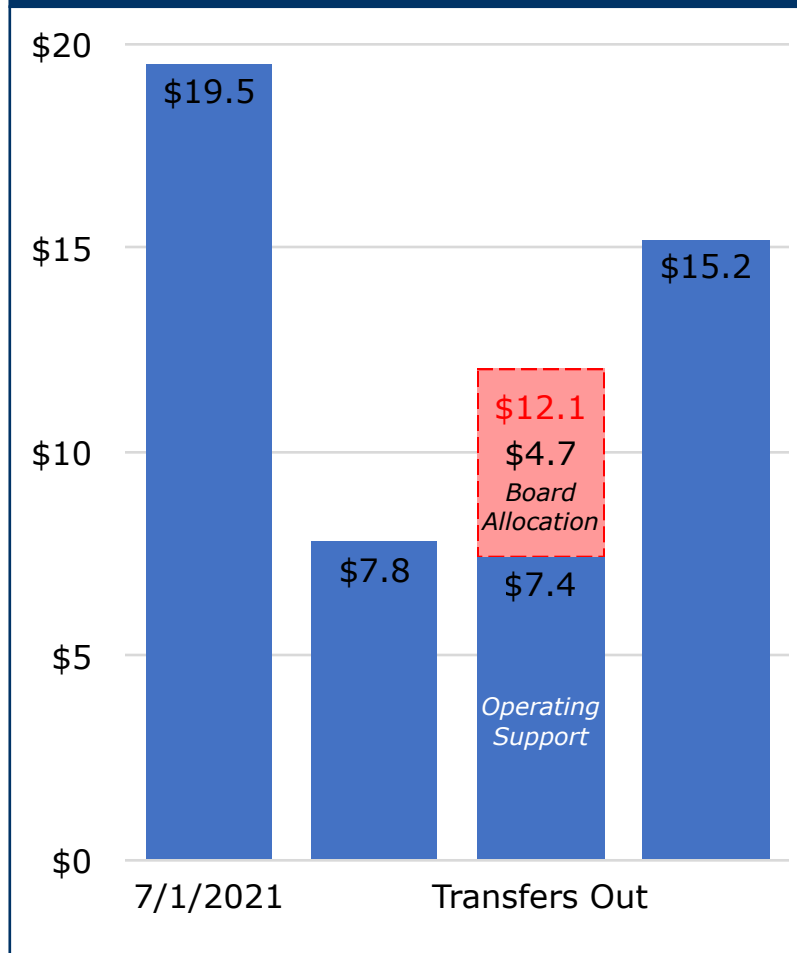


Nine Month FY22 Financial Summary

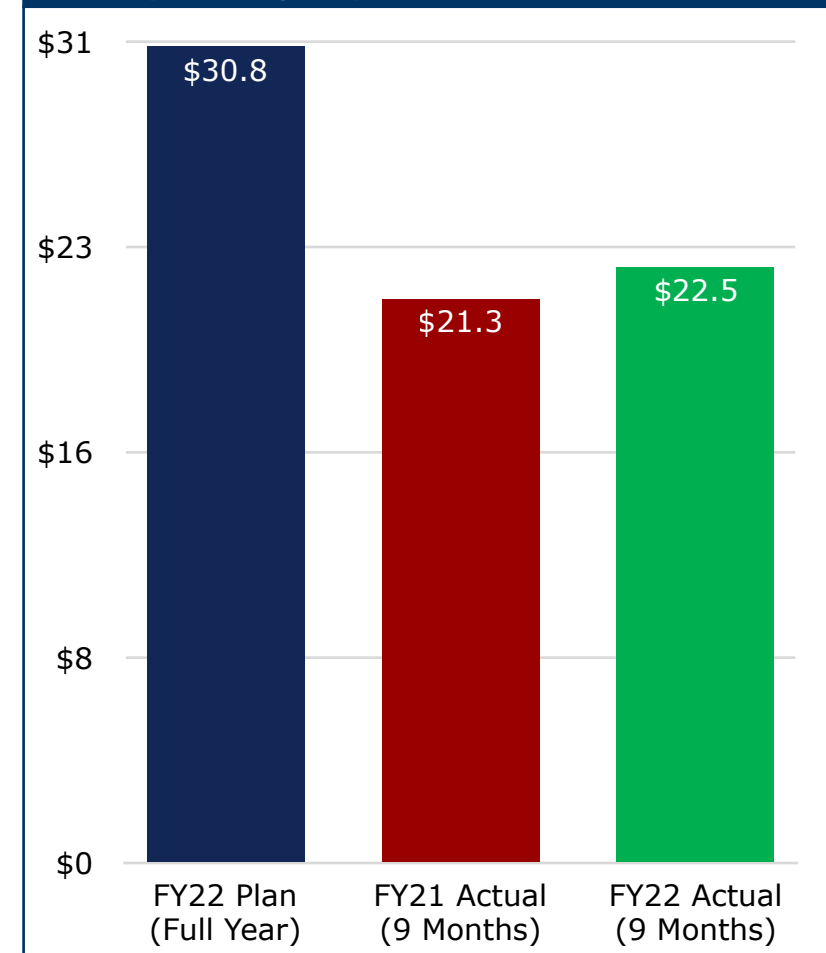
CMO (amounts in millions)



Financial Stabilization Fund (amounts in millions)

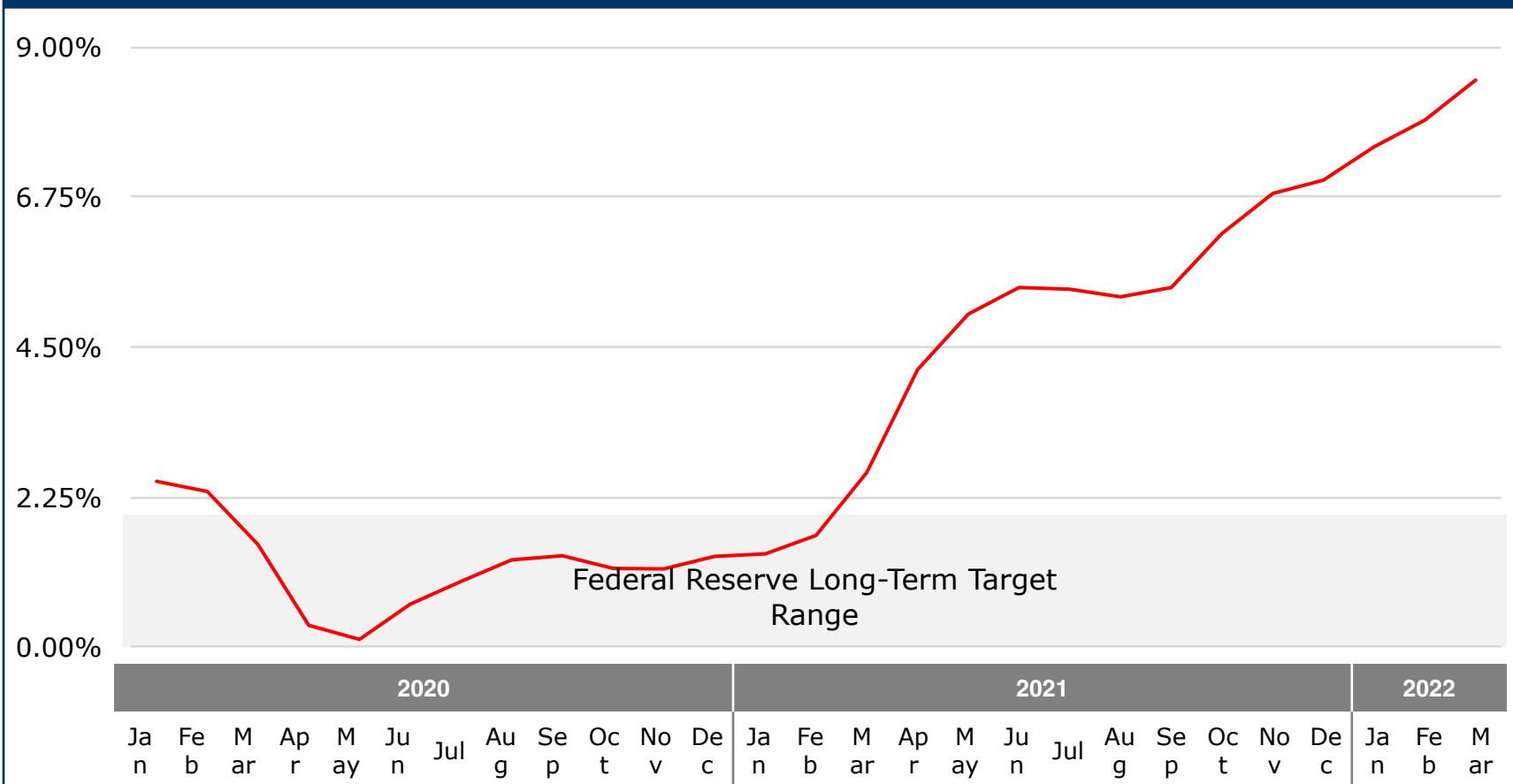


Operating Expenses (amounts in millions)



Inflation and Wages

Consumer Price Index (Year-over-Year)

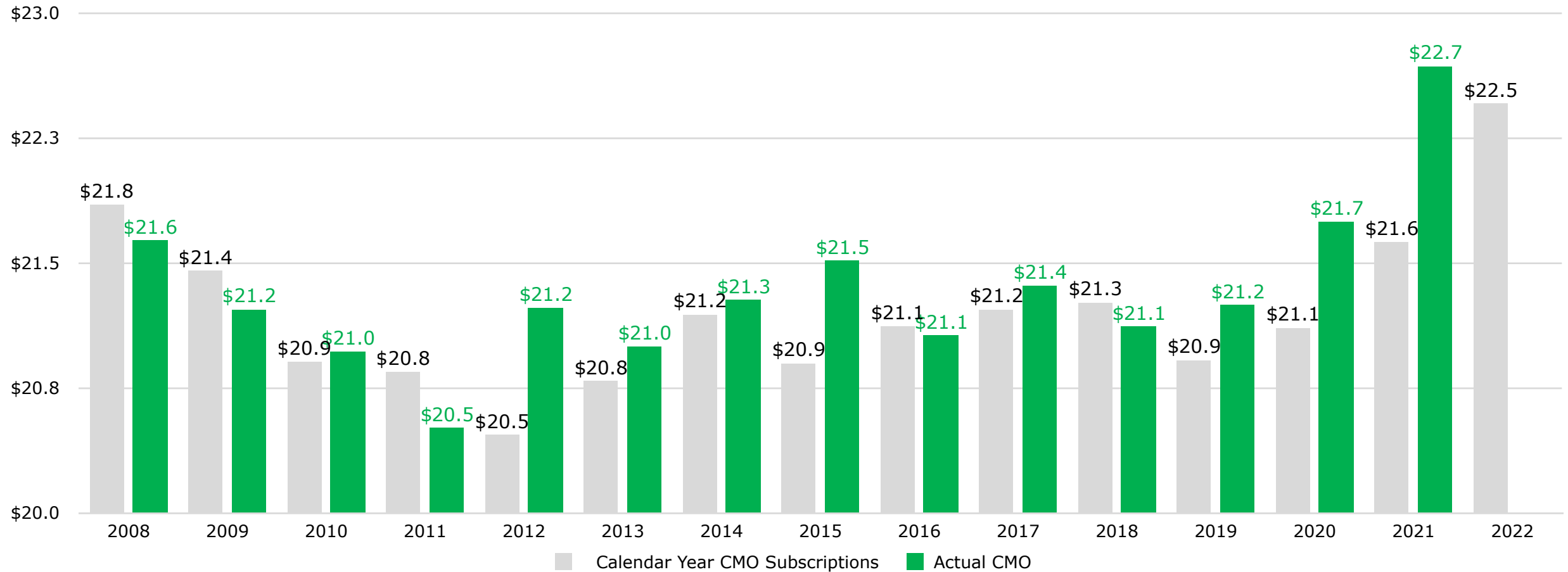


Key Takeaways

- U.S. inflation has reached the highest levels seen over the last 40 years.
- From 2015 through 2020, WELS annual wage increases kept pace with inflation.
- The Synodical Council approved a change to wage increases for Fiscal Year 2023 (starting in July 2022) to an average of 3.5%, 1.5% higher than the previously approved average of 2.0%.



Calendar Year CMO Trends *(in millions)*





Ministry Financial Plan Development

February 2022

FY24 & FY25 Biennium planning begins with President's Advisory Council review followed by Synodical Council review and approval of timeline and initial planning assumptions.

August to September 2022

Planning meetings held with Areas of Ministry, Support Service Subsidiaries, and Ministerial Education Schools.

February 2023

Synodical Council reviews and approves any updates to Ministry Financial Plan.

March to April 2023

Ministry Financial Plan schedules are prepared for BORAM report.

March to April 2022

Initial planning assumptions distributed to Areas of Ministry, Support Service Subsidiaries, and Ministerial Education Schools.

May to July 2022

Areas of Ministry, Support Service Subsidiaries, and Ministerial Education Schools prepare their plans.

November 2022

Synodical Council reviews proposed Ministry Financial Plan based on initial planning assumptions and detailed plans provided by each area.

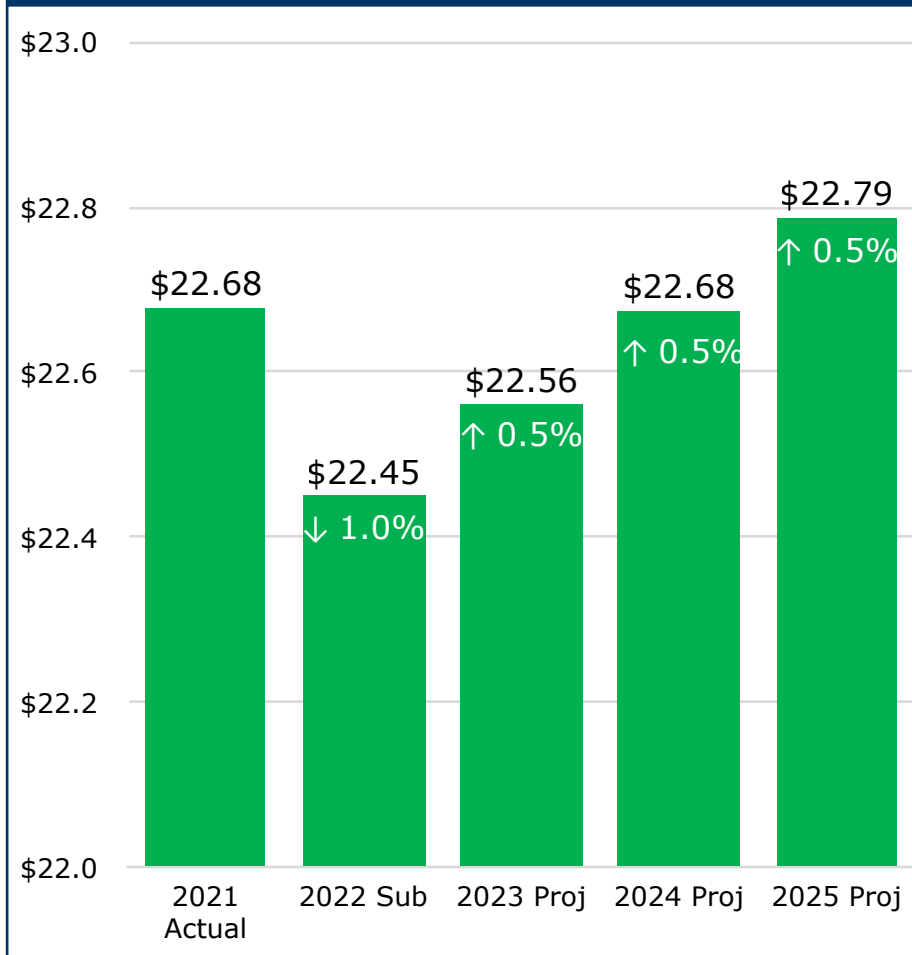
July 2023

Synod Convention reviews and approves the FY24 & FY25 Biennial Ministry Financial Plan.

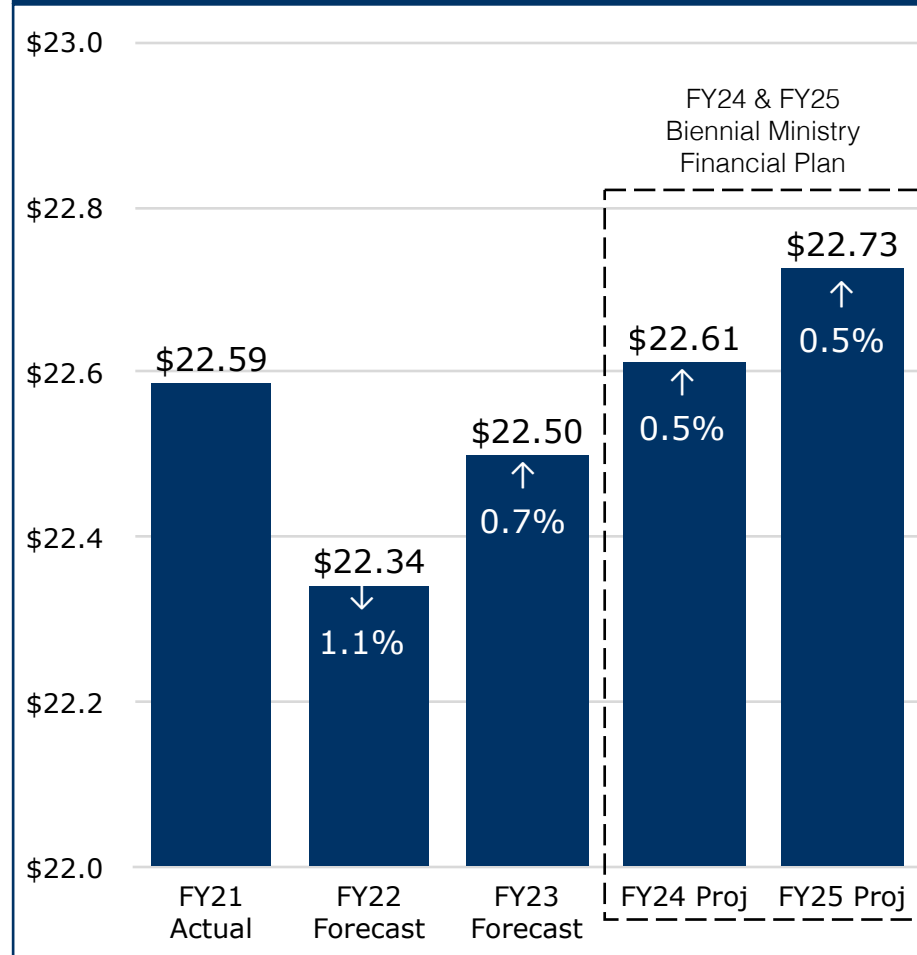


CMO Subscriptions & Projections

Calendar Year (amounts in millions)



Fiscal Year (amounts in millions)



Key Takeaways

- Fiscal year projections are based on a calendar year model.
- While calendar year 2022 CMO subscriptions are down 1.0% from 2021 actuals, at \$22,450,000 it represents the highest level of CMO subscriptions on record.
- CMO projections for calendar year 2023 through 2025 include increases of 0.5%, a conservative approach based on recent high levels of CMO receipts.

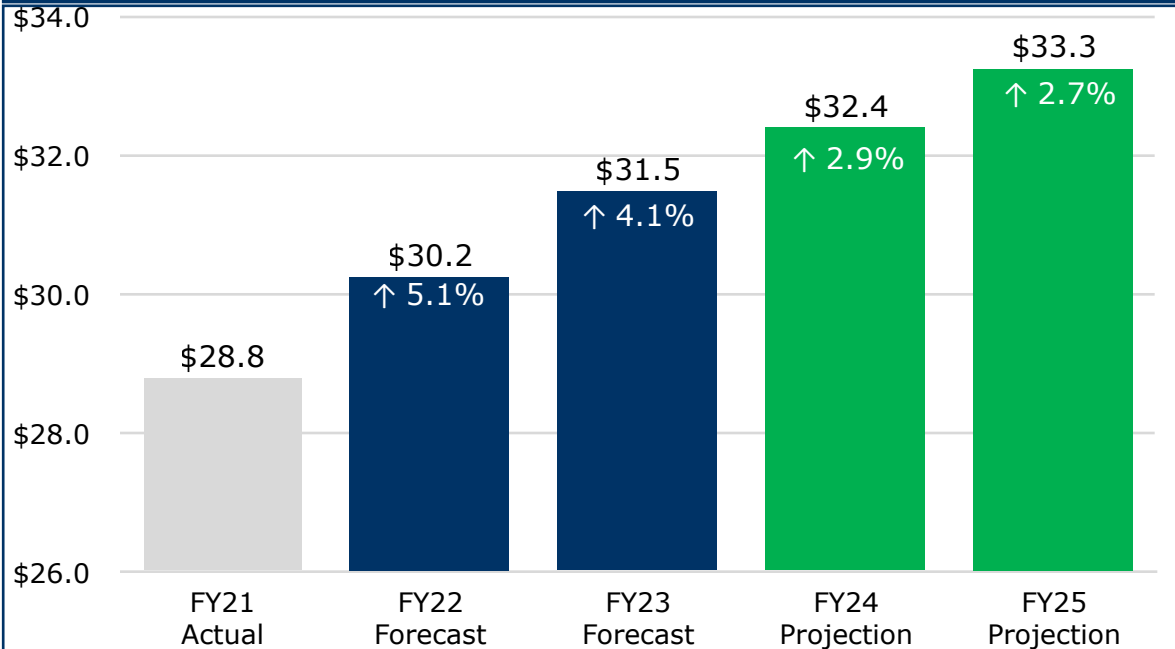
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FY24 & FY25 Key Assumptions

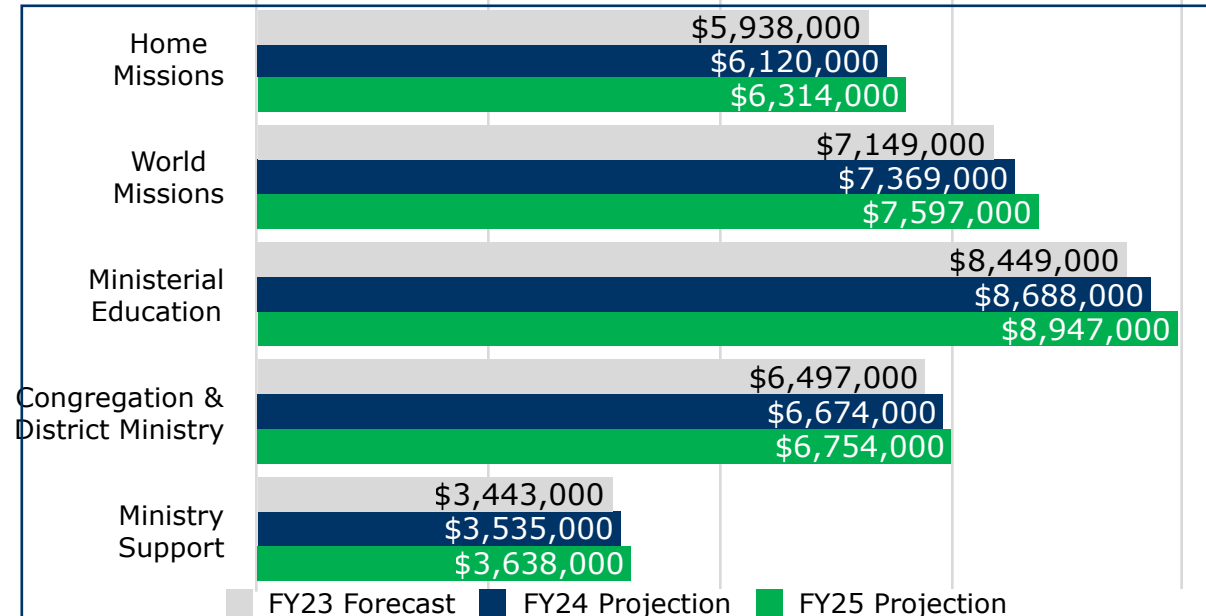
Key Assumptions

Called Worker Wages <i>[Includes wages, housing allowance, & SECA]</i>	↑ 2.5%	Healthcare Expense	↑ 7.0%	General Insurance Expense <i>[Includes all operating, non-worker comp insurance]</i>	↑ 5.0%	Operational/Program Expenses	↑ 3.0%
Non-Called Worker Wages <i>[Includes salary, hourly, part-time hourly, & FICA]</i>	↑ 2.5%	Retirement Plan Expense	FLAT	Utilities Expense <i>[Includes gas, oil, electricity, water, sewage, TV/Sat]</i>	↑ 5.0%	School Subsidy	↑ 3.0%

Preliminary Planned Level of Total Synod Support *(amounts in millions)*



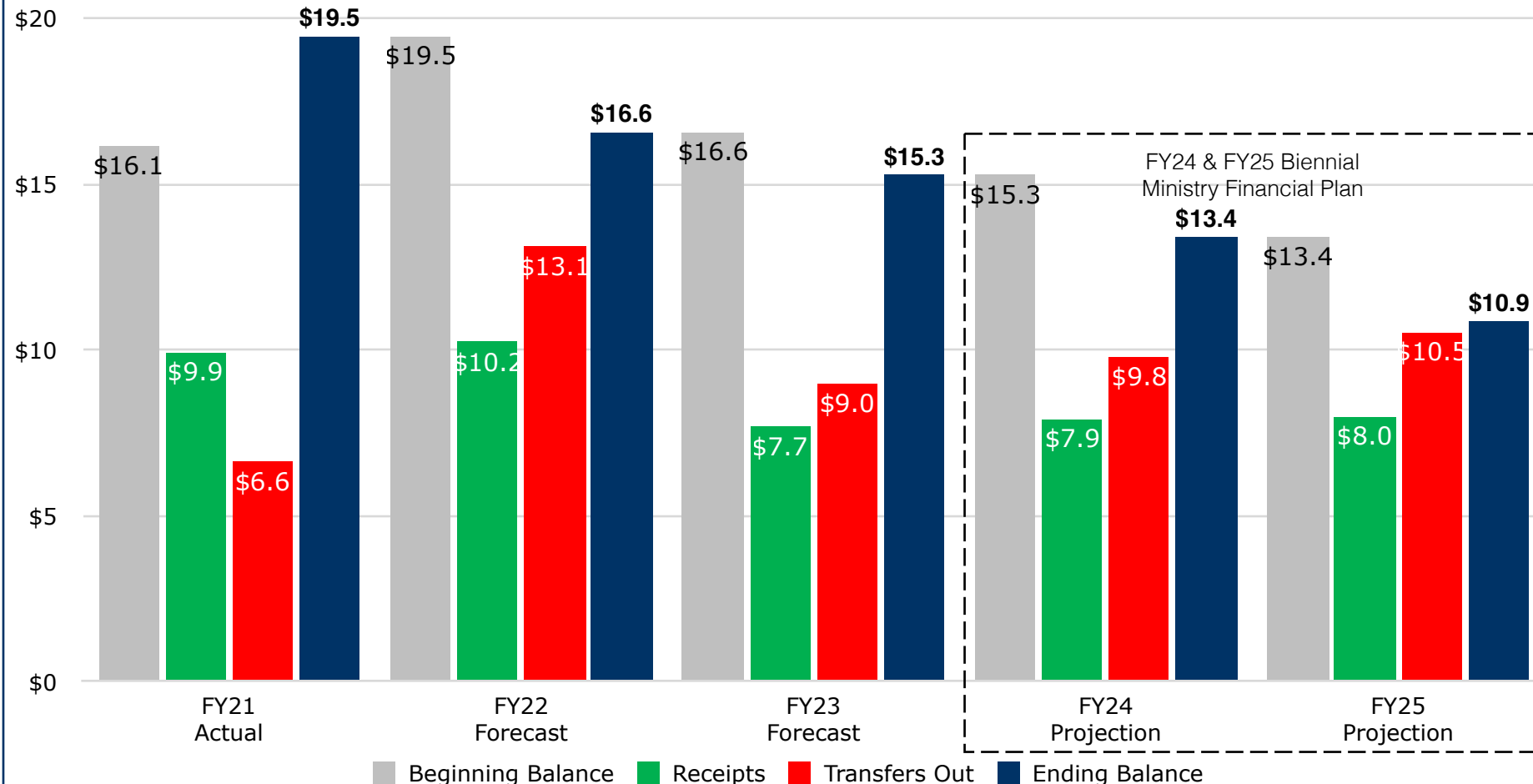
Preliminary Allocation of Support by Area of Ministry



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Financial Stabilization Fund *(in millions)*

FY22 & FY23 Forecast and FY24 & FY25 Biennial Ministry Financial Plan



Key Takeaways

- The balance of the FSF through FY23 is projected to be utilized to fund the proposed 3.0% increase in synod support over the next biennium.
- The proposed plan is driving an aggressive spend down in the FSF over FY24 and FY25 leading to a FY25 balance of \$10.9 million, equal to estimated spending levels for the following fiscal year.
- The gap between receipts and operating subsidy is projected to increase from \$1.3 million in FY23 to \$1.9 million in FY24 and \$2.5 million in FY25. This type of gap over a prolonged period (2 to 3 years) will bring the FSF down to unsustainable levels.

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