



Report of the Treasurer, Part Two: 2007 and 2008 Financial Report

Audited Financial Report for Fiscal Years 2007 and 2008

The consolidated, audited financial statements for the Evangelical Lutheran Church in America (ELCA) for the years ending January 31, 2008, and January 31, 2009, can be found in Exhibit A of this report. These statements include all administrative, program, and service units of the churchwide organization that are not separately incorporated, as well as the Endowment Fund Pooled Trust. The reports include a consolidating schedule by fund of General Operating Funds, the Endowment Fund, and the Deferred Gift Fund.

It has been determined that the post-retirement medical obligation included in the audited financial statements of the churchwide organization in prior years is properly reflected on the financial statements of the Board of Pensions of the ELCA, a separately incorporated unit that is not part of the churchwide consolidated financial statements. The January 31, 2007, and January 31, 2008, unrestricted net asset balances have been restated to reflect this adjustment, resulting in a \$90.9 million increase in net assets. This restatement has no impact on the plan for funding of the obligation or on the provision of benefits to retirees.

Operating Results for Fiscal Years 2007 and 2008

The current operating results for the biennium, reported exclusive of the Endowment and Deferred Gift Funds and non-operational, pre-audit adjusting entries, were positive.

Total current fund operating income for the churchwide organization increased in 2007 by \$0.4 million to \$83.3 million, and grew in 2008 to \$83.4 million, resulting in five consecutive years of increasing income. Income from congregations in the form of mission support increased by \$0.5 million to \$66.1 million in 2007 and then decreased to \$65.3 million in 2008. The 2008 decrease was 1.3% compared to the prior fiscal year, all of which decline occurred in January 2009. Other major categories of income included investment income, missionary-sponsorship support, bequest and trust income, endowment income distributions, and grants.

Operating expenses amounted to \$80.8 million in 2007 and \$80.2 million in 2008, as compared to \$79.9 million in 2006. There were no additional allocations made by the Church Council for designated purposes. Net operating income for the 2007 and 2008 fiscal years amounted to \$2.5 million and \$3.2 million, respectively.

For a graph showing operating income versus operating expense for the years 1989–2008, see the following page.

World Hunger Appeal

Giving to the general World Hunger Appeal grew to \$21.3 million in 2007, an increase of \$2.1 million, and further increased to \$21.4 million in 2008, an increase of \$0.1 million over the prior year; there was thus a cumulative total of \$4.3 million in additional World Hunger revenue as compared to the last biennium. Income in 2008 was particularly impacted by an extraordinarily high level of bequest income, \$3.9 million.

For a graph showing the history of giving to the World Hunger Appeal from 1989–2008, see the following page.

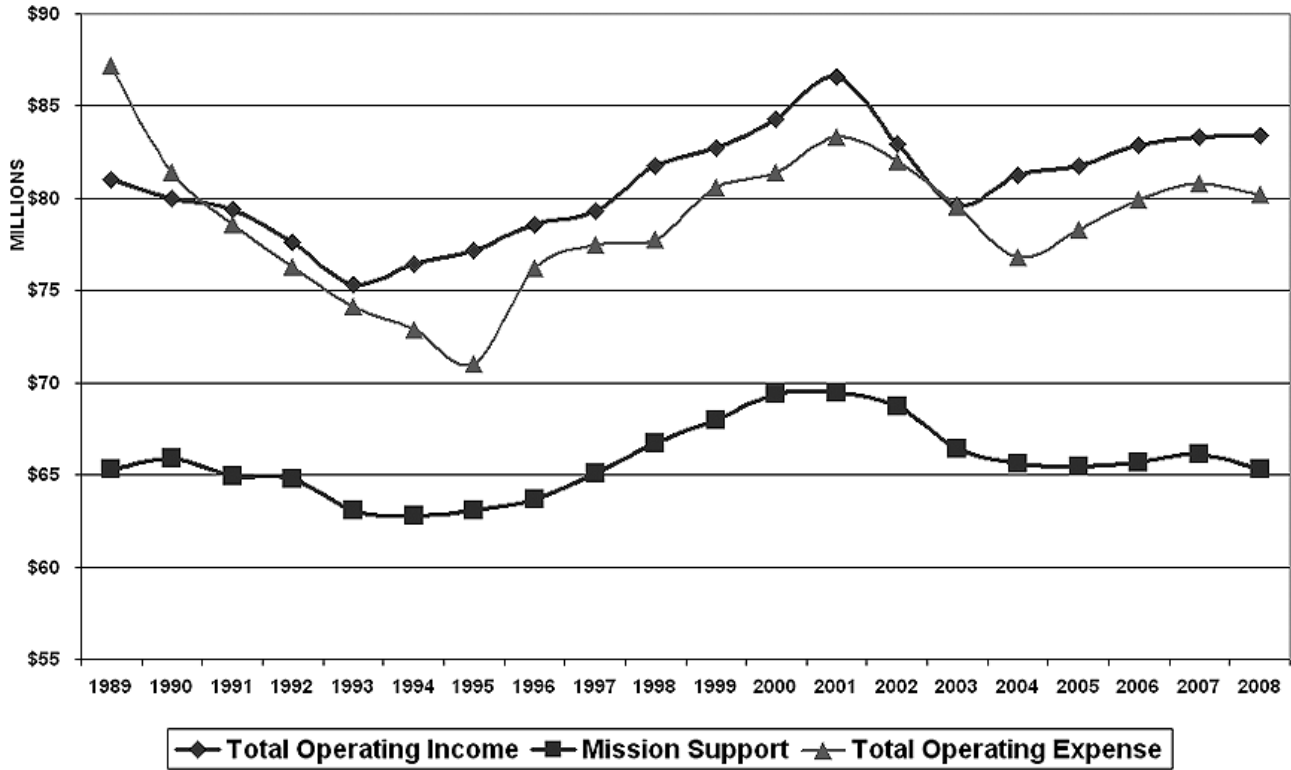
Conclusion

Notwithstanding the positive results for the biennium in both current funds and World Hunger revenue, the broad economic downturn has put stress on ELCA congregations, synods, and other related institutions and agencies. In the final two months of the biennium, the impact of the economy began to be reflected in the churchwide organization's financial results, as well. We anticipate a continuing impact in 2009 that will necessitate careful monitoring of revenue and spending, as well as contingency planning.

I am thankful for the steadfast generosity and stewardship of the members of this church, who make possible the breadth of ministries that are carried out every day across the globe. I am grateful also for the privilege of serving as treasurer of this church.

Christina Jackson-Skelton, *treasurer*

Operating Income Versus Operating Expense 1989-2008



World Hunger Appeal Giving, 1989–2008

