

Southwestern Washington Synod Synod Assembly Operating Budget Discussion

Overview:

- The Synod's Operating Budget continues to struggle, so underlying expense changes are necessary. The largest expense drivers are *Support of Churchwide* and *Salaries and Benefits*, so changes in both areas are incorporated.

Revenue Assumptions:

- Mission Support for the Fiscal Year ending 1/31/25 was \$911,361, the lowest level of giving since 2012. In the past five years, giving has consistently been below pre-pandemic years. Based on this ongoing trend, no increase was projected for the next 2 budget years, but Stewardship activities will continue.
- **Fiscal Year ending 1/31/26** includes a \$31k transfer from the Cultivating Ministries reserve, as one-time support for Outreach funding. These were funds that were returned to Cultivating Ministries from a previously unspent award. This provides a consistent level of funding for the year's Outreach work.

Expense Assumptions by Year:

- **Fiscal Year ending 1/31/25** included an increase in salaries related to the Director of Evangelical Mission (DEM) being paid by the Synod, instead of Churchwide. A part-time Assistant DEM was also hired. This staffing change was necessary to support *Design for Peace* programs funded by the Lilly Grant. Revenue from the Lilly Grant and Churchwide offset the salary increase, so there was no overall impact on the Synod financials.
- **Fiscal Year ending 1/31/26** includes salary increases per guidelines, and a full 12 months of the part-time Assistant DEM. One-time expense of \$15k is included for relocation and reception for the new Bishop and/or Associate. Other expenses are inflated 3% - 5% in categories expected to increase. Office Rent is budgeted to increase 10%, the first increase in several years. Office Improvement expense increased by \$1,800, for both years, to address some existing building issues. Giving to Churchwide is reduced to 35% of Mission Support, down from our current 40%.
- **Fiscal Year ending 1/31/27** salaries for the Bishop and Associate are projected to decrease. This is based on a cap on the maximum years of experience incorporated into the salary guidelines next year. Pension/Medical Expenses are projected to decrease based on lower salary and Pension percentage (which is age based), and reduction to Silver+ insurance plan, matching the level of ELCA Churchwide. Other expenses, including salaries, are inflated 3% - 5% in categories expected to increase. Giving to Churchwide remains at 35% of Mission Support.

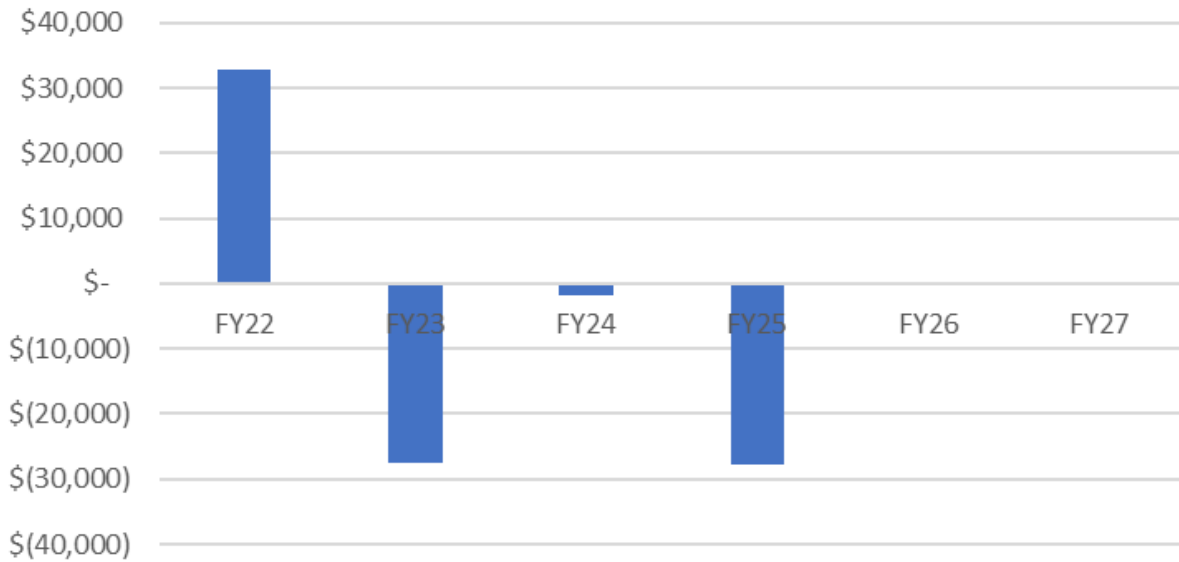
Bottom Line Impact:

- Fiscal Year ending 1/31/25 came in at a \$28k loss, the same as Budgeted.
- Fiscal Year ending 1/31/26 Budget is a positive \$656 bottom line.
- Fiscal Year ending 1/31/27 Budget is a positive \$121 bottom line.

Southwestern Washington Synod Mission Support through January



Bottom Line Trend Prior to Reserves Transfer



Synod Council Review:

- The submitted Budget has been reviewed in detail by the Synod Council, and is recommended for approval by the Synod Assembly.
- Due to the timing of our bi-annual Synod Assembly, the Synod routinely operates the first few months of the Assembly year under the approval of the Council, until final Budget approval takes place.
- A more detailed Budget file is available upon request.

Synod Reserve Funds:

- The Synod has a variety of Reserve Funds for specific ministry, that are not part of the Operating Budget.
- The four primary Donor Restricted Reserve Funds are:
 - Endowment Fund \$897k, formula driven, used for Outreach
 - Lilly Foundation Grant \$886k – *Design for Peace* Program, 4 years remaining
 - Morrison Fund \$518k – formula driven spend-down fund, used for Seminarian Debt Relief and Scholarships
 - Hope Fund \$269k – a formula driven spend-down fund, used for Outreach

Annual Audit:

- An audit of the Synod's financial statements is performed annually by Jacobson & Jarvis Co., PLLC. There were no issues in the 2025 Audit, or past years.
- Copies of the audit are available upon request.

SW WA SYNOD
Revenues & Expenses Statement
 Two Year Budget Cycle, Ending 1/31/26 and 1/31/27

	ACTUAL Fiscal Year Ending January 2024	ACTUAL Fiscal Year Ending January 2025	BUDGET Fiscal Year Ending January 2026	BUDGET Fiscal Year Ending January 2027
Revenues				
Support from Congregations	\$ 966,811	\$ 911,361	\$ 911,000	\$ 911,000
Support from Churchwide	\$ 10,000	\$ 93,322	\$ 125,369	\$ 129,130
Gifts/Donations	\$ 2,771	\$ 3,875	\$ 3,875	\$ 3,875
Interest Income	\$ 12,037	\$ 1,196	\$ 1,196	\$ 1,196
Other Income	\$ 2,493	\$ 9,970	\$ 10,000	\$ 10,000
Lilly Grant Funding		\$ 76,440	\$ 80,262	\$ 82,670
<i>One time transfer from Cultivating Ministries</i>			\$ 31,000	\$ -
Total Revenues	\$ 994,112	\$ 1,096,164	\$ 1,162,702	\$ 1,137,871
Expenses				
Support of Churchwide	\$ 386,724	\$ 364,544	\$ 318,850	\$ 318,850
Regional Partnerships	\$ 60,630	\$ 60,901	\$ 63,446	\$ 65,049
Agency & Social Ministry	\$ 15,900	\$ 15,900	\$ 15,900	\$ 15,900
Outreach Committee	\$ 31,000	\$ 31,000	\$ 31,000	\$ 31,000
Candidacy & Leadership	\$ 1,942	\$ 3,817	\$ 3,817	\$ 3,817
First Third of Life Committee	\$ 2,333	\$ 1,976	\$ 2,500	\$ 2,500
Fiscal & Executive Committees	\$ 497,434	\$ 645,775	\$ 726,533	\$ 700,634
Total Expenses	\$ 995,963	\$ 1,123,913	\$ 1,162,046	\$ 1,137,750
Net Total	\$ (1,851)	\$ (27,749)	\$ 656	\$ 121
Budgeted Net Total	\$ (22,930)	\$ (27,584)		