

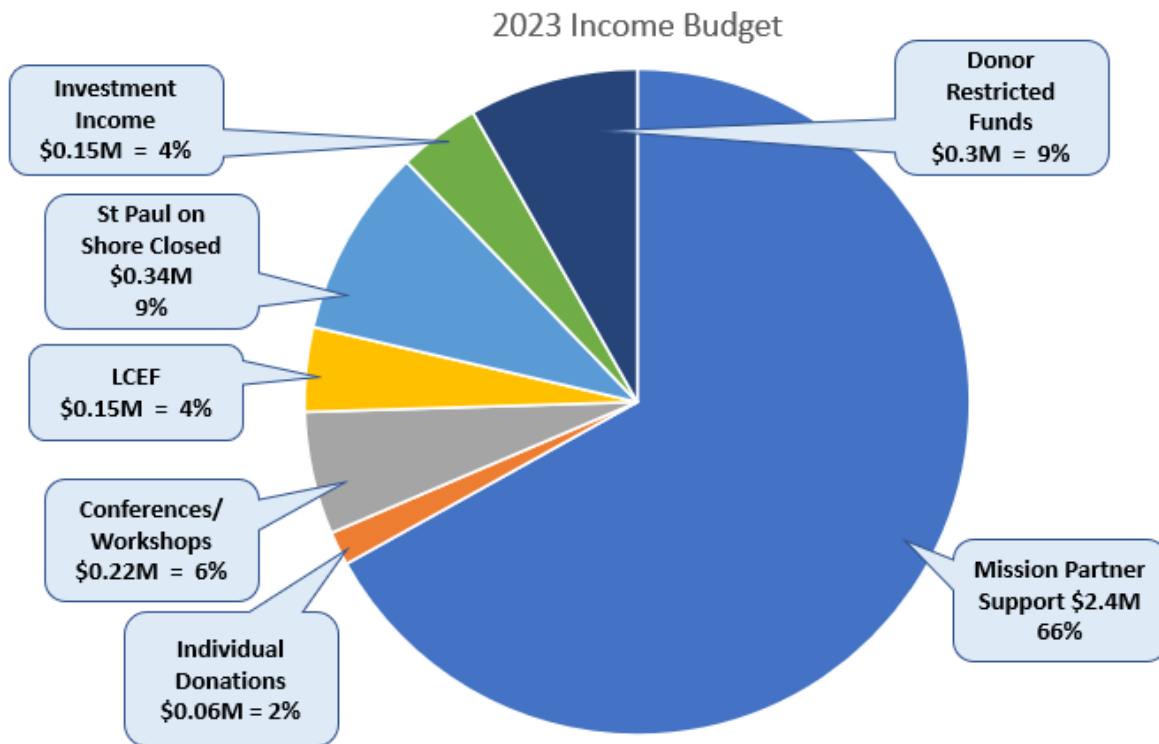


2023 Southeastern District Detailed Budget Narrative

The following narrative supplies detailed information regarding the Southeastern District Board of Directors approved 2023 budget. The 2023 budget is \$3.7 million of income, which includes \$375 thousand for the property that was gifted to the SE District upon closure of the St Paul on the Shore church in Haywood, VA.

Presented below are short narratives of the sources of our funding that provide resources for ministry as well as how those funds are used. The Income and inflow section is followed by the budgeted expenses that are anticipated during the fiscal year.

Income and Other Inflows Narrative



Gifts from Congregations (Mission Partnership)- \$2.44 million

In 2023, the Southeastern District again anticipates that about 66% of annual revenues in support of District operations will be generated through gifts from congregations. Gifts are solicited each year in conjunction with the publication of information regarding the mission and ministry objectives and activities within the District that are only possible through these gifts. We project Mission Partnership Support income to be approximately equal the support we received in 2021. We plan to continue to cultivate Mission Partnership Support contributions by building strong relationships with pastors and key lay leaders in many SED congregations.

Gifts from Individuals - \$60 thousand

Unrestricted donations from individuals are always greatly appreciated.



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Conferences and Workshop Fees - \$220 thousand

Every three years, the Synod puts on their major convention (this year in Milwaukee, WI), and the Southeastern District will also hold several local workshops and conferences. Funds generated from these event fees cover about 70% to 80% of the actual conference costs, with the SE District funding the rest from Mission Partnership Support funding.

Lutheran Church Extension Fund (LCEF) - \$150 thousand

In 2023, the LCEF from their investment profits intend to provide the Southeastern District funding that will be used specifically for Mission Expansion efforts in numerous congregations throughout our District.

Closed Congregations - \$335 thousand

St Paul on the Shore in Hallwood, VA closed in 2021, and we expect the transfer of the building and land to occur in early 2023 to the Southeastern District. The property will be sold – hopefully in such a fashion that their ministry to the local area can continue. While treated as “income” upon transfer of ownership, actual cash income could be months or years later when eventually sold.

Investment Income - \$145 thousand

The Southeastern District thru the years has prudently invested some of their prior year unused income and will use the dividends and other income returns to support our programs.

Use of Restricted Funds or Other Assets - \$302 thousand

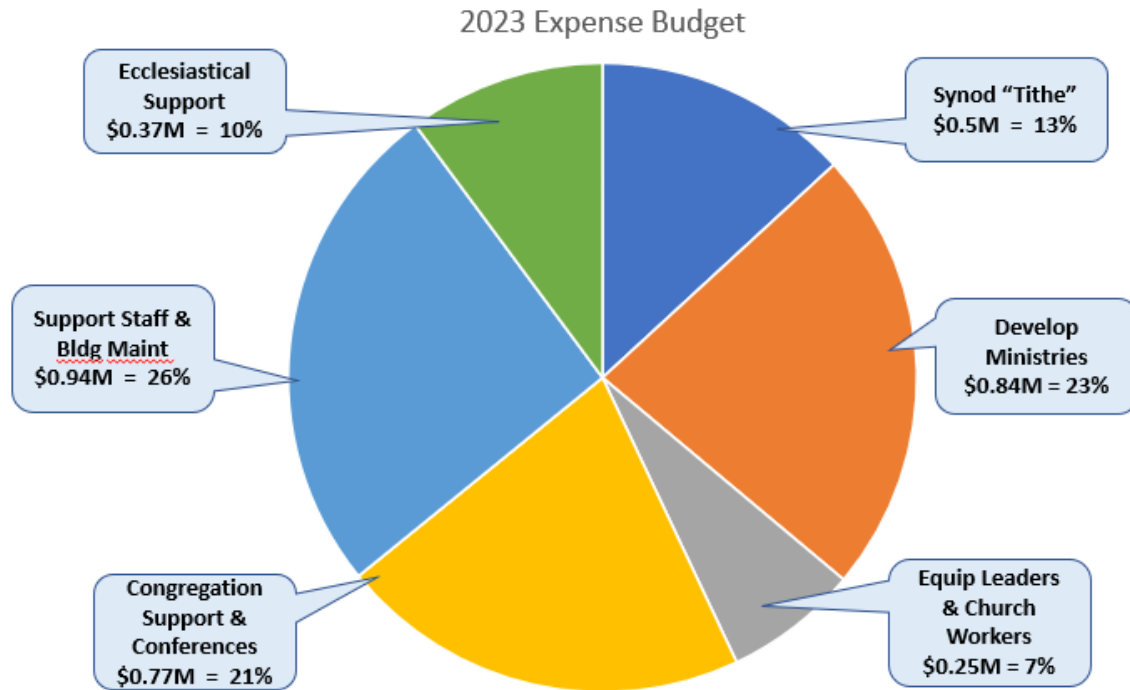
Through the years, the Southeastern District has been given funds that can only be used for specific purposes such as scholarships for students attending a Concordia College and pursuing a church full time vocation. We accept those funds under the agreement that we will apply those gifts in a way that is in keeping with that agreement. When the funds are used for the designated purpose, they are “released” and finally counted as income – directly offsetting the expenses for which they were intended.



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Budgeted Expenses Narrative

The following are the anticipated budgeted expenses for the Southeastern District in 2023.



LCMS (Synodical) Support - \$480 thousand (13% of budget)

The District begins its external mission and ministry support with funds gifted to the Lutheran Church–Missouri Synod of 20% of all Mission Partnership Support gifts received from congregations.

Developing New, Accountable, Sustainable Ministries - \$836 thousand (23% of budget)

The 2023 budget will continue to direct funding to be used in support of new ministries and workers and the various Ministry initiatives. This includes funding for the work of Mission and Ministry Facilitators covering salary, housing allowance, benefits, and expenses. Selected major budget components are listed below.

Additional information on planned expenditures in this area is as follows:

- Grants provided by the District directly to Congregations, Schools, and Missions: \$249 thousand
- \$34 thousand in direct support of the Peru Mission
- \$551 thousand in support of the Facilitators for Mission Engagement:
 - Salary, benefits, and housing allowance for four executives: \$496 thousand
 - Operating expenses for four executives: \$38 thousand



2023 Southeastern District Detailed Budget Narrative

Equipping Leaders and Church Workers (Preparing Church Workers) - \$251 thousand (7% of Budget)

This portion of the District budget is used for the support of students in the form of grants as they attend college or Seminary to prepare for professional church worker vocations and for other forms of scholarships or grants to help to prepare workers for ministry through other channels.

Resourcing Ministry for Sending Everyday Missionaries (Congregational Services) - \$771 thousand (21% of Budget)

Congregational Services provides program support to both emerging congregations and missions as well as existing District congregations and schools. A major expense this year is the Synod Convention costs (occurs every 3 years) where we will be sending 50+ delegates to review the programs and missions of the entire Synod and set the path for the next three years. Also included in this budget are salaries and expenses for the Congregational Services executive and staff.

- Congregational / School Services Salary and Benefits: \$582 thousand
- Congregational / School Services and staff automobile and travel expenses: \$31 thousand
- District Sponsored conferences and events - \$54 thousand
- Disaster and Human Care: \$81 thousand
- Youth/Schools, etc. \$23 thousand

Vision Support Ministry (Support Services) - \$839 thousand (24% of Budget)

A significant portion of the District budget is referred to as Support Services that make possible the vision of the District and congregations. This area is generally administrative in nature and would consist of expenses related to the Business Manager and district operational functions such as accounting, the office building, maintenance, equipment, postage, and supplies. Funds are also budgeted in this area for support of the ministry of the Lutheran Church Extension Fund which are reimbursed to the District.

- SED Support Services Salaries and Benefits: \$315 thousand
- Promote investments in LCEF, provide LCEF loans and services to congregations, and to maintain financial conversations with congregations with fiscal challenges, both within and outside the context of an LCEF loan--\$158 thousand. These salaries, benefits, and expenses are reimbursed by the national LCEF.
- Financial and General Services Related Expenses:
 - IT Support to include phone/internet: \$102 thousand
 - Staff Travel expenses, etc. \$7 thousand
 - Annual Audit Fee: \$15 thousand
 - Other Expenses for Insurance, etc. \$34 thousand
 - Lutheran Witness Subscriptions for Congregations \$14 thousand
- Office Supplies, Building Utilities, Janitorial, Grounds, Building & Equipment Maintenance and depreciation: \$121 thousand.
- Synod Convention Expenses \$171 thousand – the July 2023 Synod wide convention is the primary expense which occurs every three years to elect new Synod Board members as well as a new Synod President



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Ecclesiastical and Program Administration (President's Office) - \$370 thousand (10% of Budget)

- District President & President's Support Staff: Salaries and Benefits - \$247 thousand
- Lutheran Church Foundation – Development of Trusts, major gifts, etc. in support of congregations - \$60 thousand
- Other operating costs (e.g. Board and staff travel to congregations and meetings)

TOTAL BUDGETED EXPENSES FOR 2022 - \$3.6 million

Note that our 2023 Budget for income is higher than our projected expenses as we purposely set aside funds to partially recover from our investment losses in 2022.

The Southeastern District is thankful for the partnership we share with each and every congregation. We look forward to collectively gaining momentum to reach the 32 million people who live within the area of the District who do not know Jesus as their Lord and Savior.

Questions or comments on the District Budget can be directed to Sid Heetland, Director of Business and Finance at (800) 637-5723 or sheetland@se.lcms.org