



**EASTERN SYNOD of the ELCIC
2016 FINANCIAL REPORT
(PRE-AUDIT)**

Although income for the synod’s operations in 2016 fell short of budget, as a result of underspending in several areas of the budget, we ended the year with a modest surplus (~\$7,000).

Note: Amounts in this report are reported on a cash flow basis to align with budget assumptions.

2016 Financial Summary	Actual	Budget	Variance
Total Income	\$2,598,479	\$2,732,620	-\$134,141
Total Expenditures	\$2,591,475	\$2,732,620	-\$141,145
Surplus / Deficit	\$7,004	\$0	\$7,004

Income Summary

On an overall basis, 2016 income was \$134,000 less than budgeted. Given several “one time” contributions to benevolence in 2015, the budget for 2016 anticipated a 1% decline. Unfortunately, the decline was actually 2%, resulting in a shortfall of almost \$15,000. Most of the remaining income shortfall was attributable to a reduced need to request grants of income and/or principal from several restricted and unrestricted bequests and other funds from the Evangelical Lutheran Foundation of Eastern Canada (ELFEC) due to under-expenditures in several areas of the budget.

ELCIC grants totaled over \$172,000 during the past year and received a significant boost from special \$100,000 grants that were made available from the national church’s Church Extension Capital Fund (CECF) in each of 2015 and 2016. The synod flowed these grants through the Mission Committee where they help to initiate a number of creative and impactful outreach initiatives in congregations, ministry areas and other synodically related ministries.

INCOME	Actual	Budget	Variance
Benevolence Offerings	\$1,458,021	\$1,473,000	-\$14,979
ELCIC Grants	\$172,693	\$170,693	\$2,000
ELFEC Grants	\$727,466	\$833,527	-\$106,061
Rent/Services	\$53,076	\$50,900	\$2,176
Assembly/Retreat Registration Fees	\$149,304	\$156,575	-\$7,271
Individual Donations	\$14,900	\$33,500	-\$18,600
Other	\$23,021	\$14,425	\$8,596
Total	\$2,598,481	\$2,732,620	-\$134,139

Expenditure Summary

As depicted in the following chart, the synod's operating budget funds a wide variety of ministries in Eastern Canada, and through our gift to the ELCIC, ministries in other areas of Canada and the rest of the world.

All of these expenditures support the four primary goals that have been articulated in the synod's Strategic Plan: 2017 - 2021:

1. Provide Vision, Leadership and Support to the Synodical Community
2. Develop Capable Leaders
3. Connect the Synodical Community with the Wider Church through Effective Partnerships
4. Live as a Healthy Synod

EXPENDITURES	Actual	Budget	Variance
ELCIC	\$387,100	\$387,100	\$0
Waterloo Lutheran Seminary	\$416,000	\$416,000	\$0
Mission Committee	\$427,973	\$444,550	-\$16,577
Youth & Young Adult Ministries	\$149,709	\$149,920	-\$211
Candidacy Committee	\$24,075	\$31,000	-\$6,925
Professional Leadership Committee	\$102	\$200	-\$98
Stewardship & Resource Development	\$61,418	\$71,500	-\$10,082
Communication	\$23,267	\$23,200	\$67
Ministry Director Programming	\$11,790	\$21,800	-\$10,010
Office of the Bishop	\$16,392	\$26,400	-\$10,008
Salaries and Professional	\$697,485	\$712,650	-\$15,165
Office	\$122,305	\$143,850	-\$21,545
Retreats	\$46,080	\$40,000	\$6,080
Synod Council	\$16,155	\$21,150	-\$4,995
Ministry Area Programming	\$23,188	\$42,000	-\$18,812
Subsidies - Moving & Retiree Health Ins	\$55,772	\$69,000	-\$13,228
Assembly	\$112,664	\$132,300	-\$19,636
Total Expenditures	\$2,591,475	\$2,732,620	-\$141,145

As indicated in the table above, total expenditures were approximately \$141,000 under budget. These under-expenditures were primarily attributable to:

- Efficiency savings that were realized during the year (e.g over \$3,000 of savings were realized by renegotiating the contract with our telephone provider in 2015); or
- Ministry programs that were budgeted for 2016 but that for different reasons didn't progress to the extent originally anticipated.

As has been the case for many years now, the synod met in full its commitment to the National Church (\$387,100 in 2016, representing a \$3,800 (1%) increase over 2015) and its commitment to Waterloo Lutheran Seminary (\$416,000 in 2016).

Synod staff compensation continued to be carefully controlled while ensuring that employees were fairly compensated. In addition to salaries, benefits and other expenses associated with compensating synod employees, other areas benefiting from significant amounts of financial support during the past year included:

- Canadian Missions: Over \$400,000 was allocated to provide grants to thirty five different congregations and/or other forms of ministry.
- Youth and Young Adult Ministry: ~ \$150,000 was allocated to support the synod's camps, campus ministries in seven locations in Ontario, Quebec and Nova Scotia and half a dozen other ministry programs targeted for youth and young adults across the synod.
- Synod Assembly 2016: ~ \$112,000
- Office Expenses – As has been the case in recent years, the \$122,000 costs associated with running the synod office (e.g. utilities, maintenance, computer hardware/software/networking, office supplies, mailing, insurance, auditing, legal and other similar types of expenses were fully covered by income that is earned on invested funds that were generously donated by our parents and grandparents many years ago. As a result, the offerings that you give to benevolence are allocated in direct support of the synod's four goals as listed above (e.g. supporting congregations, nurturing leaders, promoting effective partnerships and pursuing compassionate justice in response to our call to be a synod "In Mission for Others"), rather than paying for office infrastructure.

Other 2016 Financial Activities

During the year the synod received \$500,000, the fourth instalment of an unusually large unrestricted bequest. In accordance with pre-existing synodical policy, ten percent of each instalment was gifted to the ELCIC in support of national ministries and the remainder applied to the Undesignated Gift & Bequest Fund. A final installment from this bequest is anticipated in 2017.

Delegates to Assembly 2016 overwhelmingly approved a recommendation from synod council that commits the synod to providing \$1,000,000 from the Undesignated Gift and Bequest Fund to Waterloo Lutheran Seminary's capital fundraising campaign for major renovations and upgrading of its existing facility. Payments will be made in equal instalments over the four years beginning in 2017.

Because plans to install solar panels on the roof of the synod office building proved unviable, the synod contracted with Bullfrog Power, ensuring that all electricity used by the synod office is replaced by an equivalent amount that is added to the grid from pollution-free, renewable sources.

The sale of the building/property previously owned by Finnish Lutheran Church in Kirkland Lake, a congregation that closed in 2013, was completed in 2016, resulting in gross proceeds of \$30,000

that were added to the balance of the Remembering for the Future Fund. Income earned by this fund is used to help fund synodical ministries.

Cash assets from the operating and cemetery funds were transferred to the synod when the congregation of St. John's, Riverside Heights closed in 2016. The building/property will be listed for sale.

A second mortgage that was held by the synod as a condition related to the sale of Christ, Windsor in 2012 was paid off in full by the vendor in early 2016.

Because the ELCIC's Lutheran Investment Funds and Endowment (LIFE) program will be terminating in 2018, the ELCIC returned \$500,000 (plus interest) of LIFE certificates that the synod had invested in this program, funds that have subsequently been transferred to ELFEC.

Excluding the \$500,000 bequest instalment mentioned previously, offerings remitted through the synod office for all causes decreased 1.1% in 2016 compared to 2015. Canadian Lutheran World Relief received \$321,000, the largest portion of designated funds. Of this amount, approximately \$66,000 was designated for Fort McMurray Wildfire Appeal Fire Relief. \$82,000 of the \$108,000 designated for the ELCIC Reformation Appeal was earmarked for scholarships for ELCJHL Schools.

The following table summarizes offerings for all causes (excluding bequests) received by the synod in 2016:

	2015	2016	% Change
Regular Benevolence	\$1,488,270	\$1,458,021	-2.0%
CLWR Undesignated	\$220,012	\$222,081	0.9%
CLWR Special Appeals	\$148,161	\$99,137	-33.1%
ELCIC Global Mission	\$15,876	\$11,582	-27.0%
ELCIC Reformation Challenge	\$0	\$108,334	
ELCIC Praise Appeal	\$10,389	\$10,460	0.7%
Camps	\$46,977	\$28,122	-40.1%
Lutheran Campus Ministry	\$5,757	\$6,378	10.8%
Waterloo Lutheran Seminary	\$10,063	\$13,010	29.3%
Other Misc Designated Gifts	\$59,264	\$25,484	-57.0%
TOTAL	\$2,004,769	\$1,982,609	-1.1%

Detailed information on remittances made by each congregation is available on the [2016 Congregational Remittance Report](#) that is posted on the Treasurer/Financial pages on the Eastern Synod website (www.easternsynod.org).

Looking Ahead to 2017 and Beyond

In response to the continuing, steady erosion of benevolence income that has occurred in recent years Synod Council was faced with making some difficult decisions at its November, 2016 meeting in order to balance the 2017 and 2018 budgets. Although painful, these decisions were

nevertheless necessary in light of existing financial realities:

- A \$50,000 (13%) reduction to the synod's grant to Waterloo Lutheran Seminary in 2017, followed by a further \$50,000 reduction in 2018.
- A reduction to the Youth and Young Adult Ministry Director's role, from a 50% to a 25% position, effective in 2018.
- A \$19,700 (17%) reduction to the Youth and Young Adult (YAYA) Ministry Committee budget, a reduction that was made after taking into consideration that YAYA's funding requirements should decrease in future years due to an unrelated decision to close Edgewood Camp and Conference Centre.
- Elimination of the \$7,500 budget line that has provided moving subsidies to qualifying congregations when they call a new pastor.
- Reductions to several budget lines in the Office of the Bishop totaling \$5,000 in 2017 and \$13,000 in 2018.

Remaining shortfalls will be covered by approximately \$75,000 of investment income that is expected to be earned by the Undesignated Gift and Bequest Fund in each of these two years as well as a \$95,000 contribution of capital from this fund in 2017 that will help ease the transition.

To help us through these challenging times I ask that each congregation:

- Consider increasing its 2017 financial support for synodical and ELCIC ministries
- Communicate its 2017 benevolence commitment to the synod (via the parochial report)

I value and look forward to your continued partnership over the remainder of 2017 and into 2018!

Keith Myra, Treasurer