

# Eastern Synod of the Evangelical Lutheran Church in Canada

Financial statements  
December 31, 2017



## Independent auditors' report

To the Bishop and Directors of the  
**Eastern Synod of the Evangelical Lutheran Church in Canada**

We have audited the accompanying financial statements of **Eastern Synod of the Evangelical Lutheran Church in Canada**, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Eastern Synod of the Evangelical Lutheran Church in Canada** as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Kitchener, Canada  
May 15, 2018

*Ernst & Young LLP*

Chartered Professional Accountants  
Licensed Public Accountants



**Eastern Synod of the Evangelical Lutheran Church in Canada**  
 Incorporated by Act of Parliament

**Statement of financial position**

As at December 31

	Operating fund \$	Special purpose fund \$	2017 Total \$	2016 Total \$
	<i>[note 2]</i>			
<b>Assets</b>				
<b>Current</b>				
Cash	736,826	33,484	770,310	4,745
Miscellaneous receivables and prepaid expenses	440,948	6,040	446,988	414,309
Due from Evangelical Lutheran Foundation of Eastern Canada ["ELFEC"] <i>[note 8]</i>	—	279,017	279,017	546,712
Accrued interest	—	376	376	376
Investments — at cost <i>[note 3]</i>	—	75,500	75,500	75,500
ELFEC Managed Fund <i>[note 3] and 8[c]</i>	—	490,172	490,172	458,872
<b>Total current assets</b>	<b>1,177,774</b>	<b>884,589</b>	<b>2,062,363</b>	<b>1,500,514</b>
Long-term portion of loans receivable <i>[note 4]</i>	—	235,650	235,650	228,750
Capital assets, net <i>[note 5]</i>	—	832,315	832,315	807,372
	<b>1,177,774</b>	<b>1,952,554</b>	<b>3,130,328</b>	<b>2,536,636</b>
<b>Liabilities and fund balances</b>				
<b>Current</b>				
Accounts payable	217,918	—	217,918	240,965
Due to ELFEC <i>[note 8]</i>	—	399,959	399,959	55,488
<b>Total current liabilities</b>	<b>217,918</b>	<b>399,959</b>	<b>617,877</b>	<b>296,453</b>
Post-retirement benefits obligation <i>[note 6]</i>	1,108,142	—	1,108,142	1,333,530
<b>Total liabilities</b>	<b>1,326,060</b>	<b>399,959</b>	<b>1,726,019</b>	<b>1,629,983</b>
<b>Fund balances</b>				
Invested in capital assets	—	832,315	832,315	807,372
Endowments <i>[note 2]</i>	—	20,601	20,601	20,701
Externally restricted	—	96,783	96,783	81,564
Internally restricted	—	602,896	602,896	626,348
Operating fund	(148,286)	—	(148,286)	(629,332)
<b>Total fund balances</b>	<b>(148,286)</b>	<b>1,552,595</b>	<b>1,404,309</b>	<b>906,653</b>
	<b>1,177,774</b>	<b>1,952,554</b>	<b>3,130,328</b>	<b>2,536,636</b>

See accompanying notes

On behalf of the Board:

Director

Director

## Eastern Synod of the Evangelical Lutheran Church in Canada

### Statement of operations

Year ended December 31

	Operating fund \$	Special purpose fund \$	2017 Total \$	2016 Total \$
<b>Revenue</b>				
Total offerings of member congregations <i>[schedule 1]</i>	1,435,590	452,652	1,888,242	1,962,691
Program support from other sources	130,685	—	130,685	175,118
Support for ministries and administrative <i>[note 8[a]]</i>	97,942	—	97,942	216,659
Donations, bequests and other receipts <i>[notes 5 and 11]</i>	429,710	1,263,282	1,692,992	605,965
Grants from ELFEC <i>[note 8[b]]</i>	389,892	722,035	1,111,927	753,711
Lutheran Campus Ministry Local Council income	829	—	829	834
Allocated interest and other investment income	—	39,709	39,709	21,548
	<b>2,484,648</b>	<b>2,477,678</b>	<b>4,962,326</b>	<b>3,736,526</b>
<b>Expenses</b>				
Evangelical Lutheran Church in Canada	390,900	—	390,900	437,100
Waterloo Lutheran Seminary	366,000	—	366,000	416,000
Synodical programmatic committees	260,286	303,051	563,337	698,334
Other ministries and administration	937,064	48,752	985,816	1,055,734
Disbursements for special purpose fund projects <i>[note 8[c]]</i>	383,549	1,419,533	1,803,082	614,854
Disbursements of special purpose congregational offerings	—	452,652	452,652	504,670
Post-retirement benefits <i>[note 6]</i>	39,100	—	39,100	48,600
Lutheran Campus Ministry Local Council expenses	14,879	—	14,879	10,622
Amortization of capital assets <i>[note 5]</i>	—	51,704	51,704	65,263
	<b>2,391,778</b>	<b>2,275,692</b>	<b>4,667,470</b>	<b>3,851,177</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>92,870</b>	<b>201,986</b>	<b>294,856</b>	<b>(114,651)</b>

See accompanying notes

**Eastern Synod of the Evangelical Lutheran Church in Canada**

**Statement of fund balances**

Year ended December 31

	Operating fund \$	Endowment fund \$	Internally restricted fund \$	Externally restricted fund \$	2017 Total \$	2016 Total \$
<b>Fund balances, beginning of year</b>	<b>(629,332)</b>	<b>20,701</b>	<b>1,433,720</b>	<b>81,564</b>	<b>906,653</b>	1,021,304
Reallocation of unrestricted funds <i>[note 7]</i>	<b>185,376</b>	—	<b>(185,376)</b>	—	—	—
Excess (deficiency) of revenue over expenses for the year	<b>92,870</b>	<b>(100)</b>	<b>186,867</b>	<b>15,219</b>	<b>294,856</b>	(114,651)
Adjustment to post-employment benefits <i>[note 6]</i>	<b>202,800</b>	—	—	—	<b>202,800</b>	—
<b>Fund balances, end of year</b>	<b>(148,286)</b>	<b>20,601</b>	<b>1,435,211</b>	<b>96,783</b>	<b>1,404,309</b>	906,653

See accompanying notes

## Eastern Synod of the Evangelical Lutheran Church in Canada

### Statement of cash flows

Year ended December 31

	2017	2016
	\$	\$
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	294,856	(114,651)
Add (deduct) items not involving current payment of cash		
Amortization of capital assets	51,704	65,263
Accretion of implicit interest on loans receivable <i>[note 4]</i>	(6,900)	(6,750)
Post-retirement benefits expense <i>[note 6]</i>	39,100	48,600
Net change in non-cash working capital balances related to operations <i>[note 10]</i>	556,440	(472,744)
Post-retirement benefits plan funding <i>[note 6]</i>	(61,688)	(53,194)
<b>Cash provided by (used in) operating activities</b>	<b>873,512</b>	<b>(533,476)</b>
<b>Investing activities</b>		
Purchase of capital assets	(76,647)	(5,557)
Decrease (increase) in investments	(31,300)	41,128
Decrease in loans receivable	—	18,886
<b>Cash provided by (used in) investing activities</b>	<b>(107,947)</b>	<b>54,457</b>
<b>Net increase (decrease) in cash during the year</b>	<b>765,565</b>	<b>(479,019)</b>
Cash, beginning of year	4,745	483,764
<b>Cash, end of year</b>	<b>770,310</b>	<b>4,745</b>

See accompanying notes

# Eastern Synod of the Evangelical Lutheran Church in Canada

## Notes to financial statements

December 31, 2017

### 1. Purpose of the Synod

The purpose of the Eastern Synod of the Evangelical Lutheran Church in Canada [the "Synod"] is to facilitate and advance the mission of the Evangelical Lutheran Church in Canada in Ontario, Quebec and the Maritime provinces. The Synod is a registered charity under the *Income Tax Act* (Canada) and is exempt from income taxes.

### 2. Significant accounting policies

These financial statements were prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, "Accounting Standards for Not-for-Profit Corporations", which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies described hereafter.

#### Fund accounting

The accounts of the Synod are maintained in accordance with the principles of fund accounting, a procedure by which resources for various purposes are classified in accordance with activities or objectives as specified by donors or limitations imposed by the Synod Council. For financial reporting purposes, the Synod has combined funds with similar characteristics into two major fund groups as follows:

*[i] Operating*

This fund accounts for amounts received, amounts expended and funds available to be spent on the general operations and administration of the Synod.

*[ii] Special purpose*

This fund accounts for donations, grants, bequests and other income received, and amounts expended and amounts available to be spent for certain restricted purposes as dictated by the donor or appropriated by the Synod. In some cases, only the income from these funds may be expended and the principal amount must be permanently endowed.

#### Revenue and expense recognition

The Synod follows the restricted fund method of accounting for contributions. Donations and grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue of the appropriate restricted fund. Contributions for endowment are recognized as revenue of the externally restricted fund.

#### Investments

Investment certificates are valued at amortized cost using the effective interest rate method. Transactions are recorded on a trade-date basis, and transaction costs are expensed as incurred.

#### Loans receivable

Loans receivable are initially recorded at fair value and then carried at amortized cost using the effective interest rate method and the interest rate implied in the fair value determination.

# Eastern Synod of the Evangelical Lutheran Church in Canada

## Notes to financial statements

December 31, 2017

### Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization of capital assets is provided on a straight-line basis over the following periods:

Computer hardware and photocopier	3 years
Office building and furniture and equipment	25 years
Vehicles	3 - 4 years
Delton Glebe Counselling Centre property	25 years
Edgewood assets	5 - 25 years
Lutherlyn assets	10 - 20 years
Camp Mush-a-Mush assets	10 - 25 years

### Financial instruments

It is management's opinion that the Synod is not exposed to significant interest rate risk or currency risk arising from its financial instruments.

The Synod is subject to credit risk with respect to its miscellaneous receivables, loans receivable and amounts due from ELFEC. The maximum credit risk is the fair value of these receivables.

### Post-retirement benefits

The Synod provides extended health care benefits to certain retired pastors, diaconal ministers, clergy and their spouses after retirement.

The post-retirement benefit obligation is actuarially determined using the projected benefit method prorated on services. This method involves the use of the market interest rate at the measurement date on high-quality debt instruments at the discount rate and management's best estimates regarding assumptions about retirement age, termination rates, mortality rates and expected health care costs.

### Related party transactions

Related party transactions are in the normal course of operations and are initially measured at fair value.

### 3. Investments

Investment certificates issued by the Evangelical Lutheran Church in Canada are carried at amortized cost of \$75,500 [2016 – \$75,500]. These investments mature on February 11, 2018.

The ELFEC Managed Fund was established in 2016 to hold funds that will be used towards the Synod's commitment to Waterloo Lutheran Seminary's capital fundraising campaign [note 9] and is recorded at market value of \$490,172 [2016 – \$458,872].



## Eastern Synod of the Evangelical Lutheran Church in Canada

### Notes to financial statements

December 31, 2017

#### 4. Loans receivable

Loans receivable consist of the following:

	2017 \$	2016 \$
Loan receivable from non-interest bearing loans	270,600	270,600
Less reduction in carrying value to recognize interest implied in the face value	14,350	21,250
Less allowance for loans receivable	20,600	20,600
Net carrying value	235,650	228,750
Less current portion	—	—
	<b>235,650</b>	<b>228,750</b>

The loan receivable from Waterloo Lutheran Seminary is due on December 31, 2019. The fair value of the loan was measured at its present value, using an effective interest rate of 3.0%. Implied interest income on the loan will be recognized at 3.0% over the life of the loan, with a corresponding recognition of interest income in each future period. Interest income earned during 2017 was \$6,900 [2016 – \$6,750], offset by a reduction in carrying value to recognize interest implied.

The above-mentioned loans receivable are not secured by any collateral.

#### 5. Capital assets

[a] Capital assets consist of the following:

	2017		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Computer hardware and photocopier	20,365	20,365	-
Office furniture and equipment	47,636	32,391	15,245
Office building	676,673	445,687	230,986
Vehicles	29,608	29,608	-
Delton Glebe Counselling Centre property	211,371	22,739	188,632
Edgewood assets	573,318	455,339	117,979
Lutherlyn assets	256,695	112,964	143,731
Camp Mush-a-Mush assets	202,457	66,715	135,742
	<b>2,018,123</b>	<b>1,185,808</b>	<b>832,315</b>

## Eastern Synod of the Evangelical Lutheran Church in Canada

### Notes to financial statements

December 31, 2017

	<b>2016</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>
	\$	\$	\$
Computer hardware and photocopier	20,365	20,365	—
Office furniture and equipment	47,636	30,486	17,150
Office building	676,673	418,620	258,053
Vehicles	29,608	29,608	—
Delton Glebe Counselling Centre property	206,920	18,049	188,871
Edgewood assets	573,318	455,339	117,979
Lutherlyn assets	193,598	105,265	88,333
Camp Mush-a-Mush assets	193,358	56,372	136,986
	<b>1,941,476</b>	<b>1,134,104</b>	<b>807,372</b>

[b] The change in the net book value of capital assets is due to the following:

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Balance, beginning of year</b>	<b>807,372</b>	867,078
Transfer of property	<b>72,196</b>	5,557
Purchase of capital assets	<b>4,451</b>	—
Amortization of capital assets	<b>(51,704)</b>	(65,263)
<b>Balance, end of year</b>	<b>832,315</b>	<b>807,372</b>

The Synod currently owns the following properties: Bear Lake, Ontario; Toronto, Ontario [Christ]; Elliot Lake, Ontario [Faith]; and Shantz Station, Ontario [Trinity]. These properties were all acquired in previous years for a nominal amount.

During 2016, St. John's, Riverside Heights was closed and the property transferred to the Eastern Synod for a nominal amount.

During 2013, the Synod repurposed the Lutheran Campus Ministry property to house the Delton Glebe Counselling Centre. Included in the Delton Glebe Counselling Centre assets is land carried at \$94,116 [2016 – \$94,116], which is not subject to amortization.

During 2016, the Synod terminated the lease agreement for the Edgewood property with Edgewood Camp and Conference Centre. The property has been prepared for sale. Included in the Edgewood assets is land carried at \$33,512 [2016 – \$33,512], which is not subject to amortization. Cash assets of the camp in the amount of \$124,644 were transferred to the Synod.

Included in the Lutherlyn assets is land carried at \$48,549 [2016 – \$48,549], which is not subject to amortization.

## Eastern Synod of the Evangelical Lutheran Church in Canada

### Notes to financial statements

December 31, 2017

Lutherlyn transferred the value of a kitchen renovation to the Synod in 2017 at an original cost of \$63,097. Lutherlyn transferred a new cabin roof and a water softener to the Synod in 2016 at an original cost of \$5,557.

Camp Mush-a-Mush transferred the value of a dishwasher and a road upgrade to the Synod in 2017 with an original cost of \$9,099.

Included in the Camp Mush-a-Mush assets is land carried at \$76,680 [2016 – \$76,680], which is not subject to amortization.

The Delton Glebe Counselling Centre property, Lutherlyn assets, Camp Mush-a-Mush assets and Shantz Station, Ontario [Trinity] assets are held for leasing purposes.

#### 6. Post-retirement benefits

The Synod provides extended health care benefits to certain retired pastors, diaconal ministers, clergy and their spouses after retirement if the retirees attain the age of 65 prior to January 1, 2013 and meet certain eligibility requirements.

For the first fiscal year commencing on or after January 1, 2014, the new Section 3463 under Part III of the *CPA Canada Handbook - Accounting* will apply. Therefore, the new standard was applied to the Synod's financial statements effective January 1, 2014, with comparative figures presented for the fiscal 2013 financial statements, resulting in the actuarial revaluation being recognized directly in fund balances in the statement of financial position rather than in the statement of operations, and presented as a separately identified line item in the statement of fund balances. It had an impact to fund balances in 2013 of \$425,100 and an impact to fund balances in 2014 of \$106,200.

The Synod retained the services of Morneau Shepell Ltd., a third-party firm, to perform a valuation of post-employment benefits as at January 1, 2017. The Synod measures its accrued benefit obligation for accounting purposes as at December 31 of each year. The Synod does not have any assets specifically designated to cover the accrued benefit obligation.

Information about the Synod's post-retirement benefits plan as at December 31 is as follows:

	2017	2016
	\$	\$
<b>Accrued benefit obligation, beginning of year</b>	<b>1,333,530</b>	1,338,124
Interest cost	<b>39,100</b>	48,600
Actuarial revaluation	<b>(202,800)</b>	—
Benefits paid	<b>(61,688)</b>	(53,194)
<b>Accrued benefit obligation, end of year</b>	<b>1,108,142</b>	1,333,530

# Eastern Synod of the Evangelical Lutheran Church in Canada

## Notes to financial statements

December 31, 2017

The significant actuarial assumptions adopted in measuring the Synod's post-retirement benefits obligation and benefits cost are as follows:

	<u>2017</u>	<u>2016</u>
Discount rate	3.40%	3.75%
Health care cost trend rate	6.00%	6.50%
Ultimate health care cost trend rate	4.00%	5.00%
Ultimate trend rate reached in year	<u>2026</u>	<u>2022</u>

### 7. Interfund transfer

In 2017, internally restricted funds of \$185,376 were reclassified to unrestricted. This change is reflected on the statement of fund balances. The majority of the change was due to reclassifying a fund previously established to provide loan assistance to the bishop when purchasing a residence, which is no longer necessary. The income generated from the unrestricted fund is used to support Synod operations.

In 2016, an undesignated bequest of \$500,000 was received from the Emily Brown Estate [note 11]. This was originally recorded as an increase to the operating fund. During the year, \$450,000 was designated as internally restricted to create the ELFEC Managed Fund [note 3]. The fund and the income it generates is used to support the Synod's commitment to Waterloo Lutheran Seminary's capital fundraising campaign.

### 8. Related party transactions

The Synod is related to the ELFEC, a foundation whose directors are elected by the Synod Council. The ELFEC is a registered charity that supports and furthers the life, work and mission of the Eastern Synod of the Evangelical Lutheran Church in Canada, its congregations and affiliated institutions, and other faith-based organizations with similar purposes by encouraging generous giving, prudently investing assets entrusted to it and granting money to Lutheran charities that respond creatively and effectively to God's call to ministry.

The following is a summary of transactions during the year:

- [a] The Synod provides use of its facilities and administrative services to the ELFEC for which it receives a fee of \$13,300 [2016 – \$13,067] annually under the terms of the office facilities agreement. This amount is included in support for ministries and administrative revenue on the statement of operations.
- [b] The Synod receives grants from the ELFEC as approved by the Board of Directors. Total grants to the Synod for the year were \$1,111,927 [2016 – \$753,711].
- [c] During the year, the Synod transferred to the ELFEC \$383,549 from the operating fund [2016 – \$30,000] and \$746,080 from the special purpose fund [2016 – \$492,988] of the funds received from donors, which were designated for investment purposes and are included in disbursements for special purpose fund projects on the statement of operations. The Synod also transferred \$nil [2016 – \$450,000] to ELFEC for the ELFEC Managed Fund [note 3].

# Eastern Synod of the Evangelical Lutheran Church in Canada

## Notes to financial statements

December 31, 2017

Amounts due to/from ELFEC are as follows:

	2017 \$	2016 \$
Due from ELFEC	279,017	546,712
Due to ELFEC	<b>(399,959)</b>	(55,488)

### 9. Controlled entities

The Synod controls Lutheran Homes Kitchener-Waterloo ["LHKW"] and Waterloo Lutheran Seminary ["WLS"].

The purpose of LHKW is to provide and operate non-profit residential accommodation and facilities incidental thereto, exclusively for persons of low/modest income, senior citizens of low/modest income, and disabled persons of low/modest income. LHKW is a registered charity, incorporated under the laws of Ontario and exempt from income taxes under section 149 of the *Income Tax Act* (Canada). The Synod Bishop appoints one individual to LHKW's Board of Directors and the Synod Council appoints the remaining directors.

WLS is an institution of the Eastern Synod of the Evangelical Lutheran Church in Canada, federated with Wilfrid Laurier University. The purpose of the WLS is to provide for the scholarly study of the Christian faith, especially in its Lutheran understanding, and for the education of persons in and for Christian ministry, especially in the Lutheran Church and the Canadian context. WLS is a registered charity under the *Income Tax Act* (Canada) and exempt from income taxes. The Synod Council appoints members to the WLS' Board of Governors according to the terms determined by the seminary. WLS' property, both real and personal, is held by the Board of Governors in trust for and under the guidance of the Synod.

None of the controlled entities have been consolidated in these financial statements. The restrictions on the resources of the controlled entities are represented by the identification of separate funds in those entities [capital funds, internally and externally restricted funds, and trust and endowment funds]. Summarized information from the most recent audited financial statements of these non-consolidated entities is as follows:

## Eastern Synod of the Evangelical Lutheran Church in Canada

### Notes to financial statements

December 31, 2017

	2017	
	Lutheran Homes Kitchener-Waterloo \$	Waterloo Lutheran Seminary \$
<b>Financial position</b>		
Total assets	31,755,218	15,564,897
Total liabilities	25,065,370	2,953,193
<b>Total net assets</b>	<b>6,689,848</b>	<b>12,611,704</b>
<b>Results of operations</b>		
Total revenue	14,413,538	3,159,292
Total expenses	13,688,609	2,731,915
Investment income	—	1,129,752
<b>Excess of revenue over expenses for the year</b>	<b>724,929</b>	<b>1,557,129</b>
<b>Cash flows</b>		
Cash provided by operating activities	1,371,064	1,018,893
Cash used in financing and investing activities	(1,298,548)	(1,002,936)
<b>Net increase in cash during the year</b>	<b>72,516</b>	<b>15,957</b>
	2016	
	Lutheran Homes Kitchener-Waterloo \$	Waterloo Lutheran Seminary \$
<b>Financial position</b>		
Total assets	32,191,846	13,306,856
Total liabilities	26,228,033	2,478,933
<b>Total net assets</b>	<b>5,963,813</b>	<b>10,827,923</b>
<b>Results of operations</b>		
Total revenue	14,361,517	3,105,480
Total expenses	13,718,460	2,460,133
Investment loss	—	(246,076)
<b>Excess of revenue over expenses for the year</b>	<b>643,057</b>	<b>399,271</b>
<b>Cash flows</b>		
Cash provided by (used in) operating activities	1,120,052	(40,418)
Cash used in financing and investing activities	(1,356,983)	(25,862)
<b>Net decrease in cash during the year</b>	<b>(236,931)</b>	<b>(66,280)</b>

## Eastern Synod of the Evangelical Lutheran Church in Canada

### Notes to financial statements

December 31, 2017

The financial statements for WLS are prepared as at April 30, 2017. In the eight-month period ended December 31, 2017, there have been no transactions out of the ordinary.

During 2016, the Synod committed \$1,000,000 to WLS's capital fundraising campaign for major renovations and upgrading of its existing facility with payments of \$250,000 to be made in each of 2017, 2018, 2019 and 2020. The 2017 payment was made on schedule. The payment in 2020 is contingent on WLS repaying the \$250,000 interest free loan to the Synod.

#### 10. Statement of cash flows

The net change in non-cash working capital balances related to operations consists of the following:

	2017 \$	2016 \$
Decrease (increase) in miscellaneous receivables, prepaid expenses and accrued interest	(32,679)	28,602
Net change in amounts due to/from ELFEC	612,166	(499,962)
Decrease in accounts payable	(23,047)	(1,384)
	<u>556,440</u>	<u>(472,744)</u>

#### 11. Non-recurring receipts

In 2017, the Synod received non-recurring donations from estates totalling \$250,000 for the special purpose fund and \$425,210 for the operating fund, and \$796,910 [gross proceeds] from the sale of property. In addition, the cash assets from the Camp Edgewood property of \$124,644 was transferred to the Synod. These receipts are recorded in donations, bequests and other receipts on the statement of operations.

In 2016, the Synod received non-recurring donations from estates totalling nil for the special purpose fund and \$500,000 for the operating fund, and \$30,000 [gross proceeds] from the sale of property. These receipts are recorded in donations, bequests and other receipts on the statement of operations.

#### 12. Comparative figures

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

## Schedule of offerings

Year ended December 31

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Offerings for Synod programs</b>		
Regular benevolence	<b>1,435,590</b>	1,458,021
<b>Offerings for special purposes</b>		
Canadian Lutheran World Relief	<b>287,152</b>	321,219
Lutheran Campus Ministry	<b>4,013</b>	4,298
Waterloo Lutheran Seminary	<b>27,464</b>	13,010
Synod camps	<b>12,082</b>	28,122
Praise appeal	<b>8,328</b>	10,461
Global missions	<b>14,438</b>	11,583
Reformation challenge	<b>82,923</b>	108,333
Other	<b>16,252</b>	7,644
<b>Total offerings for special purposes</b>	<b>452,652</b>	504,670
<b>Total offerings of member congregations</b>	<b>1,888,242</b>	1,962,691

This schedule excludes offerings in the amount of \$37,340 [2016 – \$19,920] that were remitted for designated synodical ministries that are already included in donations, bequests and other receipts in the statement of operations.

*See accompanying notes*