



**THE EASTERN SYNOD'S 2019 FINANCIAL STORY
(PRE-AUDIT)
WHAT AN AMAZING YEAR!**

Operating Fund - The Bottom Line

2019 was an amazing year! After providing funding for an impressive list of synodical ministries, the Synod's Operating Fund ended the year in the black. The surplus of approximately \$98,000 that was realized in 2019 negated a worrisome deficit that was incurred in 2018.

2019 Summary	Actual	Budget	Variance
Total Income	\$2,606,174	\$2,705,697	-\$99,523
Total Expenditures	\$2,508,146	\$2,705,697	-\$197,551
Surplus / (Deficit)	\$98,028	\$0	\$98,028

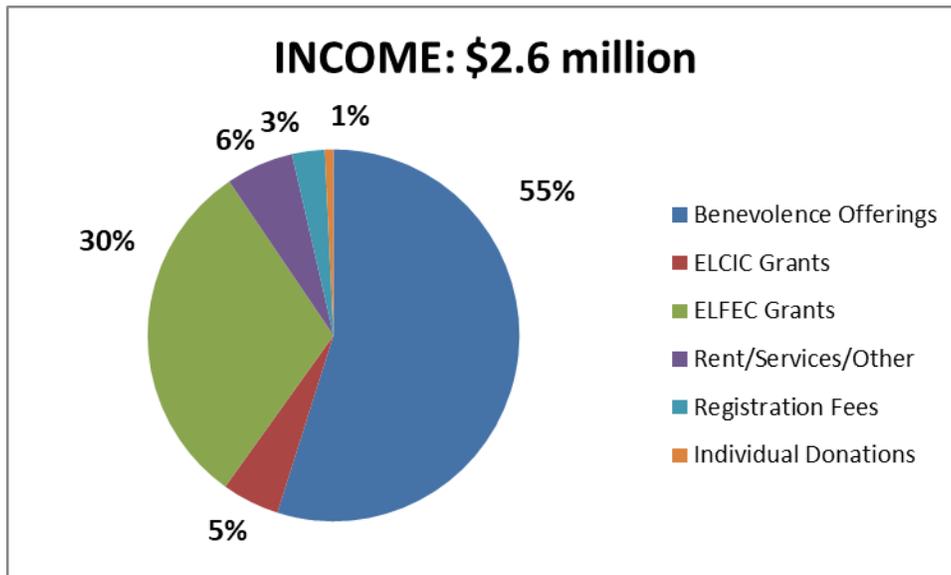
Note: Amounts in the above table and subsequent tables in this report are reported on a cash flow basis to align with budget assumptions and do not take into account special accounting treatment for capital purchases or actuarial adjustments that are made for future obligations relating to retiree benefit premiums.

Operating Fund: Income Summary

From a revenue perspective, 2019 was a remarkable year! Benevolence remittances from congregations increased by 2.7%, a welcome change from the generally declining trend that has been evident over the past quarter century or more. This income was further augmented by exceptional 2019 investment returns on funds that donors over several generations have designated to support a variety of synodical ministries.

Although 2019 operating income was about \$100,000 less than budgeted, this is primarily due to Evangelical Lutheran Foundation of Eastern Canada grants that were not required/requested due to several initiatives that did not proceed as quickly as expected when the budget was developed.

INCOME	Actual	Budget	Variance
Benevolence Offerings	\$1,430,418	\$1,379,400	\$51,018
ELCIC Grants	\$130,514	\$129,714	\$800
ELFEC Grants	\$798,161	\$850,083	-\$51,922
Rent/Services/Other	\$153,301	\$251,500	-\$98,199
Assembly/Retreat Registration Fees	\$74,110	\$67,000	\$7,110
Individual Donations	\$19,670	\$28,000	-\$8,330
Total	\$2,606,174	\$2,705,697	-\$99,523



Operating Fund: Expenditure Summary

The Synod’s operating budget funds a wide variety of ministries in Eastern Canada. In addition, through our financial gifts to the ELCIC National Church, we support ministries in other areas of Canada and the rest of the world. Initiatives funded by our operating budget include both long established, highly valued ministries, as well as a number of newer, innovative and experimental forms of ministry, spanning the four primary goals that are articulated in the Synod’s 2017 – 2021 Strategic Plan:

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

The following commentary relates to the largest areas of expenditure in 2019:

ELCIC – As has been the case for many years now, support for the ELCIC National Church continues to be a significant and high priority item. Once again in 2019, the Synod met its commitment to the National Church. Our \$398,700 remittance represented a \$3,900 (1%) increase over 2018.

Martin Luther University College – Our \$316,000 annual grant to Martin Luther University College (Luther), previously known as Waterloo Lutheran Seminary, represents a very meaningful portion of Luther’s total revenue and is reflective of the importance and value that we place on this institution’s role, a role that includes supporting the church and wider community by training rostered and lay leaders.

Mission Committee – The \$300,000 of Mission Committee expenditures consisted of 45 grants that were awarded to congregations to help fund their outreach initiatives. In addition, six grants

were allocated to support missional initiatives sponsored by several ministry areas and other organizations. These grants helped to fund an impressive list of experimental and traditional mission outreach activities, including:

- ministry to the hungry, lonely and impoverished
- refugee sponsorship
- supporting adults and children with disabilities or other challenges
- restoring right relations with our Indigenous neighbours
- providing alternate forms of worship aimed at involving the wider community
- helping to develop congregations
- assisting congregations in discerning their future and
- providing subsidies for signs and websites

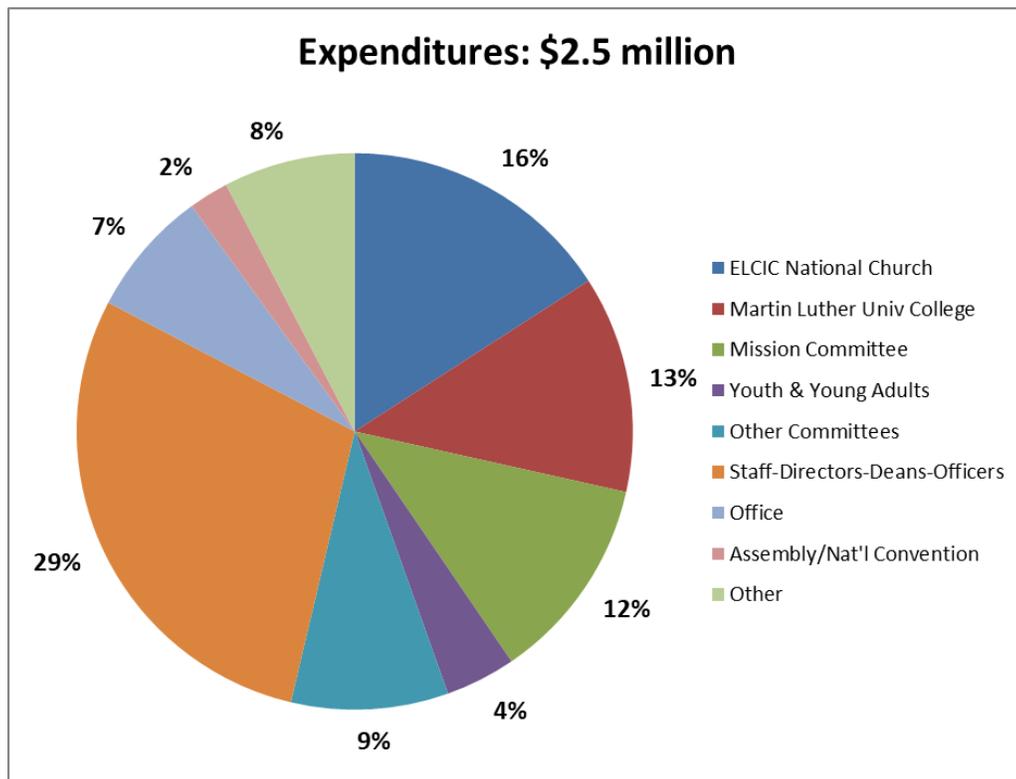
Youth and Young Adult Ministries: Spending of approximately \$100,000 in this area was allocated to support the Synod's two camps, five campus ministries sites in Ontario, Quebec and Nova Scotia and in the form of grants to a number congregations to assist with ministry programs targeted at youth and young adults. In combination, these ministries provide a variety of opportunities for spiritual growth, community service and fun/fellowship for youth and young adults, while at the same time, assist in developing leaders for the church of today and tomorrow.

Congregational Redevelopment Services – This is a new service that the Synod offers to those congregations that are exploring the possibilities of extending their mission and financial sustainability by leveraging their real estate assets. Considerable time was required in 2019 to develop a sound approach. As a result, only half of the \$200,000 that was budgeted was spent.

Salaries and Professional – This \$726,000 in this area of the budget provided compensation and benefits to 22 people (five full-time staff and four part-time staff who receive salary and benefits, three ministry directors and two officers who serve on a very part-time basis with limited compensation and eight ministry area deans who were compensated on a “fee for service” basis for specific tasks they were required to perform during the year (e.g. installations, exit interviews)). All of these forms of compensation continue to be carefully managed while ensuring that employees are compensated fairly. This area of the budget was underspent by almost \$60,000, due primarily to a delay in hiring for the newly created Finance/Administration Director role and lower than anticipated staff travel costs that were incurred during the year. For further details on remuneration provided to those who serve in professional roles, refer to the Synod Professional Staff Remuneration section in [Assembly 2018 Bulletin of Reports](#) (Financial Reports: Section 8, Page 7).

Office - The \$185,000 that was required to run the Synod office (e.g. utilities, maintenance, computer hardware/software/networking, office supplies, mailing, insurance, auditing, legal and other similar types of expenses) was 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, not to pay for office infrastructure. Due to stellar investment returns that were realized in 2019, \$40,000 of funding was reserved for building and equipment capital expenditures that will be incurred in future years. As a result, this area of the budget was overspent by approximately \$30,000.

EXPENDITURES	Actual	Budget	Variance
ELCIC	\$398,700	\$398,700	\$0
Martin Luther University College	\$316,000	\$316,000	\$0
Mission Committee	\$300,367	\$316,996	-\$16,629
Youth & Young Adult Ministries	\$102,467	\$106,001	-\$3,534
Candidacy Committee	\$35,852	\$39,500	-\$3,648
Professional Leadership Committee	\$121	\$250	-\$129
Congregational Redevelopment Services	\$101,471	\$200,000	-\$98,529
Stewardship & Resource Development	\$33,814	\$37,000	-\$3,186
Communication	\$21,268	\$23,700	-\$2,432
Ministry Director Programming	\$36,579	\$38,300	-\$1,721
Office of the Bishop	\$25,536	\$36,100	-\$10,564
Salaries and Professional	\$726,748	\$786,150	-\$59,402
Office	\$184,730	\$153,400	\$31,330
Retreats	\$47,378	\$49,000	-\$1,622
Synod Council	\$10,170	\$19,150	-\$8,980
Ministry Area Programming	\$35,455	\$58,000	-\$22,545
Retiree Health Insurance Subsidy	\$73,440	\$69,400	\$4,040
National Convention / Synod Assembly	\$58,050	\$58,050	\$0
Total Expenditures	\$2,508,146	\$2,705,697	-\$197,551



Other 2019 Significant Financial Activities

Other Revenue:

During the year, the seventh and final instalment (\$160,700) of an unusually large and most generous unrestricted bequest was received, along with two other unrestricted bequests of \$25,000 and \$9,700 each. In accordance with pre-existing Synodical policy, ten percent from these proceeds was granted to the ELCIC in support of national/international ministries and the remainder applied to the Synod's Undesignated Gift & Bequest Fund.

In 2015 the Synod entered into a funding partnership with Lutheran Homes Kitchener-Waterloo (LHKW) to conduct a pilot program to assess the feasibility of working with congregations interested in leveraging their real estate assets to increase their outreach to the community and to become more financially sustainable. At the conclusion of the pilot in 2018, the Synod decided to assume responsibility for this ministry from LHKW so that it could be offered to all congregations across the Synod (refer to "Congregational Redevelopment Services" in the Expenditure Summary section above). Consequently, in early 2019 LHKW distributed \$300,000 to the Synod from the balance of funds that remained from the pilot program.

Other Expenditures:

The third of four annual \$250,000 gifts to Martin Luther University College in support of the Synod's \$1 million commitment to the Reform Capital Campaign was made. This commitment was made possible through the unusually large bequest mentioned in the previous section.

A grant of \$125,000 was made from the Lutheran Home Fund to Lutheran Homes Kitchener-Waterloo to help LHKW assess the feasibility of purchasing and developing an adjoining property that had become available for purchase.

A number of significant capital improvements and repairs were funded during the year, including:

- Replacing the Synod office roof (~ \$64,000)
- Purchasing new photocopier/printing equipment (~\$8,200)
- Granting ~ \$6,000 to Martin Luther University College (Luther) to help cover the cost of repairs from water damage incurred at the Delton Glebe Counselling Centre, a building owned by the Synod and rented on an expense-neutral basis to Luther
- Granting ~ \$69,000 to Lutherlyn Camp & Conference Centre from the Lutherlyn Capital Fund for a variety of projects, including roofing, siding, electrical, washroom, relocation and excavation grading
- Granting ~ \$41,000 to Camp Mush-a-Mush from the Mush-a-Mush Capital Fund for roofing, flooring and fire pit projects, as well as to fund the purchase of several small appliances.

Other Items of Interest:

Investment returns in 2019 were exceptionally high. Since not all of this income was required during the year, the excess will be available as “rainy day” funding to help in lean years.

In 2006 the Synod loaned \$500,000 to Martin Luther University College (then known as Waterloo Lutheran Seminary) to help this institution address significant financial challenges that it was experiencing at the time. Half of this loan was subsequently forgiven in 2014. In 2019 Luther repaid the remaining \$250,000 outstanding amount on schedule.

Following is a summary of offerings for all causes (excluding bequests in excess of \$5,000 that were mentioned previously) that were received by the Synod in 2019. The grand total is essentially the same as in 2018. Canadian World Relief continues to be the most popular choice for designated causes with offerings totaling almost \$225,000.

	2018	2019	% Change
Regular Benevolence	\$1,393,315	\$1,430,418	2.7%
CLWR Undesignated	\$224,170	\$202,383	-9.7%
CLWR Special Appeals	\$20,202	\$34,088	68.7%
ELCIC Global Mission	\$9,412	\$9,028	-4.1%
ELCIC Reformation Challenge	\$16,418	\$115	-99.3%
ELCIC Praise Appeal	\$3,263	\$2,775	-15.0%
Camps	\$9,947	\$10,720	7.8%
Lutheran Campus Ministry	\$1,553	\$4,585	195.2%
Martin Luther Univ College	\$27,654	\$19,790	-28.4%
Other Misc Designated Gifts	\$63,732	\$44,151	-30.7%
TOTAL	\$1,769,666	\$1,758,053	-0.7%

Detailed information on remittances made by each congregation is available on the [2019 Remittance Report](#) that is posted on the Treasurer/Financial pages on the Eastern Synod website.

The Synod is very grateful for the benevolence offerings and other funding that we receive from congregations, individuals and other sources. On behalf of those who carry out synodical ministries in your stead, and on behalf of those congregations, individuals and other organizations who benefit from these ministries, please accept my sincere thanks for your generous financial gifts over the past year. Your partnership, along with your gifts, are vitally important and very much appreciated!

Looking Ahead to 2020 and Beyond

Although we enjoyed a fantastic year financially in 2019, some of the contributing factors (e.g. exceptionally strong investment returns) are not likely to re-occur in the near future. As such, it is important to plan accordingly.

It’s been almost two years since the 2020 budget was approved by Assembly 2018 delegates. Recognizing that some changes have occurred during this period of time, Synod Council will be

considering a number of refinements to this budget at its April meeting.

I call on your congregation to continue your financial partnership with the Synod in 2020. One of the ways in which you can do this is to review, and where possible increase, your financial support for church-wide ministries. Another way is to communicate your 2020 benevolence commitment to the Synod (via the parochial report).

Thank you in anticipation of your continuing partnership and support!

Keith Myra, Treasurer