



**THE EASTERN SYNOD'S 2020 FINANCIAL STORY
(PRE-AUDIT)
GENEROSITY IN UNPRECEDENTED TIMES!**

Operating Fund - The Bottom Line

The Synod's operating fund ended the 2020 fiscal year with a surplus of approximately \$145,000, an unexpected, but welcome outcome in light of the many challenges that congregations and individuals faced over the past year.

2020 Summary	Actual	Budget	Variance
Total Income	\$2,337,311	\$2,351,710	-\$14,399
Total Expenditures	\$2,192,250	\$2,351,710	-\$159,460
Surplus / (Deficit)	\$145,061	\$0	\$145,061

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.

It's important to provide some historical context by taking our minds back to last April. During those days, with so many uncertainties, it was extremely challenging, if not impossible, to predict what impact the then emerging pandemic might have on the Synod's financial operations. The stock market had just collapsed. Congregations, heavily reliant on offerings from the Sunday morning collection plate, were no longer able to worship in person. As a result their ability to continue to maintain their benevolence remittances to the Synod at historical levels was most uncertain.

Consequently, at its April meeting, Synod Council approved some significant revisions to the 2020 budget, a budget that had been originally approved two years earlier at Assembly 2018. These changes were made to factor in the significant financial effects that were expected to result from COVID-19 and to update several other assumptions that were made when the original budget was originally formulated in two years earlier.

Operating Fund: Income Summary

Based on the best information available at the time, as well as speculation about what might happen over the remainder of the year, the revised budget made significant reductions to projected benevolence income and replaced most of the resulting shortfall with funds held in reserve from the Undesignated Gift and Bequest Fund.

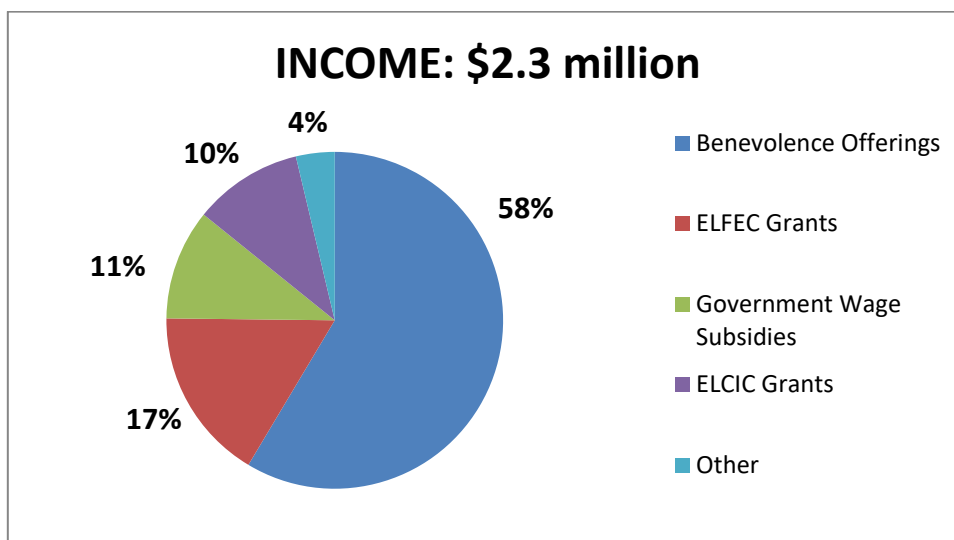
As things turned out, even though total benevolence offerings decreased from 2019, the decline was not as steep as the revised budget anticipated and the contingency plan to dip into reserve

funds wasn't required. The reason for this pleasant surprise is attributable to three primary factors:

1. First and foremost, in spite of the pandemic, congregations continued to share their offerings generously with the synod all through the year. Thank you!
2. Secondly, we were extremely grateful to receive a perfectly-timed gift of more than \$120,000 from the windup of a private foundation, one-third of which was allocated to benevolence.
3. And thirdly, as was the case with a number of congregations in our Synod, we were eligible for some financial relief from federal government's Canada Emergency Wage Subsidy program.

INCOME	Actual	Budget	Variance
Benevolence Offerings	\$1,369,044	\$1,000,000	\$369,044
ELFEC Grants	\$388,181	\$851,910	-\$463,729
Government Wage Subsidies	\$248,182	\$68,000	\$180,182
ELCIC Grants	\$245,131	\$293,600	-\$48,469
Other *	\$86,773	\$138,200	-\$51,427
Total	\$2,337,311	\$2,351,710	-\$14,399

*Other income consists of rental income, individual donations, fees for service and retreat registration fees



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.

In spite of the extremely uncertain times that we were all going through during those dark days last April when major revisions were made to the budget, the Officers and the rest of Synod Council, encouraged by Bishop Pryse’s strong leadership, were resolute in ensuring that all prior commitments that had been made to congregations, the National Church, Martin Luther University College, our two Synod camps and other synodical ministries be honoured in the revised budget.

I’m very pleased to report that we were, in fact, able to meet all of these original commitments. Along the way we also benefited from some fairly significant savings due to pandemic restrictions related to travel and in-person meetings. Not surprisingly, we also incurred some unbudgeted expenses for additional hardware and software to support virtual meetings and to enable office staff to work remotely from their homes.

EXPENDITURES	Actual	Budget	Variance
ELCIC	\$402,700	\$402,700	\$0
Martin Luther University College	\$316,000	\$316,000	\$0
Mission Committee	\$177,400	\$191,700	-\$14,300
Youth & Young Adult Ministries	\$64,978	\$71,710	-\$6,732
Candidacy Committee	\$16,007	\$22,500	-\$6,493
Professional Leadership Committee	\$0	\$250	-\$250
Congregational Redevelopment Services	\$79,440	\$121,250	-\$41,810
Stewardship & Resource Development	\$15,483	\$54,500	-\$39,017
Communication	\$20,876	\$22,000	-\$1,124
Ministry Director Programming	\$6,189	\$14,300	-\$8,111
Office of the Bishop	\$11,556	\$28,600	-\$17,044
Salaries and Professional	\$727,071	\$787,600	-\$60,529
Office	\$246,523	\$160,300	\$86,223
Retreats	\$27,174	\$49,000	-\$21,826
Synod Council	\$602	\$7,700	-\$7,098
Ministry Area Programming	\$8,681	\$31,000	-\$22,319
Retiree Health Insurance Subsidy	\$71,570	\$70,600	\$970
National Convention / Synod Assembly	\$0	\$0	\$0
Total Expenditures	\$2,192,250	\$2,351,710	-\$159,460

The following commentary relates to the largest areas of expenditure in 2020:

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 2020, the Synod met its commitment to the National Church. Our \$402,700 remittance represented a \$4,000 (1%) increase over 2019.

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 equipping individuals for their work as leaders, both in the church and in the wider community.

Mission Committee – The \$177,000 of Mission Committee expenditures consisted of 21 grants that were awarded to congregations and other organizations to help support their outreach initiatives. These grants helped to fund an impressive list of experimental and more traditional mission outreach activities, including:

- ministry to the marginalized
- restoring right relations with our Indigenous neighbours
- providing alternate forms of worship aimed at involving the wider community
- developing congregations
- enabling technology support (e.g. signs, websites, live-streaming of worship services, etc.)

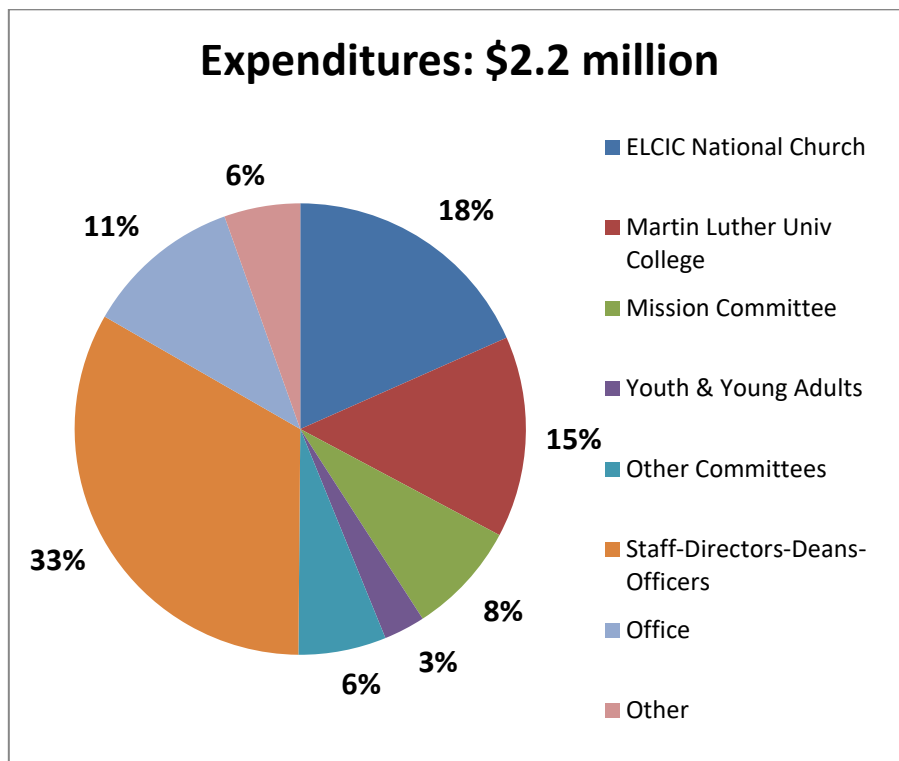
Youth and Young Adult Ministries: Spending of approximately \$65,000 in this area was allocated to support the Synod’s two camps, grants to nine congregations to assist with ministry programs targeted at children, youth and young adults, as well as to encourage reconciliation with our Indigenous neighbours. In combination, these ministries provide a variety of opportunities for spiritual growth, community service and fun/fellowship for children, youth and young adults, while at the same time, contribute towards the development of leaders for the church of today and tomorrow.

Congregational Redevelopment Services – This is a relatively new service that the Synod offers to congregations interested in exploring the possibilities of extending their mission and financial sustainability by leveraging their real estate assets. Almost \$80,000 was invested in this ministry over the past year, most of which was utilized to provide consulting services and advice to a number of congregations.

Salaries and Professional – This largest portion of the \$727,000 that was spent in this area provided provided compensation, benefits and travel expenses for Synod office staff. The remainder provided limited compensation to two ministry directors and two officers (all four of whom serve on a very part-time basis), as well as to provide “fee for services” to ministry area deans 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, largely attributable to lower than budgeted travel expenses due to COVID-19. 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 - \$146,000 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) and is 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 higher than expected total revenues that were realized in 2020, an additional \$100,000 of funding was placed in reserves for building and equipment capital expenditures that are expected to be required in future years. Prior to making this transfer, spending on office expenses was under budget by approximately \$14,000.



Other 2020 Significant Financial Activities

Other Revenue:

We are most grateful for a number of larger special gifts that were received during the past year. Gifts from individuals/estates included:

- \$123,000 from the windup of the Wilhemine & Carl Pauli Foundation Fund - This donation was split equally between 1) general benevolence, 2) bursaries and internship support for future seminary students, and 3) a new “COVID-19 Fund” that provides grants to congregations to help subsidize their technology requirements (e.g. live streaming worship) as well as community outreach ministries that were established as a result of the pandemic.
- \$15,000 from the Estate of Jean Weber - These proceeds were shared with Camp Lutherlyn and Camp Mush-a-Mush.
- an anonymous donation of \$10,000 to the “Undesignated Gift & Bequest Fund”

The Synod also received gifts from the assets of several congregations that closed in 2020. The following transfers have been allocated to the Synod’s “Remembering for the Future” endowment

fund. The annual income from this fund provides an ongoing source of revenue to the Synod's operating budget, a legacy that enables the ministries of these congregations that have closed to continue in to the future, albeit in different ways:

- \$25,000 from Pilgrim Lutheran Church, an independent congregation in Kitchener
- \$10,000 from St. John's By The Sea Lutheran Church in Feltzen South, Nova Scotia, a congregation that merged with Grace, First South.

Other Expenditures:

One of the special gifts that was made from outside the operating budget was especially appreciated - a \$100 gift card that the Synod gave to each of the 300 full-time and part-time Lutheran Homes Kitchener Waterloo employees, representing a total gift of \$30,000. These gifts provided a tangible expression of our appreciation for the exceptional service and dedication that these front line workers have been providing during the pandemic.

The final instalment (\$250,000) in support of the Synod's one million dollar commitment to Martin Luther University College's Reform Capital Campaign was made during the year.

Several capital improvements were funded during the year:

Camp Lutherlyn	~ \$65,000	Roof replacement, washroom facilities, other improvements
Camp Mush-a-Mush	~ \$30,000	Cabin roof replacement and related maintenance
Synod Office	~ \$16,000	Technology upgrades required to keep in step with currently supported technology <ul style="list-style-type: none"> • Synod website redesign/update • Accounting subsystem replacement

Summary of Total Offerings (2020 vs. 2019)

	2019	2020	% Change
Regular Benevolence - Congregations	\$1,421,623	\$1,321,338	-7%
Regular Benevolence - Other	\$8,795	\$47,706	442%
Regular Benevolence - Total	\$1,430,418	\$1,369,044	-4%
CLWR Undesignated	\$202,383	\$166,342	-18%
CLWR Special Appeals	\$34,088	\$9,382	-72%
ELCIC Global Mission	\$9,028	\$6,231	-31%
ELCIC Other	\$2,890	\$410	-86%
Outdoor Ministry	\$10,720	\$10,571	-1%
Lutheran Campus Ministry	\$4,585	\$300	-93%
Martin Luther Univ College	\$19,790	\$13,240	-33%
Other Misc Designated Gifts	\$44,151	\$39,797	-10%
TOTAL	\$1,758,053	\$1,615,317	-8%

*excludes special gifts and bequests identified in the “Other Revenue” section above

Detailed information on remittances made by each congregation is available on the [2020 Remittance Report](#) that is posted on the Treasurer/Financial section on the Eastern Synod website.

We are 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, 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 2021 and Beyond

Over the past couple of decades we’ve experienced a slow, but steady, decline in annual congregational benevolence offerings. The past year has introduced an additional potential concern – what will the longer term impact of the pandemic be on congregational (and hence synodical) finances?

Consequently, this seems like an opportune time to undertake a rigorous review of both the process that we use to allocate funding from the budget, as well as the dollar amounts that we allocate to each of the various ministries that are funded from the budget to ensure that our current and emerging priorities as a synod are reflected in the budget, and not unduly influenced by historical funding patterns.

Synod Council began this review process at its meeting this past November. The outcome of this work will be reviewed by Synod Council at their April meeting, and incorporated into budget recommendations for 2021-2024 at Assembly 2021 in June.

Given all of the uncertainties of the past year, your financial support of the synod exceeded our expectations! **THANK YOU!** I, along with my synodical partners, trust that your congregation will continue to seriously consider its financial commitments to the Synod for 2021. Thank you in anticipation of your continuing partnership and support!

Keith Myra, Treasurer