

**THE EASTERN SYNOD’S 2021 FINANCIAL STORY
(PRE-AUDIT)
FINANCIAL STABILITY, EVEN DURING A PANDEMIC!**

Operating Fund - The Bottom Line

The Synod’s operating fund ended the 2021 fiscal year with a surplus of approximately \$188,000, matching, almost exactly, the budgeted amount. In light of all the challenges and uncertainties that the seemingly never-ending pandemic created, this was a most satisfying result!

This surplus was attributable to several causes, not least of which was the continuing generosity that congregations demonstrated towards the Synod by continuing to remit their benevolence and other offerings throughout the year – this, in spite of financial and other challenges that many of these congregations faced and are continuing to face. Thank you to all members of congregations throughout the synod for your generosity!

There were also several other additional factors, unique to 2021, that also contributed to the surplus:

- The unusually strong investment returns experienced by the Eastern Lutheran Foundation of Eastern Canada (ELFEC), the organization responsible for managing endowments and other funds that are designated to support a variety of synodical ministries
- Payments that the Synod received from the federal government’s Canada Emergency Wage Subsidy program, as part of its COVID-19 assistance to businesses and charities across Canada
- Under-expenditures in several area of the budget due to reduced levels of some ministries and activities, necessitated by the pandemic (e.g. staff travel)

More details are included in the remainder of this report.

2021 Summary	Actual	Budget	Variance
Total Income	\$2,283,579	\$2,406,200	-\$122,621
Total Expenditures	\$2,095,521	\$2,219,150	-\$123,629
Surplus / (Deficit)	\$188,058	\$187,050	\$1,008

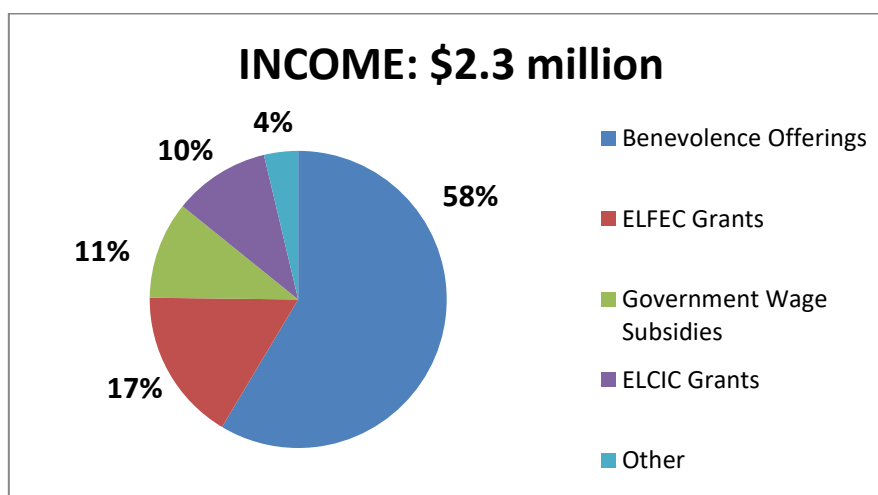
Note: Amounts in the above table and subsequent tables in this report are reported on a cash flow basis to align with budget assumptions and do not take into account special accounting treatment for capital purchases or actuarial adjustments that are made for future obligations relating to retiree benefit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

Operating Fund: Income Summary

INCOME	Actual	Budget	Variance
Benevolence Offerings	\$1,303,252	\$1,300,000	\$3,252
ELCIC Grants	\$129,941	\$194,450	-\$64,509
ELFEC Grants	\$609,254	\$706,650	-\$97,396
Government Wage Subsidies	\$183,136	\$100,000	\$83,136
Rent/Services/Other	\$26,500	\$32,500	-\$6,000
Assembly/Retreat Registration Fees	\$13,975	\$51,100	-\$37,125
Individual Donations	\$17,522	\$21,500	-\$3,978
Total	\$2,283,580	\$2,406,200	-\$122,620

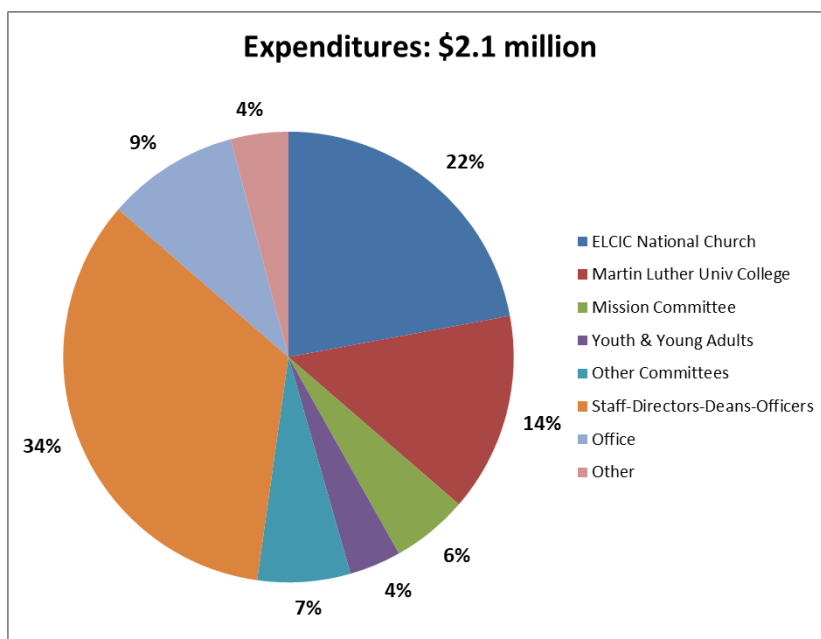
Although total operating income received in 2021 was approximately \$123,000 less than budgeted, it is important to note the following:

- In spite of the impact resulting from the ongoing pandemic, congregations continued to share their offerings generously with the synod throughout the year. Although benevolence offerings decreased from 2019 to 2020, and again from 2020 to 2021, the 2% decline experienced in 2021 was in line with budget expectations.
- There was a reduction in expenses related to several synodical ministries due to the pandemic. Hence:
 - Not all of the grants that were originally budgeted from funds designated for synodical ministries held by the Evangelical Lutheran Foundation of Eastern Canada (ELFEC) were required, and hence these grants were not requested/received.
 - A portion of an ELCIC grant that was received in 2021 wasn't required to meet budgetary requirements. The remainder has been reserved for use in a future year.
- As was the case with a number of congregations in our Synod, the Synod was eligible for financial relief from federal government's Canada Emergency Wage Subsidy program (CEWS). Due to several unexpected extensions of this program, total subsidies were more than \$80,000 over budget.



Operating Fund: Expenditure Summary

EXPENDITURES	Actual	Budget	Variance
ELCIC	\$456,700	\$406,700	\$50,000
Martin Luther University College	\$295,000	\$298,000	-\$3,000
Mission Committee	\$113,967	\$169,000	-\$55,033
Youth & Young Adult Ministries	\$76,813	\$90,000	-\$13,187
Candidacy Committee	\$10,230	\$21,000	-\$10,770
Professional Leadership Committee	\$0	\$0	\$0
Congregational Redevelopment Services	\$102,229	\$121,250	-\$19,021
Stewardship & Resource Development	\$1,500	\$5,000	-\$3,500
Communication	\$21,552	\$22,500	-\$948
Ministry Director Programming	\$2,495	\$13,000	-\$10,505
Office of the Bishop	\$12,044	\$27,000	-\$14,956
Salaries and Professional	\$706,541	\$733,450	-\$26,909
Office	\$196,147	\$136,900	\$59,247
Retreats	\$0	\$49,000	-\$49,000
Synod Council	\$21	\$10,150	-\$10,129
Ministry Area Programming	\$0	\$20,000	-\$20,000
Retiree Health Insurance Subsidy	\$73,668	\$73,600	\$68
National Convention / Synod Assembly	\$21,475	\$16,600	\$4,875
Total Expenditures	\$2,090,382	\$2,213,150	-\$122,768



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 traditional, long established, highly valued ministries, as well as a number of newer, innovative and experimental forms of ministry.

2021 expenditures were approximately \$123,000 under budget, due primarily to the impact of the pandemic. The following commentary summarizes the largest areas of expenditure over the past year:

ELCIC – As has been the case for many years now, the ELCIC National Church continues to be a significant and high priority item in our budget. In 2021, the Synod not only met its \$406,700 commitment to the National Church, representing a 1% increase over 2020, but donated an additional \$50,000 in the form of a “second mile” gift. As is the case with some of the congregations in our synod who generously topped up their benevolence offerings to the Synod by sharing some of their surplus with us, as a Synod, we are pleased to share a portion of our abundance in support of ELCIC national ministries!

Martin Luther University College – Our \$295,000 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 \$114,000 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.)

This area of the budget was underspent by approximately \$55,000 due to fewer grant requests that were received from congregations compared to previous years. No doubt, this was due to the reduced level of activities in many congregations due to the pandemic.

Over and above these types of annual grants, the Mission Committee awarded a total of \$23,000 to 16 congregations from a special one-time fund to assist in equipping congregations with technology and infrastructure support as they pivoted from in person to virtual and/or hybrid worship during the pandemic. An additional \$12,000 from this fund was previously granted to congregations in 2020.

Youth and Young Adult Ministries: Spending of approximately \$77,000 in this area was allocated to support the Synod’s two camps, to provide grants to congregations to assist with ministry programs targeted at children, youth and young adults, as well as for initiatives supporting 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 outreach and financial sustainability by leveraging their real estate assets. Just over \$100,000 was invested in this ministry over the past year which provided consulting services and advice to 15 congregations that are currently in the process of discerning opportunities.

Salaries and Professional – This largest portion of the \$707,000 that was spent in this area 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).

Just as you wouldn’t classify the salary that your parish pastor receives as an “administrative expense”, it would be incorrect to use the “administration” label when thinking about the salaries and benefits that are provided to synodical staff. These employees serve as critical resources in leading and carrying out the various ministries of the Synod, including:

- Supporting the rostered ministers within our synod
- Assisting congregations at critical turning points (e.g. moving to shared ministries, mergers/amalgamations, closings)
- Providing guidance to congregations during other types of transition (e.g. calling a new pastor, interim ministry) or times of crises
- Being physically (or virtually) present with congregations on special (and other) occasions - e.g. congregational anniversaries
- Serving as a staff resource on synodical committees to provide knowledge and continuity
- Supporting synodical and church-wide ministries (e.g. ELCIC National Church, Canadian Lutheran World Relief, Martin Luther University College)

All forms of compensation continue to be carefully managed while ensuring that employees are compensated fairly. This area of the budget was underspent by almost \$27,000, 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 2021 Bulletin of Reports](#) (Financial Reports: Section 8, Page 8).

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 ministries, not to pay for office infrastructure.

In addition to the \$146,000 in expenditures, \$50,000 from the overall operating fund surplus was

allocated from the office contingency line to be reinvested and generate additional income in future years, accounting for most of the over-expenditure in this area.

Retiree Health Insurance Subsidy – The \$74,000 expenditure in this budget area provides a premium subsidy to a group of grandfathered rostered minister retirees and spouses for health insurance benefits.

Assembly 2021 – Since Assembly 2021 was held virtually, expenses were significantly less than those required for the usual in-person event.

Other 2021 Significant Financial Activities

Non-Operating Fund Revenue:

We are most grateful for the following special gifts that were received from congregations during the past year:

Congregation	Amount	Comments
Chinese Lutheran Church in Montreal PQ	\$202,800	Transfer of remaining assets at closure of congregation to the Remembering for the Future Fund (refer to Note 1)
Grace, Oakville ON	\$15,000	Gift to the Congregational Assistance Fund
Pilgrim, Kitchener ON	\$5,000	Gift from assets at closure of independent congregation to the Remembering for the Future Fund (refer to Note 1)
St. John’s, Montreal PQ	\$14,600	Tithe to Eastern Synod from bequest received by congregation to the Undesignated Gift & Bequest Fund (refer to Note 2)
St. Matthew’s, Rose Bay NS	\$30,000 \$15,000 \$2,500	Transfer of assets at closure of congregation to the: <ul style="list-style-type: none"> • Remembering for the Future Fund (refer to Note 1) • Atlantic Area Ministry Fund • Canadian Mission Gift/Bequest Fund
St. Peter’s, Gads Hill ON	\$34,800	Transfer of remaining assets at closure of congregation to the Remembering for the Future Fund (refer to Note 1)
Zion, Stratford ON	\$25,000	Tithe to Eastern Synod from bequest received by congregation to the Undesignated Gift & Bequest Fund (refer to Note 2)

Notes:

1. Remembering for the Future Endowment Fund – This fund consists primarily of assets from congregations that were transferred to the Synod at the time the congregation closed. Investment income earned by 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 into the future, albeit in different ways.

2. Undesignated Gift & Bequest Fund – This fund consists of gifts from individuals, congregations and other entities that were donated with no specific purpose designated. Investment income earned by this fund provides a source of revenue to the Synod’s operation budget. From time to time, portions of the principal are also used for special or unbudgeted synodical initiatives. In accordance with the Synod’s Undesignated Gift and Bequest Policy, 10% of all external undesignated gifts and bequests in excess of \$5,000 are gifted to the ELCIC or other national / international expression of the church.

Non-Operating Gifts and Expenditures:

In May, 2021, the 177 Albert St. Waterloo property, previously rented by the Synod to Martin Luther University to house the Delton Glebe Counselling Centre, was gifted to Martin Luther University College. Although its market value was significantly greater, the book value of this property as of December 31, 2021 was approximately \$180,000.

In accordance with the Synod’s Undesignated Gift & Bequest Policy, the following gifts were made to the ELCIC National Church in 2021:

- \$1,460 – 10% of the undesignated gift received from St. John’s, Montreal
- \$2,500 – 10% of the undesignated gift received from Zion, Stratford

A \$6,000 grant from the Bishops’ Company for Mission provided seed funding for the establishment of the Centre for Spirituality and Media, a creative new endeavor at Martin Luther University College.

Over the past two years, the Eastern Synod administered \$175,000 from a bequest designated to support significant capital improvements at a Lutheran youth camp in Lithuania.

The following capital improvements were funded during the year:

Camp Lutherlyn	~\$80,200	Roofing New comfort station
Camp Mush-a-Mush	~\$3,400	Well repair/upgrade
Synod Office	~\$11,800	Exterior caulking Exterior painting

Summary of Total Offerings (2021 vs. 2020)

BENEVOLENCE	2020	2021	% Change
Regular Benevolence - Congregations	\$1,321,338	\$1,294,327	-2%
Regular Benevolence - Other	\$47,706	\$8,925	-81%
Regular Benevolence - Total	\$1,369,044	\$1,303,252	-5%

DESIGNATED OFFERINGS *	2020	2021	% Change
CLWR Undesignated	\$166,342	\$165,648	0%
CLWR Special Appeals	\$9,382	\$47,010	401%
ELCIC Global Mission	\$6,231	\$12,536	101%
ELCIC Other	\$410	\$470	15%
Outdoor Ministry	\$10,571	\$4,643	-56%
Lutheran Campus Ministry	\$300	\$2,295	665%
Martin Luther Univ College	\$13,240	\$18,600	40%
Other Misc Designated Gifts	\$39,797	\$47,248	19%
Designaed Offerings - Total	\$246,273	\$298,450	21%
BENEVOLENCE & DESIGNATED	\$1,617,337	\$1,603,723	-1%

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

Detailed information on remittances made by each congregation is available on the [2021 Remittance Report](#) posted on the Treasurer/Financial section on the Eastern Synod website.

Thank you!

We are extremely grateful for the benevolence and other offerings 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 benefiting from these ministries, please accept my sincere thanks for your generous financial gifts over the past year. I, along with my synodical partners, trust that your congregation will continue to seriously consider its financial commitments to the Synod for 2022, enabling these ministries to continue into the future.

Your partnership, along with your gifts, are vitally important and very much appreciated!

Keith Myra, Treasurer