



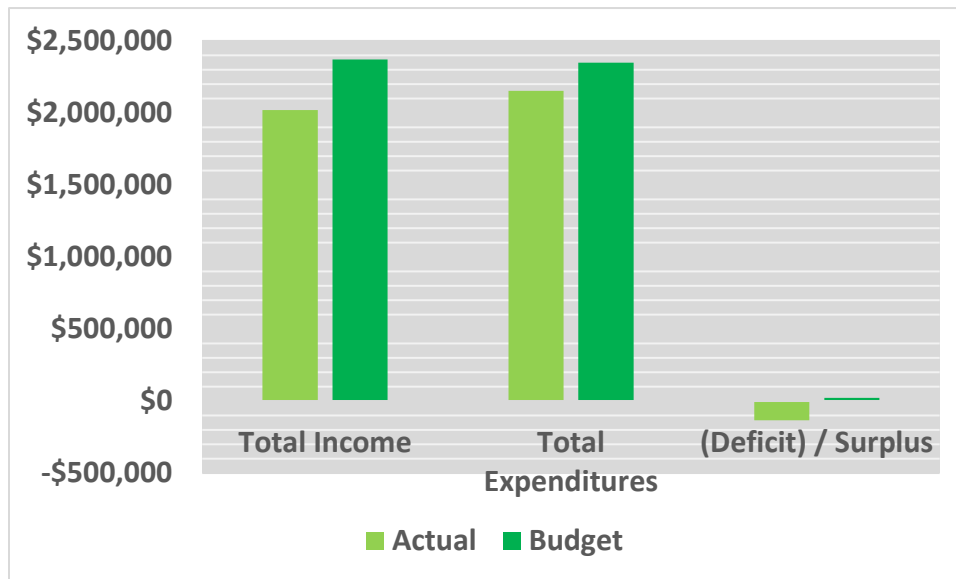
THE EASTERN SYNOD’S 2022 FINANCIAL STORY (PRE-AUDIT)

SYNODICAL MINISTRIES CONTINUE TO FLOURISH IN 2022 DESPITE DECLINING REVENUES!

Operating Fund - The Bottom Line

The Synod’s operating fund ended the 2022 fiscal year with a deficit of approximately \$133,000, compared to a \$22,000 surplus that had been budgeted. This deficit partially offsets surpluses of \$188,000 and \$146,000 that were realized in the two immediately preceding years. Although expenses were well managed, and well below the overall budget, income fell significantly short of expectations, resulting in an overall deficit.

Despite these declining revenues, for the most part, synodical ministries continued to flourish throughout 2022! The remainder of this report provides more details.

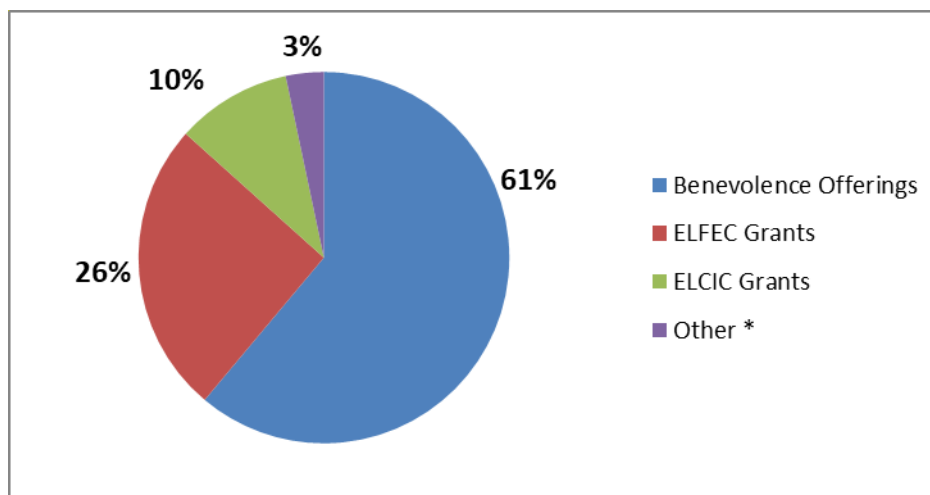


2022 Summary	Actual	Budget	Variance
Total Income	\$2,019,354	\$2,371,900	-\$352,546
Total Expenditures	\$2,152,802	\$2,349,300	\$196,498
(Deficit) / Surplus	-\$133,448	\$22,600	-\$156,048

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	\$1,234,019	\$1,275,000	-\$40,981
ELCIC Grants	\$203,002	\$203,600	-\$598
ELFEC Grants	\$515,375	\$816,300	-\$300,925
Rent/Services/Other	\$26,357	\$16,000	\$10,357
Assembly/Retreat Registration Fees	\$30,140	\$41,000	-\$10,860
Individual Donations	\$10,461	\$20,000	-\$9,539
Total	\$2,019,354	\$2,371,900	-\$352,546



Total income fell short of budget by approximately \$350,000 (15%), due to several factors.

Benevolence – Benevolence offerings remitted to the synod in 2022 were approximately \$40,000 (3%) lower than budgeted and 5% less than those received in 2021. This decline is largely attributable to financial challenges that a number of congregations faced in 2022 and a continuation of a trendline that has been on a general decline since the early 1990s. Although this is obviously not the picture that any of us would prefer to see, nonetheless we continue to be most grateful that individual and congregational giving to benevolence and other causes * continues at very generous levels. Thank you!

For information about how benevolence offerings support the synod’s various ministries, refer to the printed resource “*Our Benevolence Story*” on the [Stewardship and Generous Giving](#) page on the Synod website and a video, [Our Benevolence Story](#), that was recently released.

ELFEC Grants – Grants received from the Evangelical Lutheran Foundation of Eastern Canada were approximately \$300,000 short of budget, primarily attributable to two factors:

- The budget assumed that the Undesignated Gift/Bequest Fund would generate \$160,000 in investment income that would be allocated to help fund the operating budget. Due to negative investment returns in 2022, this income was not available for allocation.
- Due to lower spending in some areas of the budget due to the pandemic, not all of the grants that were originally budgeted from funds designated for synodical ministries held by ELFEC were required. Hence, these grants were not requested/received.

ELCIC Grants – These grants consist primarily of Capital Church Extension Fund (CECF) and Compassionate Justice Initiative (CJI) grants that the ELCIC national church provides to each of the five synods. Grants received by our synod in 2022 virtually matched these budget lines.

Other – Other income consists of revenues received through individual donations, rental income, registration fees for synodically sponsored events and fees for other services. Variances from budget were not overly significant.

Operating Fund: Expenditure Summary

EXPENDITURES	Actual	Budget	Variance
ELCIC National Church	\$406,700	\$406,700	\$0
Martin Luther University College	\$280,000	\$280,000	\$0
Mission Committee	\$186,768	\$188,000	-\$1,232
Youth & Young Adult Ministries	\$76,830	\$91,500	-\$14,670
Candidacy Committee	\$42,747	\$42,500	\$247
Congregational Redevelopment Services	\$38,413	\$206,000	-\$167,587
Examining Committee	\$0	\$150	-\$150
Stewardship & Resource Development	2,632	3,000	-\$368
Communication	\$18,896	\$19,000	-\$104
Public Policy	\$2,052	\$9,800	-\$7,748
Office of the Bishop	\$10,296	\$27,000	-\$16,704
Salaries and Professional	\$802,610	\$774,650	\$27,960
Office	\$157,247	\$147,200	\$10,047
Retreats	\$41,241	\$49,000	-\$7,759
Synod Council	\$7,039	\$12,000	-\$4,961
Ministry Area Programming	\$6,874	\$18,000	-\$11,126
Retiree Health Insurance Subsidy	\$72,457	\$74,800	-\$2,343
National Convention / Synod Assembly	\$0	\$0	\$0
Total Expenditures	\$2,152,802	\$2,349,300	-\$196,498

The Synod’s operating budget funds a wide variety of ministries throughout Eastern Canada. In addition, through the financial gifts that our Synod forwards 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 other newer, innovative and experimental forms of ministry.

2022 expenditures were almost \$200,000 under budget for a variety of reasons. Both the largest areas of expenditure, as well as the more significant variances from budget, are explained below.

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 2022, the Synod maintained its \$406,700 annual benevolence commitment to the National Church, thus enabling the National Church to support its global mission, ecumenical, interfaith, compassionate justice, as well as a various other expressions of ministry.

Martin Luther University College – Our \$280,000 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 \$187,000 of Mission Committee expenditures consisted of 32 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, and
- enabling technology support (e.g. signs, websites, live-streaming of worship services, etc.).

Over and above these grants, the Mission Committee awarded \$4,500 to another two 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. Over the course of the pandemic, a total of almost \$40,000 from this fund has been granted to 25 congregations.

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. This area of the budget was underspent, primarily due to lower demand from congregations for grants, likely attributable to the pandemic.

Congregational Redevelopment Services – This is a relatively new ministry 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. Over and above compensation for staff support, approximately \$40,000 was invested in this ministry over the past year to provide consulting services and advice to a growing list of more than twenty congregations that are currently in the process of discerning opportunities. This area of the budget was underspent, due in large part to a mid-year change from part-time consultant (funded by this section of the budget) to full-time staff person (these compensation expenses are included in the Salaries/Professional section below).

Salaries and Professional – This largest portion of the approximately \$800,000 that was spent in this area provided compensation, benefits and travel expenses for Synod office staff. The remainder provided limited compensation to two officers, 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 would not classify the salary that your parish pastor receives as an “administrative expense”, it would be misleading to use the “administration” label when classifying 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 over budget by approximately \$28,000, attributable to:

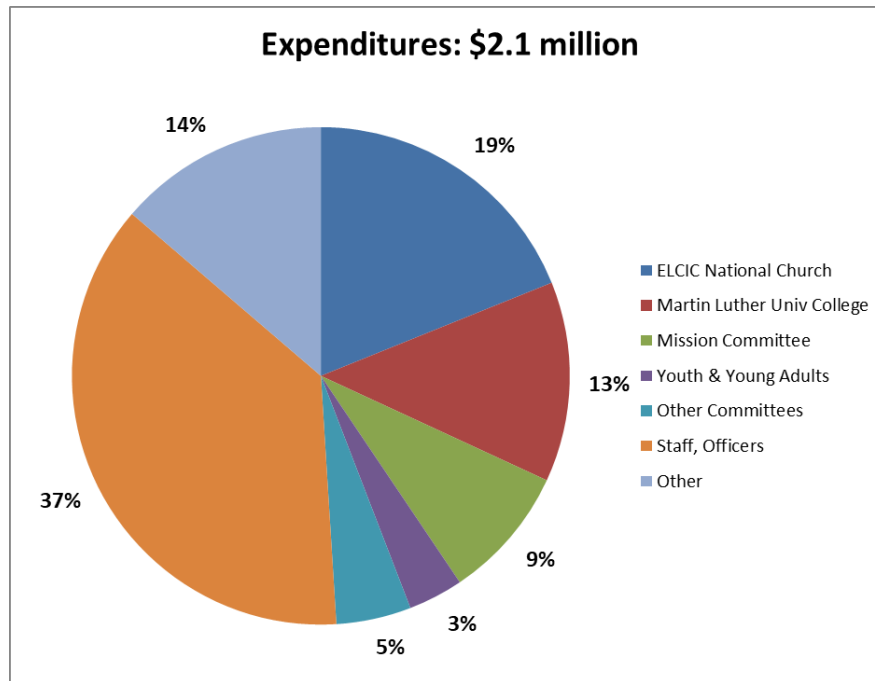
- A decision to hire of a new employee responsible for congregational redevelopment services (as noted previously, these additional costs were offset by savings in the Congregational Redevelopment Services Committee budget),
- An overlap that was required to train a temporary employee in preparation for filling in for a maternity leave, and
- Travel expenses that exceeded budget due to a quicker than anticipated return to a more normal level of travel as the effects of the pandemic began to subside.

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 - \$157,000 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.

Retiree Health Insurance Subsidy – The \$72,000 expenditure in this budget area provides a premium subsidy to a group of grandfathered rostered minister retirees and spouses for health insurance benefits.

For further information on synodically funded ministries, a series of ten brief videos, *Our Ministry Together*, is available on the [Stewardship and Generous Giving](#) page on the Synod website.



Other 2022 Significant Financial Activities

Non-Operating Fund Revenue:

We are most grateful several special gifts (those listed were in excess of \$5,000) that were received during the past year:

Congregation	Amount	Comments
Christ the King, Whitby	\$2,450,000	Funds received from sale of their building when the congregation closed. These proceeds were credited to the Remembering For the Future Fund (refer to note 1 below)
Otto Schilling Estate	\$50,000	Credited to the Undesignated Gift and Bequest Fund (refer to note 2 below)

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 designated purpose. Investment income earned by this fund provides a source of revenue to the Synod’s operating 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 accordance with the Synod’s Undesignated Gift & Bequest Policy, a \$5,000 gift, representing 10% of the Otto Schilling Estate was made to the ELCIC National Church.

A \$4,000 grant from the Bishops’ Company for Mission provided seed funding to Rhenish Lutheran Church of Canada to initiate an innovative ministry, “Welcoming Angels”, that provides a warm welcome to Canada to immigrants and refugees in a variety of ways.

The following capital improvements were funded during the year:

Location	Approximate Amount	Description
Camp Lutherlyn	\$68,000	Septic tank and toilet facilities Culverts and road grading
Synod Office	\$14,000	Siding

Summary of Total Offerings (2022 vs. 2021)

	2021	2022	% Change
Regular Benevolence	\$1,303,252	\$1,234,019	-5%
CLWR Undesignated	\$165,648	\$150,281	-9%
CLWR Special Appeals	\$47,010	\$155,214	230%
CLWR - Total	\$212,658	\$305,495	44%
ELCIC Global Mission	\$12,536	\$6,052	-52%
ELCIC Other	\$470	\$3,417	627%
Outdoor Ministry	\$4,643	\$9,626	107%
Lutheran Campus Ministry	\$2,295	\$500	-78%
Martin Luther Univ College	\$18,600	\$8,565	-54%
Other Misc Designated Gifts	\$47,248	\$31,653	-33%
TOTAL	\$1,601,702	\$1,599,327	0%

* Note: The summary above excludes special gifts and bequests identified in the “Non-Operating Fund Revenue” section above.

Detailed information on remittances made by each congregation is available on the [2022 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 2023, enabling these ministries to continue to flourish in 2023 and the years beyond.

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

Keith Myra, Treasurer