

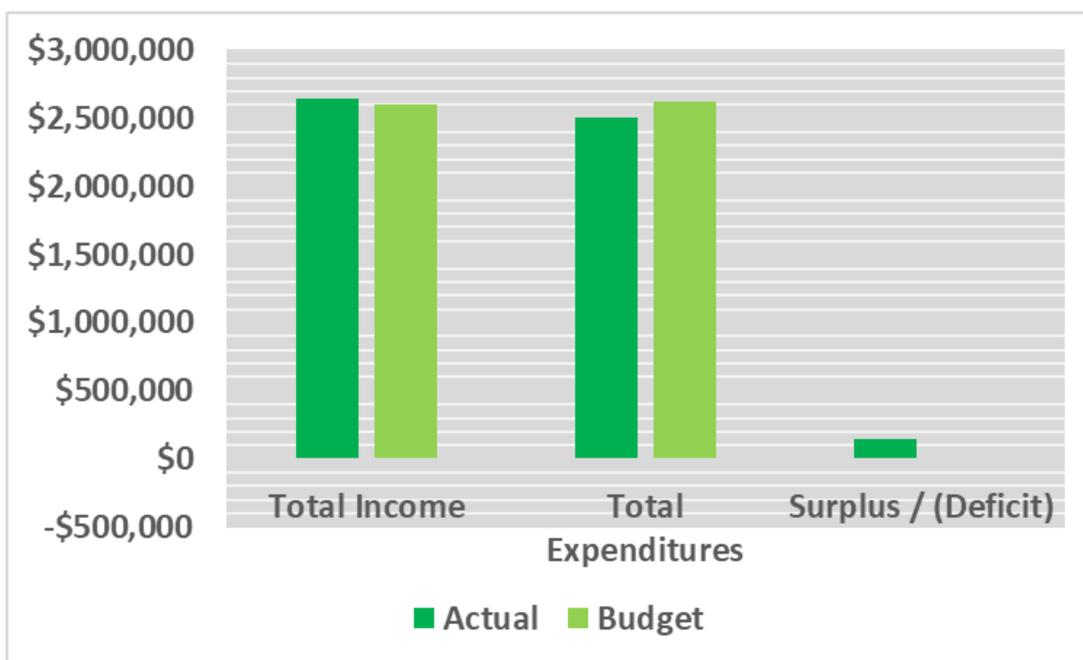
## THE EASTERN SYNOD'S 2023 FINANCIAL STORY (PRE-AUDIT)

### MANY VIBRANT SYNODICAL MINISTRIES FUNDED THROUGH YOUR GENEROUS OFFERINGS IN 2023!

#### ***Operating Fund - The Bottom Line***

The Synod's operating fund ended the 2023 fiscal year with a surplus of approximately \$141,000 compared to the \$14,000 deficit that had been budgeted. This good news of a surplus more than offsets the \$133,000 deficit that was experienced in 2022. The significant improvement from 2022 to 2023 is due primarily to fluctuations in investment returns, 2022 being a very poor year from that perspective and 2023 resulting in very positive returns.

The remainder of this report provides more details.



2023 Summary	Actual	Budget	Variance
Total Income	\$2,649,686	\$2,606,100	\$43,586
Total Expenditures	\$2,508,640	\$2,620,550	\$111,910
<b>Surplus / (Deficit)</b>	<b>\$141,046</b>	<b>-\$14,450</b>	<b>\$155,496</b>

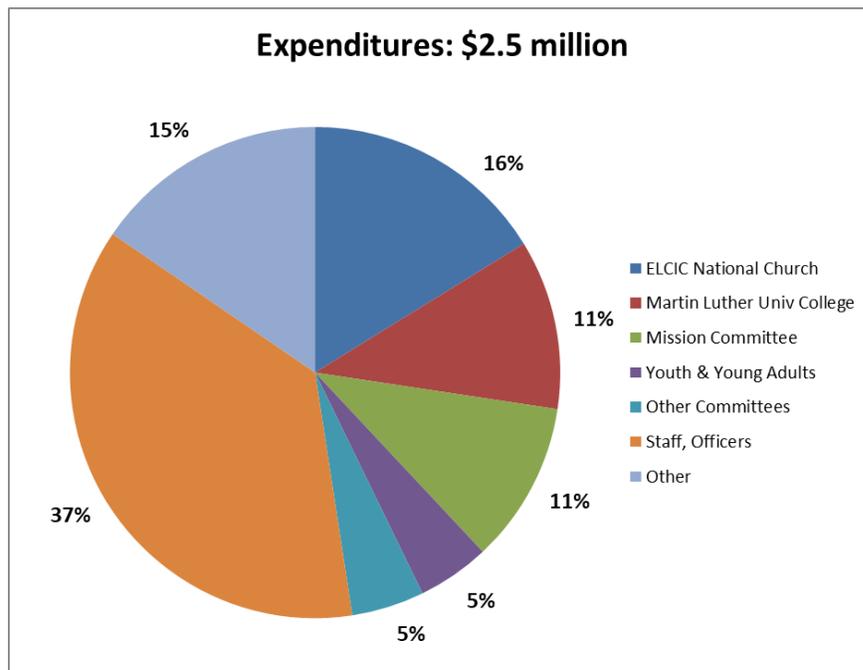
Notes:

1. Amounts throughout this report are reported on a “cash flow” basis to align with budget assumptions and do not include actuarial adjustments that are made in the synod’s audited financial statements to account for future obligations relating to retiree benefit premiums.
  
2. In 2023 the Synod assumed interim ownership and property management of the St. Ansgar, Toronto property when this congregation closed. The Synod has agreed to own and maintain this property for a minimum of one year and a maximum of five years until it can be sold at an optimal price, at which time the proceeds will be distributed to a number of beneficiaries that were determined by the congregation prior to closing. (This includes a 20% share that has been designated for the Eastern Synod.) Since the Synod is holding this property in trust and the proceeds have not yet been distributed, the associated assets, liabilities and property management transactions have been excluded from this report.

Standard financial reporting typically reports initially on income, then expenditures. For charitable organizations such as ours, I consider expenditures to be more important than income since expenditures are the visible expressions of our ministry and outreach. Consequently, I have reversed the order of reporting in this report, noting first the expenditures, followed by income.

***Operating Fund: Expenditure Summary***

<b>EXPENDITURES</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
ELCIC National Church	\$406,700	\$406,700	\$0
Martin Luther University College	\$280,000	\$280,000	\$0
Mission Committee	\$266,654	\$202,500	\$64,154
Youth & Young Adult Ministries	\$119,632	\$124,000	-\$4,368
Candidacy Committee	\$57,391	\$57,300	\$91
Congregational Redevelopment Services	\$21,107	\$86,000	-\$64,893
Examining Committee		\$150	-\$150
Stewardship & Resource Development		\$3,000	-\$3,000
Communication	\$15,202	\$17,000	-\$1,798
Public Policy	\$26,395	\$58,600	-\$32,205
Office of the Bishop	\$20,982	\$27,000	-\$6,018
Salaries and Professional	\$927,449	\$963,400	-\$35,951
Office	\$167,570	\$179,000	-\$11,430
Retreats	\$45,481	\$49,000	-\$3,519
Synod Council	\$7,533	\$13,850	-\$6,317
Ministry Area Programming	\$13,178	\$18,000	-\$4,822
Retiree Health Insurance Subsidy	\$67,116	\$68,800	-\$1,684
National Convention / Synod Assembly	\$66,250	\$66,250	\$0
<b>Total Expenditures</b>	<b>\$2,508,640</b>	<b>\$2,620,550</b>	<b>-\$111,910</b>



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 other newer, innovative and experimental forms of ministry.

2023 expenditures were about \$100,000 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 (16%)** – 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 2023, 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. Our synod’s \$406,700 gift represents almost 35% of the benevolence offerings that we receive from congregations and comprises 16% of our total operating expenditures.

**Martin Luther University College (11%)** – Our \$280,000 grant to Martin Luther University College (Luther), previously known as Waterloo Lutheran Seminary, represents a meaningful portion of Luther’s total revenue and reflects the 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 (11%)** – The \$267,000 of Mission Committee expenditures consisted of 31 grants that were awarded to congregations and other organizations in support of their outreach initiatives. These grants helped to fund a wide variety of creative, experimental, forward looking projects and other 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. live-streaming of worship services, etc.).

Almost all of the \$64,000 over-expenditure, as compared to budget, was attributable to the Synod agreeing to assume administration on behalf of the ELCIC National Office of the “Welcoming Church Initiative”, a ministry of one of our congregations, Rhenish Lutheran Church of Canada in Markham, that welcomes and receives newcomers to Canada. This additional, unanticipated expenditure was totally offset by an unanticipated and unbudgeted National Church grant.

**Youth and Young Adult Ministries (5%):** Spending of approximately \$120,000 in this area was allocated to support:

- the Synod’s two camps (Lutherlyn in the Ottawa Valley and Mush-a-Mush in Lunenburg County Nova Scotia)
- campus ministry in Toronto
- seven congregational grants to encourage 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 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. Although this area of the budget was considerably underspent, that is more reflective of the challenges associated with predicting the ways in which this ministry will evolve than the high level of interest and activity. Over the last several years, almost 50 congregations have expressed an interest in exploring these services, including 1) initial inquiries, 2) congregations that are actively involved in discerning their vision/mission/strategy, and 3) four congregations that are actively planning development projects.

**Public Policy and Service Ministries** – Spending in this area of the budget ramped up significantly in 2023 with Synod Council’s approval to roll out the “Community Conversations: Let’s Talk about Racial Justice,” workshops. Since all of the activities that were originally anticipated for 2023 could not be completed by the end of the year, unused funding from 2023 will be carried over for use in 2024.

**Salaries and Professional** – The largest portion of the approximately \$925,000 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 one would not classify the salary that a 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, ministries that include:

- Supporting the rostered ministers within our synod
- Assisting congregations at critical turning points (e.g. moving to shared ministries, mergers/amalgamations, property redevelopment, 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 approximately \$35,000, attributable to Synod Council’s direction, given the continually increasing needs for congregational support, to provide sufficient budget room to add an additional staff person, an action that turned out to be best addressed through the addition of two minimally part-time roles that could not be filled as early in the year as budgeted.

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).

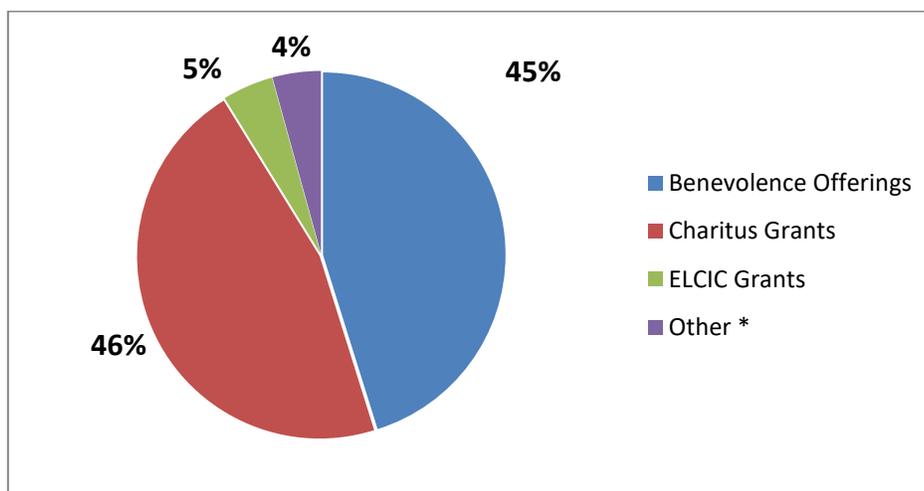
**Office** – The \$167,000 was required to run the Synod office (e.g. utilities, maintenance, computer hardware/software/networking, office supplies, mailing, insurance, auditing, legal and other similar types of expenses) is fully covered by income that is earned on invested funds that were generously 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. Legal expenses (which are always difficult to predict and budget for at the beginning of each year) and reduced audit fees due to a change in auditors contributed to \$12,000 of underspending in this area of the budget.

**Retiree Health Insurance Subsidy** – The \$67,000 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 in the “Benevolence Resources / Narrative Budget” section on the [Stewardship and Generous Giving page](#) on the Synod website.

## Operating Fund: Income Summary

INCOME	Actual	Budget	Variance
Benevolence Offerings	\$1,196,669	\$1,210,000	-\$13,331
ELCIC Grants	\$119,720	\$233,140	-\$113,420
Charitus Grants	\$1,219,733	\$1,049,893	\$169,840
Rent/Services/Other	\$26,793	\$16,000	\$10,793
Registration Fees	\$55,065	\$60,800	-\$5,735
Individual Donations	\$31,706	\$36,267	-\$4,561
<b>Total</b>	<b>\$2,649,686</b>	<b>\$2,606,100</b>	<b>\$43,586</b>



Although total income was relatively close to budget, there were notable, offsetting variances from two income sources. Due to lower than normal investment returns experienced by the ELCIC national church, ELCIC grants were more than \$100,000 short of budget. This shortfall was offset by requests that the Synod made for increased grants from the Charitus, (previously known as ELFEC - Evangelical Lutheran Foundation in Eastern Canada). These additional grants were possible since Charitus' investment returns exceeded expectations.

Following is a summary of each income area:

**Benevolence** – Benevolence offerings remitted to the synod in 2023 were approximately \$13,000 (1%) lower than budgeted and 3% less than those received in 2022. Although benevolence has been on a general declining trend for thirty years now, the decline has been steeper in more recent years due to the number of congregations that have found it necessary to close, combined with a number of other congregations that have been experiencing financial challenges due to decreases in their membership and resulting income.

In spite of these declines, we continue to be most grateful that individuals and congregations continue to support the ministries of the wider church so generously!

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

**Charitus Grants** – Grants received from Charitus exceeded the budgeted amount by approximately \$170,000. This is primarily attributable to two factors:

- The rate of return on investments experienced by Charitus in 2023 was approximately twice the amount assumed in the Synod’s budget.
- To make up for the shortfall between budgeted and actual grants that were received from the ELCIC national church, the Synod requested and received additional funding from Charitus.

**ELCIC Grants** – These grants consist primarily of ELCIC Mission Fund (previously known as Church Extension Capital Fund – CECF) and Compassionate Justice Initiative (CJI) grants that the ELCIC national church provides to each of the five synods. Due to lower investment returns that were earned by the ELCIC on ELCIC Mission Funds in 2022, there was a significant reduction in the amount of grants that were made to each of the synods in 2023. The CJI grant was consistent with amounts received in previous years.

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

### ***Other 2023 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:

<b>Congregation / Individual</b>	<b>Amount</b>	<b>Comments</b>
Christ the King, Whitby	\$37,491	Transfer of the operating fund balance from Christ the King when the congregation closed. Proceeds were credited to the Synod’s “ <i>Remembering For the Future Fund</i> ” (refer to Note 1 below).
St. Paul’s, St Laurent	\$200,000	Initial payment from proceeds of the sale of the building when this congregation closed. An additional \$500,000 is anticipated over the next five years as the vendor take back mortgage is repaid. Proceeds will be credited to the Synod’s “ <i>Remembering For the Future Fund</i> ” (refer to Note 1 below).
St. James, Renfrew	\$200,000	These funds were donated directly to Charitus to support bursaries for Eastern Synod seminary students.

Grace, Oakville	\$2,300,000	<p>These funds were donated directly to Charitus at the time this congregation closed to support the following Eastern Synod ministries:</p> <ul style="list-style-type: none"> <li>• A \$1,000,000 endowment to provide financial assistance to seminary students</li> <li>• \$300,000 to support congregations facing financial, membership and/or leadership sustainability challenges to assist in seeking out and implementing new models of carrying out their congregational mission.</li> <li>• \$1,000,000 to the Synod’s “<i>Remembering for the Future Fund</i>” (refer to Note 1 below)</li> </ul>
Elva Trussler Estate	\$10,000	<p>Proceeds were credited to the Synod’s “<i>Undesignated Gift &amp; Bequest Fund</i>” (refer to Note 2 below).</p>

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 those 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 \$1,000 gift, representing 10% of the Elva Trussler Estate was made to the ELCIC National Church and designated for Canadian Lutheran Anglican Youth Gathering (CLAY) Fund.

As an affirmation of its support for Lutheran Homes KW’s proposed retirement residence development project, the balance of the Lutheran Homes Fund (approximately \$465,000) was committed to this cause.

The following capital improvements were funded during the year:

Location	Approximate Amount	Description
Camp Lutherlyn	\$13,000	Misc – sidewalks, plumbing, electrical work
Camp Mush-a-Mush	\$4,000	Propone stove, picnic tables
Synod Office	\$3,700	Interior painting

### Summary of Total Offerings (2023 vs. 2022)

	2022	2023	% Change
Regular Benevolence	\$ 1,234,019	\$1,196,669	-3%
CLWR Undesignated	\$ 150,281	\$154,561	3%
CLWR Special Appeals	\$ 155,214	\$63,715	-59%
CLWR - Total	\$ 305,495	\$218,276	-29%
ELCIC Global Mission	\$ 6,052	\$6,677	10%
ELCIC Other	\$ 3,417	\$1,750	-49%
Outdoor Ministry	\$ 9,626	\$11,298	17%
Lutheran Campus Ministry	\$ 500	\$140	-72%
Martin Luther Univ College	\$ 8,565	\$9,343	9%
Other Misc Designated Gifts	\$ 35,313	\$41,333	17%
<b>TOTAL</b>	<b>\$1,602,987</b>	<b>\$1,485,486</b>	<b>-7%</b>

\* 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 [2023 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 are received 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 Synod Council’s 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 2024. Your generous offerings will enable these ministries and new creative ministries to flourish in 2024 and the years beyond!

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

Keith Myra, Treasurer