

Treasurer's Report and 2021 Budget Presentation

2020 Mission Convocation
North American Lutheran Church
August 8, 2020

NALC Budgets Overview

- Separate Operating and Dedicated Funds budgets
- **Operating Budget**
 - Primarily funded by congregational benevolence
- **Dedicated Funds:**
 - *Great Commission Fund*
 - *Theological Education Fund*
 - *Disaster Response Fund*
 - Range of funding sources:
 - Individual donations
 - Special congregational appeals
 - Great Commission Society (for Missions)
 - Donations earmarked for NALS
 - Surplus from operating budget, if any

2019 Financial Recap

• Total benevolence and operating income		\$2,198,409
• 5.0% increase in congregational benevolence		
• 6.7% increase in total congregational giving		
• Total designated donations		<u>1,320,559</u>
• Total income		\$3,518,968
• Total expenditures and grants		\$3,149,665
• Annual surplus/(deficit)		
• Operations	(\$22,211)	
• DRF – Capital Purchases	138,839	
• Designated Funds	<u>252,675</u>	
• Total		\$369,303

Financial Reserves at 12/31/19

NALS & Theological Education Fund	\$ 1,166,887
Great Commission Fund	187,626
Disaster Response Fund	444,006
Director of Domestic Mission position (1)	191,264
CTK Dayton Dedicated Gifts (2)	318,543
Other Restricted Funds (3)	115,952
Emergency Reserve Fund (Operations)	500,000
Unrestricted/Undesignated Reserves (Operations)	<u>532,167</u>
Total Reserves at 12/31/19	<u>\$ 3,456,446</u>

Notes:

- (1) Gifts restricted to use for converting DDM position from ½ time to full time
- (2) Gifts for global church missions/partnerships and establishment of NALS Global Center
- (3) Includes Ethiopian Christian Support Fund, WNALC, Discipleship, Pastoral Care and other funds

2020 Financial Forecast – Operations

NALC Operating Budget

• Regular operating income		\$1,814,965
• Operating expenses		
• Organizations and Programs	\$393,171	
• Communications	42,633	
• Administrative	102,491	
• Staff compensation	1,178,379	
• Ministry Partners and other	<u>120,100</u>	
• Total operating expenses		<u>\$1,836,774</u>
• Net regular surplus/(deficit)		(\$22,079)
• Forecast deficit \$58K better than budget		

2020 Financial Forecast (cont.)

- NALS/Theological Education Fund

- Total donations \$354,000
- Total expenditures 543,223
- **Net surplus/(deficit)** **(\$189,223)**
 - Forecast deficit \$99K better than budget

- Great Commission Fund

- Total donations \$100,000
- Total expenditures 137,253
- **Net surplus/(deficit)** **(\$37,253)**
 - Forecast deficit \$50K better than budget

- Disaster Response Fund

- Total donations \$115,000
- Total expenditures 226,775
- **Net surplus/(deficit)** **(\$111,775)**
 - Forecast deficit of \$112K due to capital equipment purchases

2021 Operating Budget Highlights

- A “post-COVID” budget: assumes economic conditions and giving trends normalize; travel and in-person events return
- 2.5% increase in benevolence vs 2020 original budget
 - Consistent with past trends, adjusting for new member congregations
- 5.6% decrease in total expenses vs 2020 original budget
 - Staff travel and committees back to near-normal operations
 - Selective use of virtual meeting capability
 - Pastors’ Conference much less costly than DiscipleLife event
 - Full time Domestic Missions position (NALC-CS employee)
 - 2% annual increase in most staff compensation (COLA)

Proposed 2021 Operating Budget

- Total operating income \$2,066,450
 - Return to pre-COVID benevolence trend but smaller major events
- Operating expenditures
 - Organizations and Programs \$562,514
 - Communications 51,440
 - Administrative 107,946
 - Staff compensation 1,224,965
 - Ministry Partners and other 118,750
 - Total operating expenditures 2,065,615
- **Net surplus/(deficit)** **\$835**
 - Balanced operating budget assuming modest increase in congregational benevolence from pre-pandemic levels

Proposed 2021 Budgets: NALS/Theological Education Fund

• Anticipated total donations		\$435,000
• Grants and expenditures		
• NALS operations – faculty and staff	\$428,307	
• NALS operations – admin/other	71,250	
• Seminarian scholarships	114,280	
• Anticipated growth in NALS enrollment		
• Conferences and programs	<u>66,560</u>	
• New June Intensive program for all NALC seminarians		
• Total		<u>\$680,397</u>
• Net surplus/(deficit)		(\$245,397)

Proposed 2021 Budgets: Great Commission Fund

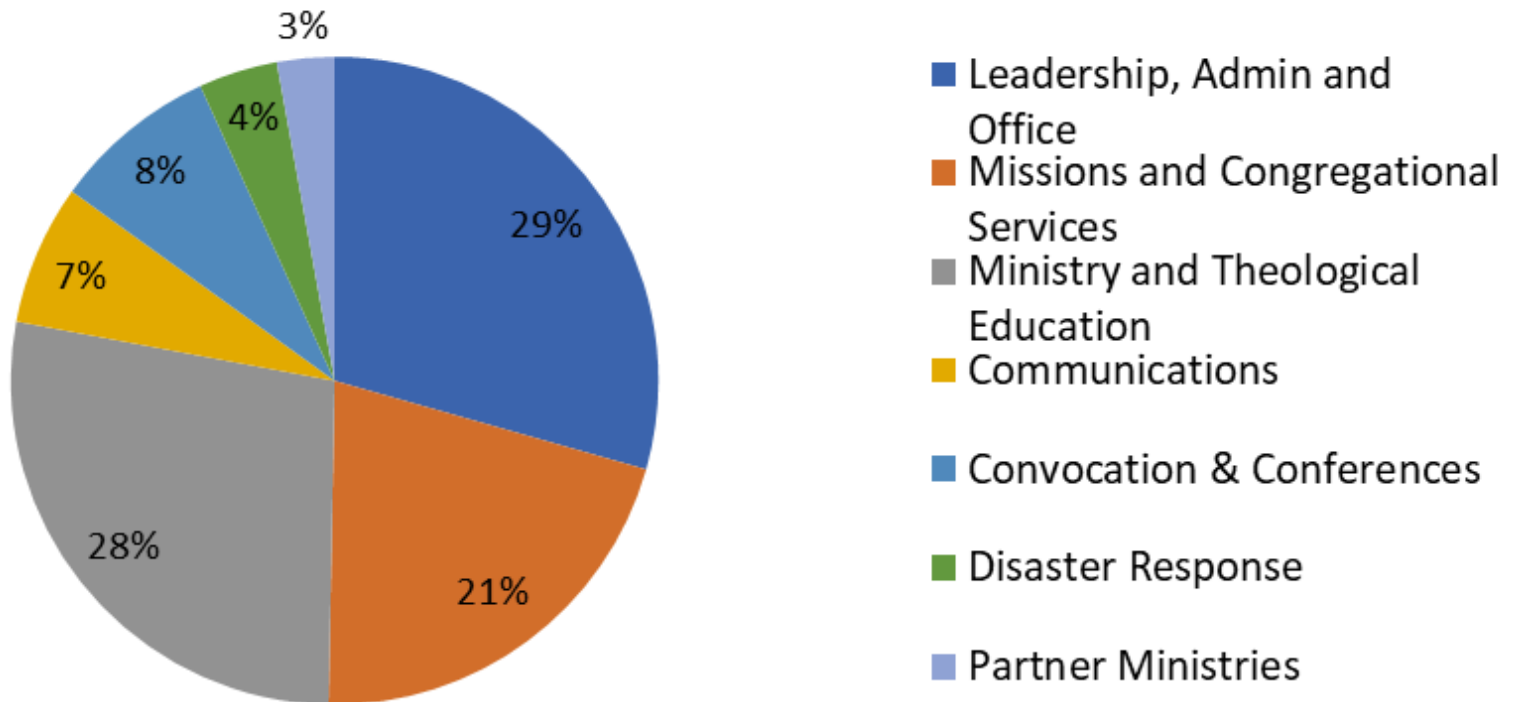
• Anticipated total donations		\$110,000
• Grants and expenditures		
• Mission congregations	\$100,000	
• Seed funding for new starts		
• Congregational revitalization	10,000	
• Missional leadership development	10,500	
• Global workers	72,000	
• Annual stipend for global workers in the mission field		
• Global mission projects	<u>10,000</u>	
• Total		<u>\$205,500</u>
• Net surplus/(deficit)		(\$95,500)

Proposed 2021 Budgets: Disaster Response Fund

• Anticipated total donations		\$150,000
• Grants and expenditures		
• Direct disaster relief	\$60,000	
• Average of past several years' experience		
• Coordinator	40,000	
• Travel and training events	16,500	
• Warehouse rent, materials and media	<u>7,000</u>	
• Total		<u>\$123,500</u>
• Net surplus/(deficit)		\$26,500

Proposed 2021 Consolidated Budgets

Total Expenditures by Program Area



Other Financial Matters

- 501(c)(3) group income tax exemption letter
 - Congregations can be added at any time
- Congregational benevolence share
 - **5-7%** of congregational operating budgets
- NALC Finance Team
 - Ryan Schwarz, treasurer@thenalc.org
 - Anne Gleason, agleason@thenalc.org
 - Joan Corniea, jcorniea@thenalc.org