Treasurer’s Report and 2020 Budget Presentation

Lutheran Week 2019

RYAN SCHWARZ
Treasurer
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
2018 Financial Recap

Total benevolence and operating income $2,146,846
  2.3% increase in congregational benevolence
  73% participation from NALC congregations
Total designated donations 946,499
Total income $3,093,345

Total expenditures and grants $2,815,575

Annual surplus/(deficit)
  Operations ($71,041)
  Unrestricted Gifts 207,000
  Designated Funds 141,811
  Total $277,770
## Financial Reserves at 12/31/18

### $2.7 million designated reserves
- NALS/Theological Education: $1,300,108
- Great Commission Fund: 229,737
- Disaster Response Fund: 535,102
- Emergency Fund: 500,000
- Other designated purposes: 124,830
- **Total**: $2,689,777

### $0.4 million general unrestricted reserves
- General operating reserves: $397,366
## 2019 Financial Forecast

### NALC Operating Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular operating income</td>
<td>$2,056,423</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
</tr>
<tr>
<td>Organizations and Programs</td>
<td>$723,300</td>
</tr>
<tr>
<td>Communications</td>
<td>$41,800</td>
</tr>
<tr>
<td>Administrative</td>
<td>$127,650</td>
</tr>
<tr>
<td>Staff compensation</td>
<td>$1,174,927</td>
</tr>
<tr>
<td>Ministry Partners and other</td>
<td>$127,500</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>$2,195,177</strong></td>
</tr>
<tr>
<td>Net regular surplus/(deficit)</td>
<td>($138,754)</td>
</tr>
<tr>
<td>One-time/Non-recurring Gifts</td>
<td>$89,050</td>
</tr>
<tr>
<td>Net surplus/(deficit)</td>
<td>($49,704)</td>
</tr>
</tbody>
</table>
## 2019 Financial Forecast (cont.)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Total Donations</th>
<th>Total Expenditures</th>
<th>Net Surplus/(Deficit)</th>
<th>Forecast Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NALS/Theological Education Fund</strong></td>
<td>$415,000</td>
<td>616,301</td>
<td>($201,301)</td>
<td>$57K larger than budget</td>
</tr>
<tr>
<td><strong>Great Commission Fund</strong></td>
<td>$100,000</td>
<td>132,000</td>
<td>($32,000)</td>
<td>$33K better than budget</td>
</tr>
<tr>
<td><strong>Disaster Response Fund</strong></td>
<td>$200,000</td>
<td>132,500</td>
<td>$67,500</td>
<td>$91K better than budget</td>
</tr>
</tbody>
</table>
## Operating Budget Results 2015-19

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Regular Income</strong></td>
<td>1,780,182</td>
<td>1,746,320</td>
<td>1,929,135</td>
<td>1,939,846</td>
<td>2,056,423</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>1,801,209</td>
<td>1,910,434</td>
<td>2,055,291</td>
<td>2,010,887</td>
<td>2,195,177</td>
</tr>
<tr>
<td><strong>Net Regular Surplus/(Deficit)</strong></td>
<td>(21,027)</td>
<td>(164,114)</td>
<td>(126,156)</td>
<td>(71,041)</td>
<td>(138,754)</td>
</tr>
<tr>
<td><strong>One-Time/Non-Recurring Gifts</strong></td>
<td>20,000</td>
<td>100,000</td>
<td>29,000</td>
<td>207,000</td>
<td>89,050</td>
</tr>
<tr>
<td><strong>Net Surplus/(Deficit)</strong></td>
<td>(1,027)</td>
<td>(64,114)</td>
<td>(97,156)</td>
<td>135,959</td>
<td>(49,704)</td>
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</tbody>
</table>
2020 Operating Budget Highlights

Modest growth in benevolence and other income

Lower Convocation attendance – no Bishop election
  $20K fund to assist with lay delegate attendance costs

Joint Discipleship Conference with ACNA
  Replaces Pastors Conference and adds some cost

Expenditure decisions
  $87K subsidy for Convocation and Discipleship Conf.
  2% COLA for all staff
  $7K investment in new digital communications assets
  More use of virtual meetings by committees/task forces

No funding for new staff positions
## Proposed 2020 Operating Budget

**Total operating income** $2,108,920  
2.7% growth in congregational benevolence

**Operating expenditures**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizations and Programs</td>
<td>$691,491</td>
</tr>
<tr>
<td>Communications</td>
<td>48,750</td>
</tr>
<tr>
<td>Administrative</td>
<td>110,512</td>
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<tr>
<td>Staff compensation</td>
<td>1,210,566</td>
</tr>
<tr>
<td>Ministry Partners and other</td>
<td>127,650</td>
</tr>
<tr>
<td><strong>Total operating expenditures</strong></td>
<td><strong>2,188,969</strong></td>
</tr>
</tbody>
</table>

**Net surplus/(deficit)** ($80,049)

Deficit is $59K better than 2019 forecast  
Would have modest surplus without Convocation subsidy
## Proposed 2020 Budgets: NALS/Theological Education Fund

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticipated total donations</td>
<td>$435,000</td>
</tr>
<tr>
<td>Grants and expenditures</td>
<td></td>
</tr>
<tr>
<td>NALS operations – faculty and staff</td>
<td>$391,371</td>
</tr>
<tr>
<td>Additional faculty position beginning Fall 2019</td>
<td></td>
</tr>
<tr>
<td>NALS operations – admin/other</td>
<td>78,250</td>
</tr>
<tr>
<td>Seminarian scholarships</td>
<td>178,875</td>
</tr>
<tr>
<td>Anticipated growth in NALS enrollment</td>
<td></td>
</tr>
<tr>
<td>Conferences and programs</td>
<td>74,752</td>
</tr>
<tr>
<td>Total</td>
<td>$723,248</td>
</tr>
<tr>
<td>Net surplus/(deficit)</td>
<td>($288,248)</td>
</tr>
</tbody>
</table>
Anticipated total donations $110,000

Grants and expenditures

Mission congregations $95,000
Several anticipated new starts
Congregational revitalization 10,000
Missional leadership development 10,500
Global workers 72,000
One additional global worker in the field
Global mission projects 10,000
Total $197,500

Net surplus/(deficit) ($87,500)
Proposed 2020 Budgets: Disaster Response Fund

Anticipated total donations $175,000

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 7,000

Total $123,500

Net surplus/(deficit) $51,500
Proposed 2020 Consolidated Budgets

Total Expenditures by Program Area

- Leadership, Admin and Office: 30%
- Missions and Congregational Services: 18%
- Ministry and Theological Education: 10%
- Communications: 6%
- Convocation & Conferences: 4%
- Disaster Response: 3%
- Partner Ministries: 10%

Leadership, Admin and Office: 30%
Missions and Congregational Services: 18%
Ministry and Theological Education: 10%
Communications: 6%
Convocation & Conferences: 4%
Disaster Response: 3%
Partner Ministries: 10%
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