Treasurer’s Report and 2019 Budget Presentation

Lutheran Week 2018
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
2017 Financial Recap

- Total benevolence and operating income: $1,958,135
  - 7.8% increase in congregational benevolence
  - 73% participation from NALC congregations
- Total designated donations: $1,388,764
  - Significant bequests and hurricane relief donations
- Total income: $3,346,899
- Total expenditures and grants: $2,926,667
- Annual surplus/(deficit)
  - Operations: ($97,156)
  - Designated Funds: $517,388
  - Total: $420,232
Financial Reserves at 6/30/18

• **$2.0 million designated reserves**
  - NALS/Theological Education $1,340,458
  - Great Commission Fund 188,361
  - Disaster Response Fund 409,635
  - Other designated purposes **82,470**
  - Total $2,020,924

• **$0.8 million general reserves**
  - Emergency Fund $500,000
  - General operating reserves 326,117
  - Total $826,117
2018 Financial Forecast

• NALC Operating Budget
  • Total operating income $1,938,660
  • Operating expenses
    • Organizations and Programs $641,150
    • Communications 54,350
    • Administrative 119,316
    • Staff compensation 1,098,037
    • Ministry Partners and other 125,700
  • Total operating expenses $2,038,553
  • Net surplus/(deficit) ($99,893)
    • Forecast deficit $45K **better** than budget
2018 Financial Forecast (cont.)

- NALS/Theological Education Fund
  - Total donations $537,000
  - Total expenditures 494,923
  - Net surplus/(deficit) $42,077
    - Forecast surplus $195K better than budget

- Great Commission Fund
  - Total donations $100,000
  - Total expenditures 107,532
  - Net surplus/(deficit) ($7,532)
    - Forecast deficit $73K better than budget

- Disaster Response Fund
  - Total donations $90,000
  - Total expenditures 136,490
  - Net surplus/(deficit) ($46,490)
    - Forecast deficit $43K larger than budget
2019 Operating Budget Decisions

• High Convocation attendance – Bishop election
  • $20K fund to assist with lay delegate attendance costs

• Director of Domestic Missions position
  • Full year at half time

• Expenditure reductions
  • Phase out paper version of NALC News
  • Close Ohio office
  • Eliminate COLA increases for executive staff
  • Decrease funding for Global Forum
  • Conclusion of Structure Task Force’s work
  • Reduced committee/task force travel costs

• Increased funding for Stewardship Team

• No funding for new regional staff positions
Proposed 2019 Operating Budget

• Total operating income $2,081,250
  • 2.4% growth in congregational benevolence

• Operating expenditures
  • Organizations and Programs $679,417
  • Communications 37,050
  • Administrative 104,531
  • Staff compensation 1,189,686
  • Ministry Partners and other 117,700
  • Total operating expenditures 2,128,384

• Net surplus/(deficit) ($47,134)
  • Deficit is $53K better than 2018 forecast
Proposed 2019 Budgets: NALS/Theological Education Fund

- Anticipated total donations $445,000
- Grants and expenditures
  - NALS operations – faculty and staff $306,232
    - Additional faculty position beginning Fall 2019
  - NALS operations – admin/other 55,800
  - Seminarian scholarships 169,900
    - Anticipated growth in NALS enrollment
  - Conferences and programs 56,957
- Total $588,889
- Net surplus/(deficit) ($143,889)
Proposed 2019 Budgets: 
Great Commission Fund

- Anticipated total donations $110,000
- Grants and expenditures
  - Mission congregations $85,000
  - Congregational revitalization 10,000
  - Missional leadership development 10,500
  - Global workers 60,000
    - One additional global worker in the field
  - Global mission projects 10,000
- Total $175,500
- Net surplus/(deficit) ($65,500)
Proposed 2019 Budgets: Disaster Response Fund

- Anticipated total donations $65,000
- Grants and expenditures
  - Direct disaster relief $50,000
    - Average of past several years’ experience
  - Coordinator 20,288
  - Travel and training events 12,500
  - Warehouse rent, materials and media 6,000
  - Total $88,788
- Net surplus/(deficit) ($23,788)
Proposed 2019 Consolidated Budgets

Total Expenditures by Program Area

- Leadership, Admin and Office: 32%
- Missions and Congregational Services: 18%
- Ministry and Theological Education: 11%
- Convocation & Conferences: 7%
- Communications: 3%
- Disaster Response: 3%
- Partner Ministries: 26%
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
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