

ANNUAL MEMBERS MEETING

September 18, 2021

(11:00a.m-12:15 p.m CDT)

Held via Go to webinar

AGENDA

Members' login to go to webinar (10:45 a.m.-10:55 a.m.)

- | | | |
|------------|-----|--|
| 11:00 a.m. | 1. | Call to order- Arnold Drung |
| | 2. | Opening Prayer- President Teuscher |
| | 3. | Welcome Members- Arnold Drung |
| 11:10 a.m. | 4. | Approval of Agenda |
| | 5. | 2020 AGM Minutes- For information |
| | 6. | Report from Board of Directors – Arnold Drung |
| 11:25 a.m. | 7. | Auditors Report and Audited Financial Statements - (Dwayne Cleave / Christine Bradley) |
| 11:40 a.m. | 8. | Six -Month 2021 Financial Report-(un-audited)- <i>for information</i> |
| 11:45 a.m. | 9. | Member Questions on Reports |
| 12:15 p.m. | 10. | Adjournment / Closing Prayer- President Teuscher |

MINUTES

1. **Call to Order – Arnold Drung, Chairman, Lutheran Church-Canada Board of Directors**
The Annual General Meeting was called to order.
Attendance at the meeting was a total of 27 members, with the following breakdown:
 - Board of Directors – 11
 - Lutheran Church-Canada Staff – 4
 - West Region – 7
 - Central Region – 3
 - East Region – 2
2. **Opening Prayer – President Timothy Teuscher**
3. **Welcome Members – Arnold Drung**
Chairman Drung welcomed members and invited Alex Steinke to run through “How to raise your hand,” virtually if members wished to ask questions during the meeting. An opportunity was provided for the members to practice the procedure, and once it was determined that everyone understood how to proceed—Chairman Drung continued with the agenda.
4. **Approval of Agenda**
Motion: That the proposed agenda be adopted
M/S/C
5. **Auditors Report and Audited Financial Statements – Dwayne Cleave, Administrator, and Christine Bradley, Accounting Manager for Lutheran Church-Canada**
Administrator Cleave went through the report which is attached to the original copy of the Minutes. After his presentation, he answered member questions regarding:
 - assessments for the 2022 Synod Convention
 - funds for world missions
6. **Report from the Board of Directors, Lutheran Church-Canada – Arnold Drung, Chairman**
Chairman Drung went through the report which is attached to the original copy of the Minutes. After his presentation, he answered questions regarding:
 - specific things that the Board is considering for the upcoming year:
 - Chairman Drung shared the six Critical Targets that the Board continues to work on
 - a feasibility study for future Mission Work
 - what was the result of the work with Les Stroh during his sessions with the Board and representatives from across Synod (Leduc, AB – April 2019):
 - development and implementation of Critical Targets
 - supports of the new structure in Regions, Regional Pastors, & Regional Mission and Ministry Committees

**Lutheran Church-Canada
2020 Annual General Meeting
Virtual Meeting
November 21, 2020**

- financial transparency and extensive reporting to the members to ensure confidence among members regarding financial matters of Synod
- has a written overview of the six Critical Targets been shared with members:
 - they were originally shared via our magazine, but can be posted again by our Communications Director

7. Six Month 2020 Financial Report (unaudited) – *for information*

Administrator Cleave went through the report which is attached to the original copy of the Minutes. After his presentation, he answered member questions regarding:

- expenditures for International Missions
- revenue regarding variance for Congregational Remittances due to this Pandemic year versus previous years
- administration on expenditures:
 - for the four month period, Synod has laid off four staff
 - Synod has absorbed costs for the online “Giving Portal” being used by congregations
- has the number of Executive Staff remained the same through the Pandemic
- how are our congregations doing financially through this season of COVID-19:
 - for most of the congregations that went online quickly for worship/Bible Studies, and then utilized the online giving portal—it seemed to be okay
 - congregations who were struggling before the Pandemic, continue to suffer
- how are congregations doing with Word and Sacrament:
 - congregations seem to be appreciating and using the online resources being provided by President Teuscher and Rev. Mark L. Smith
 - over 70% of congregations were providing in-person worship services by the end of June

8. Member Questions on Reports

No further questions

9. Adjournment

Motion: To adjourn

M/S/C

10. Closing Prayer – President Timothy Teuscher

ANNUAL MEMBERS MEETING
SEPTEMBER 18, 2021
REPORT OF THE BOARD OF DIRECTORS

The past 12 months have presented both joys and challenges. While the world around us would appear chaotic and full of constant surprises and change, Lutheran Church–Canada maintains its mission of proclaiming the Good News of salvation in Jesus Christ who is “the same yesterday, and today and forever” (Heb 13:8).

The focus of this report is to communicate how LCC’s eleven-member Board of Directors, executive staff, regional pastors, and office staff have worked together in service to the members of LCC.

1. Covid-19

The global pandemic initially declared on March 11, 2020 has created unprecedented challenges to our member congregations, pastors, deacons, the Synod, and to the lives of every Canadian. Unfortunately, despite the high percentage of vaccinated individuals, the pandemic distress remains. We give much thanks to God for the dedicated work of our pastors and lay leaders in caring for their congregations during a very challenging and prolonged period of time.

Throughout the duration of the pandemic Lutheran Church–Canada’s staff have tried to support our congregations, members, and pastors by:

- Preparing weekly written sermons posted to LCC’s website (ongoing)
- Recording and posting virtual worship services
- Identifying and posting home worship and devotional materials (ongoing)
- Providing tutoring by our Communication Director for pastors and congregational leaders on properly recording and uploading virtual worship services.
- Maintaining a donation portal through LCC’s website so that members can financially support their home congregation when public worship services are disrupted or suspended.
- Communicating with congregations on the availability/criteria for applying for government support programs such as the Canada Emergency Wage Subsidy (CEWS). The subsidy’s purpose is to provide businesses (including registered charities) with funds toward their salary costs at a time when revenues (donations) have decreased due to the pandemic. The CEWS program has currently been extended to September 25, 2021.

2. 2022-Synod Convention

The Board has set the Synod convention dates of June 10-13, 2022, with the location remaining in Edmonton Alberta, at the Radisson and Delta Hotels. The convention theme is “Stand Firm in the Faith” (commemorating the Diet of Worms).

Depending on how events unfold with the pandemic in the next few months, the Board is also establishing a contingency plan to hold the convention virtually in the Fall of 2022, should it become necessary to cancel the June in-person event.

3. Capital Campaign Update

Overview

At our 2020 Annual Members Meeting last November, the board highlighted the ongoing financial challenge of supporting LCC’s mission and ministry primarily as a result of declining congregation remittances. Although we have been blessed with additional funds from other sources, including the Central and East Districts, Concordia Lutheran Mission Society (CLMS), the Schwann Foundation, Lutheran Women’s Missionary League–Canada (LMWLC), Canadian Lutheran World Relief (CLWR), and generous individual members, we understand these funds may not always be available. In addition, the ever-changing landscape of domestic missions has created a unique challenge to provide Word and Sacrament ministry throughout our vast country especially in more rural or remote locations.

Maintaining a strong confessional Lutheran presence for current and future generations and continuing to reach out with the Gospel to all those outside the church is of key importance to LCC. With the understanding that current revenue sources do not fulfil the complete financial needs of the church with respect to its mission and ministry, the Board made the decision to investigate other opportunities to raise funds, specifically in the area of a mission endowment campaign. Subsequently, the Board passed a motion to determine the appetite and financial capacity of an endowment campaign which would be used to support domestic missions.

Action Taken

In December of 2020, LCC contracted the services of Alan Zacharias of AZA Consulting to take us through a Campaign Readiness Study. The study includes four phases:

- 1) Internal Assessment – How prepared is LCC for a capital campaign
- 2) External Assessment – How enthusiastic are LCC’s members to support a campaign
- 3) Report and Recommendations – What LCC must do to enhance success
- 4) Proposed Campaign Plan – Steps and timeline

The first phase was completed in February/March of 2021. A sampling of 26 individuals from across Synod, including pastors, lay leaders, auxiliary leaders, seminary leaders, and Synodical leaders took part in focused interviews. The internal assessment highlighted some key challenges that need to be addressed before continuing with the external assessment and the campaign itself. Specifically, LCC's mission, vision, and values lack clarity creating various differing and sometimes divergent perspectives on both LCC's purpose and the implication and success of a capital campaign. In addition, many do not understand LCC's strategic direction, especially pertaining to domestic missions. Perhaps most importantly, the Synodical office needs time to re-establish a level of trust with congregations and re-invigorate our purpose and walk together as a Synod. Finally, LCC's current organizational structure does not include any focus on development or advancement which will be critical to moving forward. Each of these challenges presents significant roadblocks to a successful endowment campaign.

Next steps

As a result of these challenges, the LCC Board and leadership have decided to pause the Campaign Readiness Study and over the next 9 months, focus on developing a longer-term Mission and Ministry plan that will strengthen the impact of LCC's ministry, build confidence across Synod, help develop a better case for support of an endowment campaign, and establish clear vision, values, and goals. The first steps of this process are now underway to identify perceptions, attitudes, hopes and concerns of LCC. An online survey will be sent out to a broad synodical audience for feedback on critical priorities. In addition, a series of virtual focused leadership events will be conducted to discuss key strategic initiatives. A plan to implement these key initiatives will then be developed to present at the Synodical Convention in 2022.

Alongside this Mission and Ministry Planning process, the Board also recognizes the need for LCC to have a position focused on development, advancement, and congregation relations, as these pertain to supporting LCC's mission. Over the years, the time commitment required by the Director of Missions to find adequate funds has steadily increased. This naturally takes him away from the actual work of supporting the missions LCC participates in. The Board has therefore approved the creation of a Director of Advancement position within LCC, reporting to the President, and working in concert with the Administrator and the Director of Missions. The primary focus will be generating revenue to enhance the ongoing mission and ministry of LCC. This includes the Mission Endowment Campaign, as well as congregational stewardship of mission remittances, major donors, and annual giving. A significant part of this role will be building and enhancing church relations between congregations and LCC's synodical office, thereby strengthening our walk together as we accomplish our shared vision.

4. Plan to Protect – Abuse Prevention

Recognizing the need to provide the highest standard of abuse prevention and vulnerable sector protection, Lutheran Church–Canada (LCC) has engaged with Plan to Protect, a Canadian company that provides a variety of resources applicable to abuse prevention strategies, policies and training. These resources will also help us meet insurance coverage requirements for a strong abuse prevention strategy and policy.

Congregations will benefit from policy templates created specifically for LCC. There will be three templates available, one for congregations, one for small congregations, and one for schools. The templates will be available on LCC’s website early in 2022.

Each congregation will also receive a comprehensive manual of abuse prevention best practices and form templates. An updated manual is being produced in 2022 and will be distributed at our convention in June.

Our office manager, Iris Barta, is overseeing this project

5. Memorandum of Understanding Agreements

The LCC Statutory Bylaws define the “Synodical Family” as meaning member congregations, Individual Members, and organizations who have entered into a Memorandum of Understanding with LCC.

The Board has prioritized the signing of Memorandum of Understanding Agreements between LCC, and other organizations (Seminaries, Auxiliaries/ Listed Service organizations) whose intended purpose is to advance and/or augment the mission and ministry objectives of Lutheran Church–Canada. Over the past quadrennial period, Rev. Nolan Astley has been contracted by LCC on a part-time basis to oversee the MOU development /negotiation process with organizations wanting to obtain “Synodical Family Status”. To date, MOU agreements have been completed with the two Seminaries, Lutheran Church Canada – Financial Ministries and Concordia Lutheran Mission Society. The signing of formal MOU agreements with LWML –Canada, Lutheran Laymen’s League of Canada, and Concordia Lutheran World Relief are also expected to happen in 2021.

6. Board Meeting Synopsis

Since the onset of the pandemic, the Board has not held any in-person meetings but we have conducted four virtual meetings since we reported to members at last year’s Annual Meeting. The

following summary highlights the main activities of the Board of Directors as it managed the affairs of LCC during the current year. Material is organized by Board meeting. (Note that “standard” components to Board meetings including review of staff reports, financial reports, correspondence and follow-up items are not included in these comments.)

November 20-21, 2020

(M/S/C) The Board sanctioned a Memorandum of Understanding Agreement, dated November 12, 2020, between Lutheran Church–Canada and Concordia Lutheran Mission society.

(M/S/C) The Board endorsed the appointment of Deacon Miriam Winstanley to the Board of Regents at Concordia Lutheran Seminary, Edmonton.

(M/S/C) The Board approved a 2021 domestic mission budget of \$735,365 (net of the Mission Executive and RRMC expenses) with caution that the budget may need to be amended if mission pledges from member congregations are substantially different than historical levels.

(M/S/C) The Board approved the revised Synod convention dates of June 10-13, 2022- with the location remaining Edmonton Alberta, at the Radisson and Delta Hotels. The convention theme being “Stand Firm in the Faith” (commemorating the Diet of Worms)

Feb 26, 2021

(M/S/C) The Board approved the 2021-22 Lutheran Church–Canada operating budget in the amount of \$3,417,600

Background

The approved budget is a 3.4% increase over the previous year and was partially required to fund the anticipated expenses for replacing the LCC office building roof that is over 30 years old, and for funding the planned capital campaign feasibility study.

(M/S/C) The Board approved a cost of living increase (COLA) of 1.40% to the Lutheran Church–Canada employee salary guidelines.

Together, One Publication

Lutheran Church–Canada released a one-time special publication, entitled “Together, One” which highlights the people and organizations collectively serving as the body of Christ across the Lutheran landscape in Canada. This publication is designed not as a report describing the work of a corporate

entity but, rather, as an LCC family album to remind our members of the various services available across the country, and beyond. Our Synod's Committee for Communications and Technology (CCT) prepared questionnaires to gather information from entities across LCC, encouraging them to consider how they might describe the work they do to a close friend. It is our hope that this publication will provide a highly visual overview of how we are walking together as a Synod, sharing an ecclesiastical bond, to serve our Lord Jesus Christ; the members of His body; and the world which stands in need of the Word and Christ's redeeming love.

May 27th, 2021

(M/S/C) Lutheran Church–Canada extended a call on behalf of the member congregations of Lutheran Church–Canada to Rev. Marco Antonio Jacobson, to serve as Assistant Missionary at Large for Francophone Canada.

Framework

The Assistant Missionary is serving under the direction and oversight of Rev. Dr. David Somers, who is LCC's Missionary at Large in Quebec. The Assistant Missionary position is unpaid and there is no employment relationship with Lutheran Church–Canada.

(M/S/C) The Board approved the appointment of Mr. Paul Hambrock to the LCC Worker Benefit Services Inc. Board of Directors for a three year term, commencing September 1, 2021.

Background

Mr. Hambrock holds an MBA from the University of Alberta having completed considerable course work in finance, investment and market structure. Mr. Hambrock currently serves his employer in the capacity of an Operational Risk Manager. The Board is most confident that Mr. Hambrock will be a valuable addition to the WBS Board in helping it meet its mandate of governance oversight of the LCC pension and benefit programs.

June 17, 2021

External Audit

M/S/C The Board approved the Corporation's Financial Statements prepared by management and audited by KPMG for the fiscal year ending January 31, 2021

Summary

The Accounting Manager, Christine Bradley, reported a clean audit for the fiscal year. The auditor reported there were no significant changes in accounting policies. The auditor also stated that subsequent to the end of the fiscal year, the ongoing COVID-19 pandemic situation remains dynamic

and the ultimate duration and magnitude of its impact on the economy and the financial effect on LCC was not known at the time of the auditor's report.

The Administrator, Dwayne Cleave, reported that LCC finished the year with a large surplus of \$513,342 which is not a usual occurrence, as normally LCC revenues and expenses closely balance. Mr. Cleave explained that the primary reason for the surplus was because LCC, like many other charities, was eligible to collect a government wage subsidy (CEWS), due to the pandemic situation. The CEWS was initiated by the federal government to help businesses (including registered charities) manage the immediate financial impacts of the pandemic, and for use implementing a recovery plan in the near term. LCC received \$306,905 in CEWS payments in the fiscal year. The Administrator also mentioned that actual operating expenses for travel and in-person meetings were much lower than budget, as a result of the pandemic restrictions, which also contributed to the operating surplus.

Conclusion

The members of LCC's Board of Directors are humbled that God has placed us in this calling at this particular time to serve His people in Lutheran Church–Canada. We solicit your prayers for wisdom and guidance and thank you for your continuing support of the mission work we do together in Canada and around the world.

Your Servants in Christ,



Arnold Drung, Chairman
LCC Board of Directors



Grace Henderson, Secretary
LCC Board of Directors

Financial Statements of

**LUTHERAN CHURCH -
CANADA**

And Independent Auditors' Report thereon

Year ended January 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Members of Lutheran Church - Canada

Opinion

We have audited the financial statements of Lutheran Church - Canada (the "Entity"), which comprise the statement of financial position as at January 31, 2021, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at January 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Winnipeg, Canada

June 17, 2021

LUTHERAN CHURCH - CANADA

Statement of Financial Position

January 31, 2021, with comparative information for 2020

	Operating Fund		Designated Fund		Total	Total
	2021	2020	2021	2020	2021	2020
Assets						
Current assets:						
Cash	\$ 1,621,655	\$ 885,459	\$ —	\$ —	\$ 1,621,655	\$ 885,459
Accounts receivable (note 2[g])	665,928	412,528	—	—	665,928	412,528
Prepaid expenses	65,517	69,313	151,842	89,869	217,359	159,182
Inter-fund balances	(1,320,282)	(904,264)	1,320,282	904,264	—	—
	1,032,818	463,036	1,472,124	994,133	2,504,942	1,457,169
Capital assets (note 3)	438,877	457,761	—	—	438,877	457,761
Investments (note 4)	—	—	1,181,587	1,207,230	1,181,587	1,207,230
Deferred gift (note 6)	50,000	50,000	—	—	50,000	50,000
	\$ 1,521,695	\$ 970,797	\$ 2,653,711	\$ 2,201,363	\$ 4,175,406	\$ 3,172,160

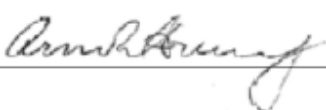
Liabilities, Deferred Contributions and Fund Balances

Current liabilities:						
Accounts payable and accrued liabilities	\$ 39,060	\$ 41,533	\$ —	\$ —	\$ 39,060	\$ 41,533
Payable to Lutheran Church-Canada Financial Ministries	5,537	9,732	—	—	5,537	9,732
Current portion of long-term debt (note 5)	—	7,188	—	—	—	7,188
	44,597	58,453	—	—	44,597	58,453
Deferred contributions (note 6):						
Expenses of future periods	422,382	286,650	2,470,032	2,030,212	2,892,414	2,316,862
Capital assets	64,495	68,795	—	—	64,495	68,795
Deferred gift	50,000	50,000	—	—	50,000	50,000
	536,877	405,445	2,470,032	2,030,212	3,006,909	2,435,657
Fund balances:						
Unrestricted	601,442	153,536	—	—	601,442	153,536
Invested in capital assets	338,779	353,363	—	—	338,779	353,363
Internally restricted (note 7)	—	—	183,679	171,151	183,679	171,151
	940,221	506,899	183,679	171,151	1,123,900	678,050
	\$ 1,521,695	\$ 970,797	\$ 2,653,711	\$ 2,201,363	\$ 4,175,406	\$ 3,172,160

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

LUTHERAN CHURCH - CANADA

Statement of Operations

Year ended January 31, 2021, with comparative information for 2020

	Operating Fund		Designated Fund		Total	Total
	2021	2020	2021	2020	2021	2020
Revenue:						
Contributions:						
Operating	\$ 3,247,445	\$ 3,188,014	\$ —	\$ —	\$ 3,247,445	\$ 3,188,014
Designated (note 6)	—	—	429,868	737,551	429,868	737,551
Canadian Lutheran	29,176	28,893	—	—	29,176	28,893
Rental	8,250	7,650	—	—	8,250	7,650
Investment income (loss)	(591)	(5,614)	(26,846)	116,110	(27,437)	110,496
Government assistance (note 2[g])	306,905	—	—	—	306,905	—
Unrestricted missions	62,758	36,054	—	—	62,758	36,054
Amortization of deferred contributions related to capital assets (note 6[b])	4,300	4,300	—	—	4,300	4,300
	3,658,243	3,259,297	403,022	853,661	4,061,265	4,112,958
Expenses:						
Missions	1,055,621	1,377,613	—	—	1,055,621	1,377,613
Ecclesiastical services	487,760	571,973	—	—	487,760	571,973
Higher education subsidy	292,150	292,200	—	—	292,150	292,200
Communications	202,296	196,747	—	—	202,296	196,747
Congregational services	130,000	180,000	—	—	130,000	180,000
Administration (note 8)	416,242	500,348	—	—	416,242	500,348
Property operations	63,497	58,277	—	—	63,497	58,277
Board, committees and memberships	19,679	64,048	—	—	19,679	64,048
Amortization of capital assets	18,884	18,884	—	—	18,884	18,884
Disbursements to congregations	444,454	—	—	—	444,454	—
Designated (schedule B)	—	—	417,340	704,402	417,340	704,402
	3,130,583	3,260,090	417,340	704,402	3,547,923	3,964,492
Excess (deficiency) of revenue over expenses	\$ 527,660	\$ (793)	\$ (14,318)	\$ 149,259	\$ 513,342	\$ 148,466

See accompanying notes to financial statements.

LUTHERAN CHURCH - CANADA

Statement of Changes in Fund Balances

Year ended January 31, 2021, with comparative information for 2020

	<u>Operating Fund</u>		<u>Designated Fund</u>		2021 Total	2020 Total
	Unrestricted	Invested in capital assets	Internally restricted			
Fund balance, beginning of year	\$ 153,536	\$ 353,363	\$ 171,151	\$ 678,050	\$ 529,584	
Excess (deficiency) of revenue over expenses	542,244	(14,584)	(14,318)	513,342	148,466	
Remeasurement of accrued benefit asset	(67,492)	—	—	(67,492)	—	
Transfer of funds for internally restricted purposes (note 7)	(26,846)	—	26,846	—	—	
Fund balance, end of year	\$ 601,442	\$ 338,779	\$ 183,679	\$ 1,123,900	\$ 678,050	

See accompanying notes to financial statements.

LUTHERAN CHURCH - CANADA

Statement of Cash Flows

Year ended January 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 549,090	\$ 148,466
Items not involving cash:		
Amortization of deferred contributions related to capital assets	(4,300)	(4,300)
Amortization of capital assets	18,884	18,884
Unrealized loss (gain) on investments	54,188	(75,932)
Change in non-cash operating working capital:		
Accounts receivable	(253,400)	(278,143)
Prepaid expenses	(58,177)	(66,216)
Accrued benefit asset	(103,240)	—
Accounts payable and accrued liabilities	(2,473)	(26,092)
Payable to Lutheran Church - Canada Financial Ministries	(4,195)	(317)
Net change in deferred contributions related to expenses of future periods	575,552	644,144
	771,929	360,494
Financing activities:		
Principal repayments of long-term debt	(7,188)	(19,844)
Investing activities:		
Change in investments, net	(28,545)	(41,670)
Increase in cash	736,196	298,980
Cash, beginning of year	885,459	586,479
Cash, end of year	\$ 1,621,655	\$ 885,459

See accompanying notes to financial statements.

LUTHERAN CHURCH - CANADA

Notes to Financial Statements

Year ended January 31, 2021

1. General:

Lutheran Church - Canada (the "Church") was incorporated by a special act of Canada assented on June 4, 1959. The Church is also registered as a charitable organization under the *Income Tax Act*. The purpose of the Church is to assist congregations and pastors to conserve and promote the unity of faith, carry out their mission and ministry, and exercise certain functions which can be more efficiently and effectively performed together nationally and internationally.

The Church is exempt from income tax under Section 149(1) of the *Income Tax Act*.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

(a) Fund accounting:

The Church records its financial transactions on the Fund accounting basis as follows:

(i) Operating Fund:

The Operating Fund includes transactions related to the general operations of the Church and includes all capital assets of the Church.

(ii) Designated Fund:

The Designated Fund includes transactions relating to monies received by the Church which have purposes specified by the donor or have been designated for specific purposes by the Board of Directors. Expenditures from monies designated for specific purposes by the Board of Directors require approval of the Board.

(b) Employee future benefits and change in accounting policy:

Employees of the Church hired prior to January 1, 2012 are members of the Lutheran Church - Canada Defined Benefit Pension Plan (the "Plan"), which was established on January 1, 1989 as a non-contributory defined benefit pension plan. The Plan covers the employees of the various entities affiliated with Lutheran Church - Canada.

LUTHERAN CHURCH - CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2021

2. Significant accounting policies (continued):

Effective January 1, 2013, the Plan became a contributory plan for all future service and all members who are still eligible to accrue credited service in the Plan are required to make annual contributions of 4 percent of their compensation. Employees of the Church who are not eligible to accrue credited service in the Plan were enrolled into a contributory defined contribution pension plan from January 1, 2013 onwards. These applicable Plan members will not earn any further service benefits under the Plan after January 1, 2013. The applicable Plan members' pre-January 1, 2013 pension benefit will continue growing within the Plan through future salary increases. The applicable Plan members are required to make annual contributions of 4 percent of their compensation to the defined contribution pension plan.

To January 31, 2020, as the Plan was a multi-employer defined benefit plan, the Church accounted for the Plan consistent with a defined contribution plan where contributions to the Plan were expensed in the period incurred.

During the year ended January 31, 2021, the Plan became a multiple-employer defined benefit plan and as a result, the Church changed its accounting policy and commenced accounting for the Plan following the standards of a defined benefit plan.

The change in accounting policy had no impact on unrestricted fund balance at February 1, 2020 as a full valuation allowance was applied to the Church's accrued benefit asset of \$224,191.

The most recent funding actuarial valuation of the Plan as at December 31, 2019, reported the Plan had a surplus of actuarial value of net assets over actuarial present value of accrued pension obligations and a solvency deficiency. At the forbearance of the Province of Alberta Superintendent of Pensions, the Plan is currently not required to fully fund the solvency deficiency within the amortization period stipulated in the Act, but rather on a best efforts basis.

As the Plan is a multiple-employer plan, the Church accrues its obligations under the Plan as the employees render the services necessary to earn the future benefits from this Plan.

The actuarial determination of the accrued benefit obligations for the Plan uses the projected benefit method prorated on service (which incorporates management's assumptions used for funding purposes, other cost escalation, retirement ages of employees and other actuarial factors). The measurement date of the Plan assets, which are recorded at fair value and accrued benefit obligation coincides with the Church's fiscal year.

LUTHERAN CHURCH - CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2021

2. Significant accounting policies (continued):

The Church measures their allocation of defined benefit obligation using an extrapolation of the most recently completed funding valuations. The effective date of the actuarial funding valuation used in determining the Church's allocation of the Plan's obligations was December 31, 2019.

At year-end the Church recognizes, in the statement of financial position, the allocation of the Plan's benefit obligations net of the fair value of Plan assets, if any, adjusted for any valuation allowance. The Church's cost of the Plan for the year, except for remeasurements and other items, is recognized in the statement of operations. Remeasurements and other items, which comprise the aggregate of: the difference between the actual return on plan assets and the return calculated using the discount rate used in determining that defined benefit obligation at the beginning of the year; actuarial gains and losses; the effect of any valuation allowance in the case of a net defined benefit asset; past service costs; and gains and losses arising from settlements and curtailments, are recognized directly in the Operating Fund's unrestricted fund balance and presented as a separately identified item in the statement of changes in fund balances.

(c) Revenue recognition:

The Church follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue of the Designated Fund in the year in which the related expenses are incurred. Internally restricted and unrestricted investment income is recognized as revenue when earned. Investment income includes interest income and realized and unrealized investment gains and losses.

Non-cash contributions are recorded at fair value on the date of contribution.

LUTHERAN CHURCH - CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2021

2. Significant accounting policies (continued):

(d) Contributed services:

Volunteers are an integral part of the activities of the Church. Contributed services are not recognized in the financial statements because of the difficulty in determining their fair value.

(e) Financial Instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Church has elected to carry all investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Church determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Church expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Capital assets:

Land is recorded at cost. Building and equipment are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis at rates estimated to amortize the assets over their useful lives. The amortization rate applicable to the building is 40 years, and 5 and 10 years for equipment.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

LUTHERAN CHURCH - CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2021

2. Significant accounting policies (continued):

When circumstances indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The write-down of the asset is charged to income during the year. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

(g) Government assistance:

Government assistance related to current expenses is included in the determination of net income for the period as other income when the related expenditures are incurred. A liability to repay government assistance, if any, is recorded in the period in which the condition arises that causes the assistance to become repayable.

During the year ended January 31, 2021, the Church has included in revenue \$306,905 (2020 - nil) for government assistance related to salaries expenditures under the Canada Emergency Wage Subsidy program. At January 31, 2021, \$90,397 is included in accounts receivable related to the Canada Emergency Wage Subsidy program.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

3. Capital assets:

				2021	2020
	Cost	Accumulated amortization		Net book value	Net book value
Land	\$ 100,000	\$ –	\$	100,000	\$ 100,000
Building	675,980	351,235		324,745	341,644
Equipment	60,684	46,552		14,132	16,117
	\$ 836,664	\$ 397,787	\$	438,877	\$ 457,761

LUTHERAN CHURCH - CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2021

4. Investments:

	2021	2020
	Carrying value	Carrying value
Pooled funds:		
Fixed income	\$ 532,540	\$ 512,271
Canadian equities	262,692	278,403
International equities	247,803	283,583
Mortgage investment fund	138,552	132,973
	<u>\$ 1,181,587</u>	<u>\$ 1,207,230</u>

5. Long-term debt:

	2021	2020
Note payable to Lutheran Church - Central Canada, District Extension Fund, interest at 4.5% per annum	\$ –	\$ 7,188
Less current portion	–	7,188
	<u>\$ –</u>	<u>\$ –</u>

The Church has a revolving demand credit facility with a maximum limit of \$100,000. The credit facility bears interest at prime rate plus 0.75 percent. The facility is unsecured. At January 31, 2021 and 2020, the Church has not utilized this facility.

During the year ended January 31, 2021, the Church was charged interest of \$71 (2020 - \$811) on the note payable to Lutheran Church - Central District Extension Fund.

6. Deferred contributions:

(a) Expenses of future periods:

Deferred contributions related to expenses of future periods are externally restricted contributions that have been received and relate to expenses to be incurred in subsequent years.

LUTHERAN CHURCH - CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2021

6. Deferred contributions (continued):

Changes in deferred contributions related to expenses of future periods are as follows:

	2021	2020
Balance, beginning of year	\$ 2,316,862	\$ 1,672,718
Contributions received or receivable	1,440,838	1,595,539
Investment income on unspent portion	1,204	1,493
Amount recognized as designated revenue	(432,952)	(496,975)
Amount recognized as operating revenue	(433,538)	(455,913)
Balance, end of year	\$ 2,892,414	\$ 2,316,862

The balance of deferred contributions related to expenses of future periods consists of the following:

	2021	2020
Designated fund:		
Higher education	\$ 173,743	\$ 172,420
Moving fund	38,768	8,974
Home missions	10,830	10,830
Stewardship initiative	14,731	36,424
International missions	1,324,050	1,291,761
Youth Gatherings	13,298	12,168
Conferences	94,062	88,805
Synod Convention	800,550	408,830
	2,470,032	2,030,212
Operating fund:		
Domestic missions	422,382	286,650
	\$ 2,892,414	\$ 2,316,862

(b) Capital assets:

Deferred contributions related to capital assets represent the unamortized amount of externally restricted contributions that have been received for the purchase of capital assets. The amortization of deferred contributions related to capital assets is recorded as revenue in the statement of operations.

LUTHERAN CHURCH - CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2021

6. Deferred contributions (continued):

Changes in deferred contributions related to capital assets are as follows:

	2021	2020
Balance, beginning of year	\$ 68,795	\$ 73,095
Amount amortized to revenue	4,300	4,300
Balance, end of year	\$ 64,495	\$ 68,795

(c) Deferred gift:

Deferred gift represents the death benefit amount of life insurance policy to which the Church is both the owner and the named beneficiary. The death benefit amount is recorded as an asset and a deferred contribution on the statement of financial position until it is realized at the time of death.

7. Fund balance - Designated Fund:

The internally restricted fund balance of the Designated Fund is comprised of the following:

	2021	2020
National Youth Gathering	\$ 32,295	\$ 32,295
AIC Scholarship Interest	61,328	48,800
PAT Program	67,059	67,059
Conference	22,189	22,189
Other	808	808
	\$ 183,679	\$ 171,151

During fiscal 2021, the Board of Directors approved a transfer of \$26,846 from the Operating Fund unrestricted fund balance to the Designated Fund internally restricted fund balance.

8. Related parties:

(a) Lutheran Church - Canada Financial Ministries:

Lutheran Church - Canada Financial Ministries (LCCFM) is a corporation without share capital, whose member is the Church.

LUTHERAN CHURCH - CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2021

8. Related parties (continued):

LCCFM sources, manages, and distributes donor funding to assist the Church and various other entities who have accepted the principles, doctrines, and religious standards of the Church. LCCFM is exempt from income tax under Section 149(1) of the *Income Tax Act*.

Included in expenditures of the Church for the year ended January 31, 2021 are contributions of \$130,000 (2020 - \$180,000) paid to LCCFM for gift coordinator support.

LCCFM has not been consolidated in the Church's financial statements. The summary financial information of LCCFM as at and for the year ended December 31, 2020 is as follows:

	2020	2019
<i>Financial position:</i>		
Total assets	\$ 9,545,116	\$ 10,067,649
Total liabilities and deferred contributions	\$ 3,158,776	\$ 3,263,784
Total net assets	6,386,340	7,003,865
	\$ 9,545,116	\$ 10,267,649
<i>Results of operations:</i>		
Total revenue	\$ 1,606,158	\$ 1,420,228
Total expenses	2,223,683	1,429,125
Deficiency of revenue over expenses	\$ (617,525)	\$ (8,897)
<i>Cash flows:</i>		
From (used in) operating activities	\$ (623,881)	\$ 1,837,023
From financing activities	30,000	—
From (used in) investing activities	554,905	(1,801,457)
Increase (decrease) in cash	\$ (38,976)	\$ 35,566

(b) Related party transactions:

During the year, the Church charged rent of \$7,500 (2020 - \$7,500) and an administration fee of \$12,000 (2020 - \$12,000) to LCC Worker Benefit Services Inc. The Church also charged an administration fee of \$18,000 (2020 - \$18,000) to Lutheran Church - Canada Pension Plan. The Church is the sponsor of Lutheran Church - Canada Defined Benefit Pension Plan.

LUTHERAN CHURCH - CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2021

8. Related parties (continued):

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

9. Employee future benefits:

The Church's accrued benefit asset is as follows:

	2020	2019
Fair value of plan assets	\$ 2,778,311	\$ 2,737,031
Accrued benefit obligation	(2,525,847)	(2,512,840)
Valuation allowance	(252,464)	(224,191)
Accrued benefit asset	\$ —	\$ —

The Church's contributions to the defined contribution plan during the year amounted to \$46,496 (2020 - \$158,080 to the defined contribution plan and the Plan).

10. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that a counter party may default on its contractual obligations resulting in a financial loss. The Church is exposed to credit risk with respect to the accounts receivable. The Church assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. There is no allowance for doubtful accounts related to accounts receivable at January 31, 2021 (2020 - nil). There have been no other risk exposure changes from 2020.

(b) Liquidity risk:

Liquidity risk is the risk that the Church will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Church manages its liquidity risk by monitoring its operating requirements. The Church prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2020.

LUTHERAN CHURCH - CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2021

10. Financial risks (continued):

(c) Interest rate risk:

The Church is exposed to interest rate risk on its fixed rate financial instruments such as fixed rate investments and long-term debt. Further details about the fixed rate investments are included in note 4. Fixed-rate instruments subjects the Church to a fair value risk. The Church is exposed to this type of risk as a result of investments in bonds. The Church has appropriate guidelines on the weighting and duration of bonds and other fixed rate investments which are monitored by the Board of Directors. There has been no change to the risk exposures from 2020.

(d) Other price risk:

Other price risk is the risk that fair value of a financial instrument will fluctuate because of changes in market prices. The Church is exposed to other price risks with respect to the investments which are sensitive to market fluctuations. The Church has appropriate guidelines on where funds are invested which are monitored by the Board of Directors. There has been no change to the risk exposure from 2020.

11. COVID-19 impact:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Manitoba governments, enacting emergency measures to combat the spread of the virus.

These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Manitoba resulting in an economic slowdown.

Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, however the success of these interventions is not currently determinable. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Church is not known at this time.

As of the date of issuance of the financial statements, the Church has accessed the Canada Emergency Wage Subsidy program to assist with the Church's expenditures (notes 2[g]).

LUTHERAN CHURCH - CANADAOperating Fund
Revenue and Expenses

Year ended January 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Contributions:		
Regions - unrestricted	\$ 2,151,139	\$ 2,231,240
Specified purpose	651,852	956,774
Canadian Lutheran	29,176	28,893
Rental	8,250	7,650
Investment loss	(591)	(5,614)
Unrestricted missions	62,758	36,054
Amortization of deferred contributions related to capital assets	4,300	4,300
	2,906,884	3,259,297
Other revenue – COVID-19 related:		
Canada Emergency Wage Subsidy	306,905	–
Online donations received for congregations	444,454	–
	751,359	–
	3,658,243	3,259,297
Expenses:		
Missions:		
Domestic Missions	810,593	1,082,650
International Missions	235,201	289,373
Regional Mission and Ministry Councils	9,827	5,590
	1,055,621	1,377,613
Ecclesiastical services:		
President's office	104,598	123,374
Regional pastor's office	376,137	428,803
President's ministry council	414	6,484
Circuit Counsellors	6,611	13,312
	487,760	571,973
Higher education:		
Concordia Lutheran Seminary	136,000	136,000
Concordia Lutheran Theological Seminary	136,000	136,000
Student aid	20,150	20,200
	292,150	292,200
Communications	202,296	196,747
Congregational services:		
Resource generation	130,000	180,000
Administration (schedule C)	416,242	500,348
Property operations:		
Utilities	13,574	16,546
Repairs and maintenance	21,425	15,467
Interest	70	811
Property taxes	17,609	16,431
Janitorial	10,819	9,022
	63,497	58,277
Board, committees and membership fee:		
Board of Directors	2,217	42,071
Commissions	404	8,056
International Lutheran Council fee	8,258	4,186
Evangelical Fellowship of Canada	8,800	8,800
Other	–	935
	19,679	64,048
Amortization of capital assets	18,884	18,884
	2,686,129	3,260,090
Other expense – COVID-19 related:		
Disbursements to congregations	444,454	–
Excess (deficiency) of revenue over expenses - Operating Fund	\$ 527,660	\$ (793)

LUTHERAN CHURCH - CANADADesignated Fund
Revenue and Expenses

Year ended January 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Contributions:		
International missions:		
Central America	\$ 318,875	\$ 303,227
Southeast Asia	17,061	21,899
Ukraine	50,052	103,909
Other	43,880	21,404
National Youth Gathering	—	201,696
Conferences	—	85,416
Investment income (loss)	(26,846)	116,110
	403,022	853,661
Expenses:		
International missions:		
Central America	318,875	303,227
Southeast Asia	17,061	21,899
Ukraine	50,052	103,909
Other	31,352	5,236
National Youth Gathering	—	199,402
Conferences	—	63,229
Scholarships	—	7,500
	417,340	704,402
Excess (deficiency) of revenue over expenses - Designated Fund	\$ (14,318)	\$ 149,259

LUTHERAN CHURCH - CANADA

Administration Expenses

Year ended January 31, 2021, with comparative information for 2020

	2021	2020
Expenses:		
Staffing:		
Salaries	\$ 152,277	\$ 205,449
Benefits	79,087	103,599
Professional development	713	1,193
Subcontractor	16,049	41,660
	<u>248,126</u>	<u>351,901</u>
Office, insurance and professional services:		
Audit and legal services	56,980	45,188
Bank fees and other charges	21,466	11,547
Computer repair and maintenance	14,460	13,464
Equipment purchases and charges	5,392	3,742
Insurance	53,007	49,744
Memberships and publications	6,415	4,674
Office and stationary supplies	344	4,045
Postage, telephone and internet	9,655	9,314
Travel	397	6,729
	<u>168,116</u>	<u>148,447</u>
Administration expenses	<u>\$ 416,242</u>	<u>\$ 500,348</u>



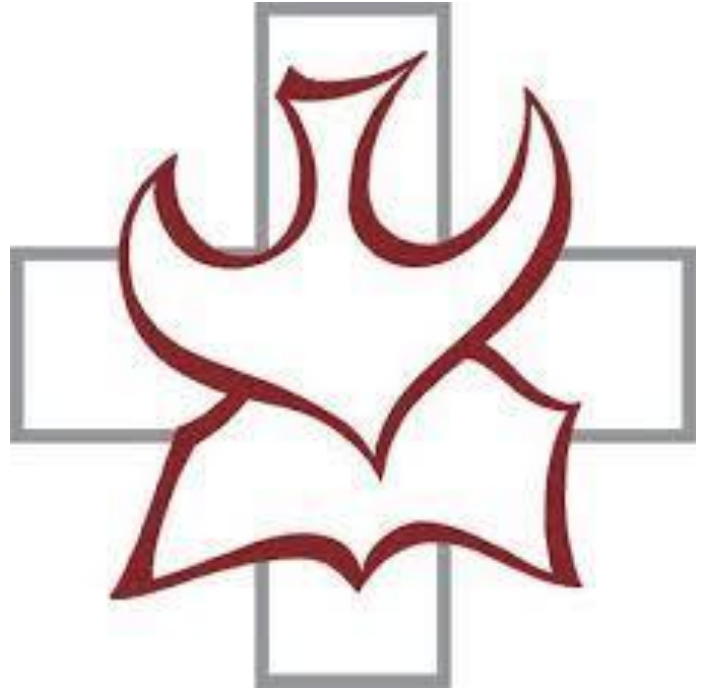
LCC SIX MONTH 2021 FINANCIAL REPORT (UN- AUDITED)

OUR MISSION

The mission of Lutheran Church-Canada is to organize, equip, and motivate its members to confess, proclaim, and give witness to the saving work of Jesus Christ, to the glory of God. We do this together in grateful response to God's grace and empowered by the Holy Spirit through Word and Sacraments, so that believers may grow in their faith and unbelievers be brought into the body of Christ.

WALKING TOGETHER AS A SYNOD

Committed to a common confession and mission, congregations of Lutheran Church-Canada join with one another as a Synod to share an ecclesiastical bond and to support and work with one another. In this way, we seek to serve our Lord Jesus Christ, the members of His body, and the world which stands in need of the Word and the impact of His redeeming love.



WORKING TOGETHER

PUTTING OUR MISSION INTO ACTION

Our work together as a Synod can only be accomplished with the generous financial support of our members. Through your tithes and offerings, a portion of all gifts laid upon the altar of local congregations is remitted to LCC. In total, these gifts make up almost 65% of LCC's overall revenue and are critical for funding the vital work we do together. Work such as:

Sustaining and Revitalizing our Congregations

The strength of synod begins with the strength of our local congregations. Together we support and maintain Word and Sacrament ministry across our country, and especially in regions of greatest need. **(Schedule A).**

Supporting our Mission Work in Canada

Identify, develop and support mission efforts throughout the country; assist congregations to explore new opportunities for outreach; and provide works of mercy and relief to those less fortunate. **(Schedule B)**

Supporting our Mission Work Internationally

Support mission work in Central America, South-East Asia, and Ukraine, including Gospel outreach; theological training; and social ministry efforts like children's feeding programs and Christian education.

Supporting Theological Education

Provide funding to assist the work of our seminaries in training our pastors and church workers.

Caring for our Leaders and Members

Provide ecclesiastical leadership and pastoral care through the work of the Synod President, Regional Pastors, and Circuit Counsellors.

Building Community

Collaborate with Synod's members and partners to enhance mission effectiveness through communication, promote stewardship in managing life's resources for God's purposes, and provide spiritual growth through the publication of *The Canadian Lutheran* and other media.

BUDGET AND ACTUAL REVENUES/EXPENSES

Six Month Fiscal Period (February –July 2021)

Revenues	6 Month Budget	6 Month Actual	Variance	2020 6 Month Actual
Congregation Remittances	1,082,500	937,394	(145,106)	863,844
Designated Specific	588,604	367,038	(221,566)	566,780
Endowment Income	19,000	0	(19,000)	0
Investment Income	15,250	49,503	34,253	(56,160)
Rental Income	4,650	5,400	750	3,900
Total Revenues	1,710,004	1,359,335	(350,669)	1,378,364
Expenditures	6 Month Budget	6 Month Actual	Variance	2020 6 Month Actual
Domestic Missions	467,931	434,503	33,428	385,785
International Missions	340,512	212,188	128,324	333,364
Ecclesiastical Services	291,800	260,318	31,482	277,546
Higher Education	146,000	151,050	(5,050)	136,050
Communications	110,720	105,817	4,903	87,502
Congregational Services	65,000	69,000	(4,000)	77,000
Administration	286,835	288,482	(1,647)	261,563
Total Expenditures	1,708,798	1,521,358	187,440	1,558,810
Surplus (Deficit)*	1,206	(162,023)	(163,229)	(180,446)

***Surplus/ (Deficit)** – The current operating deficit of **(\$162,023)** is slightly less than the **(\$180,446)** deficit LCC was experiencing over the same six month period in 2020. By the end of 2020, LCC made up the deficit, in part thanks to a very positive mission response from our member congregations. We pray that the Lord will Bless LCC and its member congregations with a similar result this year.

REVIEWING THE 2021 ANNUAL BUDGET

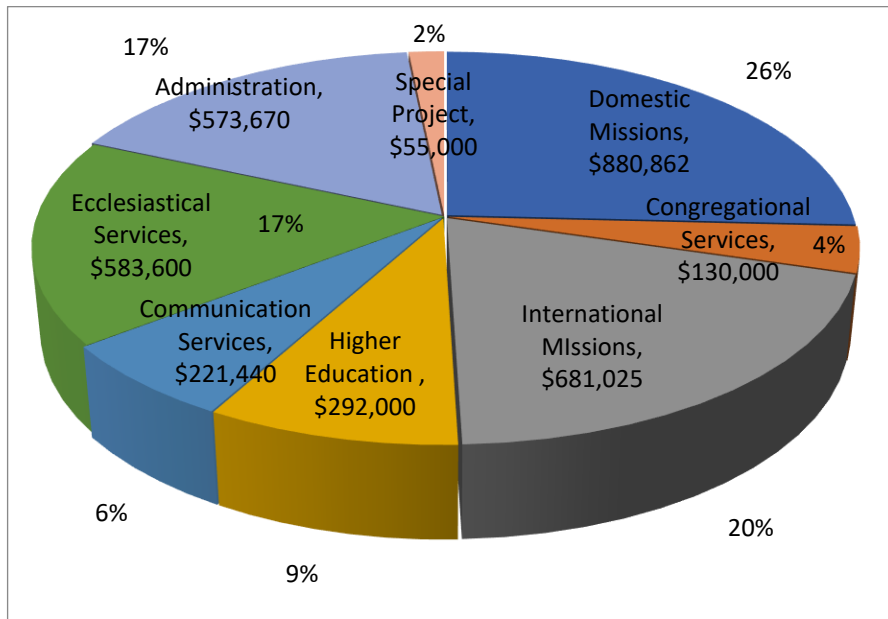
“So I thought it necessary to urge the brothers to go on ahead to you and arrange in advance for the gift you have promised, so that it may be ready as a willing gift, not as an exaction.” 2 Corinthians 9:5

Creating an operating budget for 2021 during a time of a prolonged global pandemic remains a challenge. As it is difficult to predict what the financial impact will ultimately be on the economy, on financial markets, and most importantly, on our member congregations donation revenues.

There are currently 286 LCC member congregations who have the potential to support the work we do together as a synod. This year LCC received mission pledges from 172 congregations totalling **\$1,849,250**. Our prayer is that the 172 congregations who submitted a pledge, together with the 114 that did not submit a pledge, will be able to send mission remittances to the level needed to accomplish the important work of our church body.

Revenues	Budget 2021
Congregation Remittances	2,165,000
Specific Purpose	1,177,208
Endowment Income	38,000
Investment Income	30,500
Rental Income	9,300
Total Revenues	3,420,008
Expenditures	Budget 2021
Domestic Missions	880,862
International Missions	681,025
Ecclesiastical Services	583,600
Higher Education	292,000
Communications	221,440
Congregational Services	130,000
Administration	573,670
Special Project	55,000
Total Expenditures	3,417,597

LCC 2021 ANNUAL BUDGET - \$3,417,597



"Make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, teaching them to observe all that I have commanded you. And behold, I am with you always to the end of the age"
Matthew 28:19-20

OUR HOPE IS IN THE LORD

Although finances change, the mission of the LCC remains clear and unwavering. This is so because Christ's ascension commission and promise remains unchanged regardless of the tumultuous and uncertain times in which we live. As such, LCC continues, with your help and support, to carry out our common objectives of conserving and promoting the unity of the true faith; strengthening congregations in giving bold witness by word and deed and to extend that Gospel witness into all the world; training of pastors and deacons; and aiding congregations by providing resources for promoting, expressing and conserving our confessional unity. Thank you for your prayers and offerings in support of this work that we have committed to do in our walking together as a Synod.

SCHEDULE A- YEAR 2021
SUSTAINING WORD AND SACRAMENT MINISTRY

Congregation	Location
Holy Trinity	Bradford
Redeemer	Kitimat
Good Shepherd	Moncton
Christ	Red Lake
Redeemer	Sudbury
Christ	Timmins
Trinity Church of the Deaf	Vancouver
Zion	Wolseley

SCHEDULE B-YEAR 2021
SUPPORTING MISSION OUTREACH

Congregation	Location	Outreach Focus
St. Andrews	Halifax	Maritimes
Pilgrim	Hamilton	Oromo Congregation/Community
Concordia	Penticton	Parochial School
LCC Missionary	Quebec	French Language Ministry
Living Water	Richmond	Chinese Congregation
Trinity	Richmond	Chinese Congregation/Community
Faith	Surrey	Chinese/Korean Congregation /Community
Korean LC	Toronto	Korean Congregation/Community
BC Mission Boat	Vancouver Island	First Nation Communities – VBS Programs
West Region	West Region	Outreach Grants- Congregations/Circuits
WECLO	Windsor	Intercultural Ministry
LCC Missionary	Winnipeg	Oromo Congregation/ Community

WORKS OF MERCY

LCC Missionary	Regina	Street Ministry
Lutheran Community Care Centre	Thunder Bay	Street Ministry