



**Oregon Synod**  
**Evangelical Lutheran Church in America**  
God's Work. Our Hands



## **Treasurer's Report to the Oregon Synod Assembly 2020**

Greetings in the name of our risen Lord Jesus!

As I write this Annual Report regarding the finances of the Oregon Synod, I am keenly aware of the date: October 12th. I was just shy of 10 years old in 1962, when the Friday Columbus Day windstorm blew through NW Oregon. Hurricane-force winds toppled trees, knocked down power lines, stripped roofs off buildings (or simply dismantled entire buildings), and generally wreaked havoc on our world. It's particularly memorable to me because of a miracle God worked: The electricity went off 30 seconds before the 5' x 8' picture window blew into the living room, where my brother and I had been watching TV! We were home alone, waiting for our parents and younger brother and sister to return from Salem. Needless to say, we abandoned ship, and headed for the neighbor's (fortunately, only 100 yards away, even though we were on a farm in the country). Two boys were thrilled when Mom & Dad got home three hours later.

The story doesn't end there. Dad had 25 cows that needed milking, twice a day, and no electricity to run the milking machines. No lights, no heat, no water, until the electricity came back on 3 days later. Buildings were strewn about the farm, trees were blocking roads, the silage corn for feeding the cows that winter was blown over flat; it was a challenging time for many months. We went to church that Sunday, in a cold building, with no light, no pipe organ, and not very many people. Very strange, but we were thankful, nonetheless.

I mention this because I think there are lots of parallels between 1962, and 2020. I don't have to point them all out, you can quickly see them, if you were here in 1962...or here in 1964 for the great Christmas flood (the natural disaster my wife, Nancy, most remembers, because she and her family helped with cleanup of homes near the Clackamas River), or near Mt. Saint Helens blowing her top in May 1980 (Sunday, Confirmation Day for one of my sisters), or in Oregon for the great flood of January 1996, or remember where you were at the time of the horrors of the terrorist attacks of September 11, 2001. COVID-19, Racial Tension, wildfires, a contentious political scene: 2020 seems a disaster.

But, dear sisters and brothers of the congregations of the Oregon Synod, God is still with us! We lived through the Columbus day storm, and lived to grow up, to farm another day (45 years of days for Nancy & I!). We lived through the floods, we lived through the ashfall of the volcano, we lived through the floods, we lived through the terror, and we WILL live through the challenges of 2020, because of our God.

By this time, you may wonder why I'm taking a half page to talk about things other than finances and dollars...and it's a fair wonder! I bring them up to point out that we're living in a strange, never-before-experienced time, but we shall come through it, because of our God. Everything that I share regarding our Synod's financial situation must be seen in the light of the uniqueness of 2020, but also in the light of God's love and care for His Creation, His People, and His Church. While we have challenges aplenty right now, I'm confident we (or our children and grandchildren) will look back and say "Remember 2020? That was the year God saved Her People!" It will become as Passover was to the children of Israel. Remember!

So, I will often refer to the strangeness and uniqueness of this year, as I make this report. We're doing this work almost 6 months later than anticipated, since our Synod Assembly is so much later than planned.

- I'm first going to tell you about the Income and Expenses of the 2019 Fiscal Year (FY2019), more than 9 months after it ended; it feels a bit like ancient history!
- Second, I'm going to give you an update about FY2020, which we are now  $\frac{3}{4}$  of the way through.
- Finally, I'm going to ask you, as a Synod, in Assembly, to approve the budget for FY2021, which will start February 1, 2021.

God willing, we will meet in Assembly again (in person, we hope and pray!) in 6 more months, and I'll report to you all over again...strange and unique.

After 2 years as your Synod Treasurer, I'm gaining confidence in my knowledge and understandings of the Synod's finances. With that experience, I tell you this day that the financial health of our Synod is "OKAY." Last year, I used the word "GOOD." What I mean to convey is that our financial circumstances are NOT as strong today as they were in May 2019, but they are no disaster. Let me explain, as we look at Profit and Loss, and the Balance Sheet, for FY 2019, ended 1-31-2020:

1. In FY2019, our primary source of income, which we call Mission Support, (the undesignated moneys congregations send to the Synod which support the Synod's general fund, including our 42% tithe of these funds to ELCA Churchwide, to support our national church), was \$926,089, which was less than our budget of \$940,000. It also was less than the prior year, down \$25,701, or 2.7%, compared to FY2018. As always, some congregations gave more Mission Support, some congregations gave less, many gave the same as the prior year, and a few gave nothing. Congregations going through a staff transition (especially calling a new lead pastor) often struggle financially, and this year's shortfall can easily be explained with that "excuse." I think we need to look deeper: Struggles in one congregation ought to be offset by "better times" in other congregations, and, therefore, an increase in Mission Support. This has not happened, and we now find our Mission Support for last year at its lowest since

FY2013; except for a dip in FY 2013 and FY2012, Mission Support has not been this low since FY1994, 25 years ago.

The Synod also receives support from ELCA Churchwide to support the Synod's Director of Evangelical Mission (a position that has been "job-shared" in the past, and is currently shared by the two Bishop's Associates). Pr. Mike Keys and Pr. Glenn Chase both accepted calls to congregations in 2019, and the positions were not filled until after the Bishop transition. The budget anticipated receiving \$114,600 for that support, but we actually received \$75,007.

Other income included gifts made to the Synod of \$4,434, compared to \$5,000 budgeted, interest earnings of \$10,331, compared to \$3,000 budgeted (some good work by our Region 1 Financial Services office and the Synod Treasurers in Region 1 got us into some better earnings with our primary bank, Bank of America) and miscellaneous income of \$160.

Our budget for several years has also been using draws from various Synod Reserve accounts to further support our Mission and Ministry work, particularly where we had opportunity to match grants offered from Churchwide. In FY 2019, we drew \$355,000 from our reserves, against a budget of \$382,000. However, we also closed several restricted accounts which no longer had any further purpose, and transferred the balances to our General Fund, adding another \$99,455 to the General Fund. This means the total draw from Synod reserves was \$454,455 dollars in FY 2019. I'll talk more about that later.

Total Income for FY 2019 was \$1,372,020, which is \$73,580 below budget.

2. Expenses in FY2019 were up, significantly. The simplest single reason is our corporate decision to elect a new Bishop at our 2019 Assembly. Transitions cost money, and in this case, the costs were significant. In addition to the obvious costs of an Installation Service and the activities surrounding it, we incurred costs to provide a severance package to our former Bishop, as well as to one employee who had not planned to leave (two other staff had planned to retire August 1, 2019, which made it easier for our new Bishop to select her own staff, and also prevented further severance obligations).

Our support of Churchwide was \$388,663. That compares to \$394,702 in the prior FY, a decrease of \$6,039. Of course, that's an "automatic" number, as we've pledged to send 42% of our Mission Support to Churchwide.

Our gifts in support of affiliated agencies and social ministries was \$115,000, slightly under our budget of \$118,000, as well as \$3,000 less than the \$118,000 we spent in the prior year. Recipients of these gifts included Lutheran Community Services NW, Ecumenical Ministries of Oregon, Pacific Lutheran Theological Seminary, Luther Seminary, Pacific Lutheran University, Lutheran campus ministry (including a separate gift to Luther House at OSU, the only campus ministry agency in our Synod), and Lutheran outdoor ministries.

Payments for Shared Missions were \$54,662, less than the budget of \$58,500. Most of this (\$42,162) is for the ELCA Region 1 Center for Mission Financial Services office, which is near and dear to your Treasurer. I (and the other synod treasurers in Region 1) do not have to handle any money, or write any checks. Our leaders who formed the ELCA now 32 years ago wisely chose to HIRE professionals to do this work for us. Control of our budget is still firmly in the hands of the Synod Assembly, and spending is monitored by your Synod Council. As Treasurer, I approve all disbursements. But the hard work of recording receipts, writing and mailing all the checks, keeping all the payroll records, filing the myriad reports, and generally being the source of all financial wisdom has been "staffed out." Alyce Bakker and Karen Dicken do this work very capably and professionally for us, and for the other five synods in Region 1, from their offices at Advent Lutheran Church in Mill Creek, Washington, just north of Seattle. Because of their efficiency, they have actually accumulated a surplus, and are trimming our costs for their services even lower. By the way, our Synod Vice President, Greg Shea, sits on the Region 1 board that oversees their work. The balance of this category was \$12,500 on Consultation to Clergy ("provides a wide variety of vocational support services and consultation resources for Lutheran clergy and congregations in the Northwest"), which was our budgeted amount.

We spent \$227,445 (against a budget of \$254,711; this is a line where we UNDERSPENT!) on a broad category we call Program/Service Delivery. This includes direct support to Ethnic and New Ministries in the Oregon Synod which are fiscally independent (we do not manage their fiscal affairs), Fiscal Agency Ministry Support (specific ministries which are still under the Synod's fiscal oversight and management of funds), and Synod Ministries (specifically Transformational Leadership). This category also provided financial assistance with Vitality Surveys, Candidacy, and Pastoral Care.

As with many organizations (including churches), our largest single cost is our employees. In FY 2019, the total compensation and benefits for our staff from the General Fund was \$575,833. This exceeded our budget by \$43,032. I mentioned at the top of this section that the transition of bishops caused us to incur additional, and unanticipated expenses, and much of it shows up here.

Travel expenses totaled \$68,929 for the year, almost \$15,000 over the budget of \$54,000. A change in accounting, specifically where the expenses for the Synod Council to attend the Synod Assembly should be posted, resulted in this category being grossly under-budgeted.

Administrative and Overhead expenses came closest to budget, at \$33,411, only \$1,411 over budget.

Total Expense for FY 2019 was \$1,463,944.

3. As is easily seen, we spent more than we took in. Expenses exceeded Income by \$92,923. Only the transfer of the \$99,455 from closing several restricted accounts mentioned above, and putting these dollars into the General Fund, allowed the fund to close the year with a \$6,532 surplus.

4. The Balance Sheet for 1-31-2020 shows Total Assets of \$1,971,506. Our Synod has virtually no Liabilities at the end of the fiscal year, with only some payroll taxes and an account payable to be remitted; these total \$761. This means we have a Net Worth of \$1,970,774.

Our Assets are divided into 5 "groups." Those of us who work with them tend to refer to them by the prefix of their account numbers. Our General Fund (the fund from which we conduct our day-to-day operations) has all of the "01" accounts. Its balance on 1-31-2020 was \$109,976. Our Synod's Financial Policy says the General Fund must maintain a balance of 8% of the annual budget at all times, which is a little over \$100,000. We are in compliance.

We had 18 Restricted Funds ("02" accounts) with balances at the end of the Fiscal Year. All of these accounts have been designated as "for specific purposes;" their titles give us a clue. For instance, the account titled "Legacy Chapel," with a balance of \$60,858 on 1-31-20, came from a portion of the proceeds the Synod received from a congregation that closed. At the time of receipt, the Synod Council elected to set a portion as a benevolent gift to an agency outside of the synod. More recently, the Council decided to use a portion of these funds to help with the construction of a new chapel at Legacy Emanuel Hospital in Portland. Legacy Emanuel, a hospital founded by Lutherans, happens to be the home of the Oregon Synod's office. This project has taken a few years to "ripen," but is now underway. Since January 31, we have disbursed some of that fund. Each fund has a purpose. The largest is the New Beginnings Fund, with a balance on January 31 of \$723,906. One of the funds belongs to the Byberg Homiletics Endowment; we act as their fiscal agent. Their \$41,262 balance is not ours; we simply hold it for them, and receive and disburse funds for them at their direction.

Our current accounting practice has draws from Restricted Funds, used for synod initiatives, transfer to the General Fund budget, and then to the respective project. You will see the transfers in the budget on the income side; they are disbursed within the portion of the expenses that subtotals "Synod Ministry Support Subtotal." Funds from restricted accounts designated for specific purposes are not used to pay normal operating costs.

Our Synod Mission Loan Fund (an "03" account) holds \$387,574 dollars earmarked as available for loan to congregations for capital projects. Only \$81,549 is currently out on loan, and all loans are being serviced by the borrowers according to terms. These dollars, and the program they fund, is underutilized; there is more than \$300,000 available to loan. If your congregation has a need to finance a capital project (not normal operating expenses) and could utilize a loan of up to \$75,000 for up to 5 years, you should be talking to the Synod Endowment Board.

Our Mission Funds ("04" accounts) represent 9 specific mission or ministry projects, each of which operate with their own budget. This process was adopted several years ago. The combined cash balance of these accounts was \$147,868 on January 31.

Our final group is the Synod Endowment Fund ("05" accounts). These are dollars given to our Synod as "permanent capital;" the funds are not to be spent, but the earnings of the fund are to be distributed. We have a Synod Endowment Board that oversees receipt of major gifts, and disbursement of earnings. Our Endowment had a balance of \$209,933 at year end.

The Total Fund Balance on our Balance Sheet declined during FY 2019, from \$2,302,649 at the beginning of the year, a decrease of \$331,143. Earnings, from dollars invested at the ELCA Foundation Pooled Fund A, at the ELCA Mission Investment Fund, and in our accounts at Bank of America helped, but, as you can see, we still are depleting our reserves.

I mentioned this year's draw from Synod Reserves earlier. For several years, our Synod has been using significant dollars from various reserve funds to match grant dollars from Churchwide for new mission and ministry initiatives. In my judgment (an opinion that is shared among current and former Synod leaders), these dollars have been well-spent, leveraging our moneys with those from Churchwide to do new, creative, innovative and unique works. It was a reasonable use of these funds.

Unfortunately, our General Fund expenses have exceeded income for several years. Moneys from Synod Reserves have also been used to balance those budgets. The result is a decline in our Synod's Total Assets of more than \$1,169,000, from \$3,140,922 at the end of FY 2014, to \$1,971,506 at the end of FY 2019.

Further, almost \$1,000,000 has been designated for particular needs, or is held under permanent restriction. These include ~\$210,000 in the Synod's Endowment Fund, ~\$148,000 in ministry and mission accounts, ~\$388,000 in the Synod's Mission Loan Fund, the Byberg Fund, ~\$41,262, and ~\$135,000 in other funds held for specific, ongoing projects, like the Disaster Preparedness, Aid to Rostered Staff in Crisis, and Interim Support.

Furthermore, as referred to above our Synod's Financial Policy says the General Fund must maintain a balance of 8% of the annual budget at all times, which is a little over \$100,000.

And even furthermore, the year we are now in (FY 2020) will take \$321,000 from Reserves.

Finally, the Synod Council has placed a permanent restriction on \$477,458 of the New Beginnings Fund.

All these things mean the total reserves available to spend are very limited. Our Synod's Finance Committee has strongly recommended a balanced budget, with little to no reliance on Synod Reserves, and our Synod Council has wrestled with that advice. The budget that is now in preparation, the final

version of which you will be asked to approve at our Synod Assembly, will propose to spend ~\$125,000 from the Reserves; that compares to ~\$454,000 that FY 2019 drew, and the \$321,000 draw in the current (FY 2020) year's budget.

5. Last, but not least, with regard to FY 2019: The annual audit was complete in July, and no issues were raised; in lay terms, we had a clean audit.

Now, let's talk about FY 2020. It began February 1; as of this writing, I know results for the first 8 months. Once again, I invoke the words "strange and unique," as COVID-19 has changed almost everything for everyone.

1. In spite of that, the congregations of our Synod are doing pretty well keeping up their Mission Support (MS) remittances. Total MS through September was \$540,190, less than \$13,000 under the same period last year. Earlier in the year, we were as much as \$26,000 behind, so we're making progress. Something else I've learned is that MS is very unpredictable: Each congregation has its own pattern and habit for when to send money to the Synod, and it's not always consistent. Having said that, I'm optimistic that by year end, we'll make our budgeted amount, if not exceed last year's MS.

Support from Churchwide, and Support from other Agencies has been a little slow, but I think it's due to COVID-19 delaying work. I have no reason to expect we will not receive the funds budgeted. Gifts and Other Income are ahead of budget, while Interest is lagging, probably because rates have fallen. I suspect the increase in the first two may offset the shortfall in interest.

In total, our Income through September 30 is \$771,896, compared to \$786,350 in FY 2019. The shortfall of \$14,454 is almost entirely due to MS, and to slow remittances from Churchwide.

2. Expenses appear to be well-controlled. The quarantine has forced everyone to find new ways of doing ministry; most travel has been eliminated, and we're all meeting via ZOOM. We've had some vacancies in part time positions, and lower administrative expenses, because we're not doing the normal things. Total expenses, at \$759,953, are down \$127,431 over last year, and are under budget (assuming expenses evenly divided each month).
3. The consequence of these lower expenses are a positive balance of \$11,943 for the first 8 months of FY 2020.

I'm also hopeful of a little bonus this year. Our Synod, like many of our congregations, and many businesses, large and small, applied for and received a Paycheck Protection Program loan from the Small Business Administration, through Bank of America. Oregon Synod received \$89,121 through this program. Our expectation is that we will qualify to have this loan forgiven, which will convert it to additional other income. The schedule to apply for loan forgiveness has been delayed several times;

lenders are encouraging patience on the part of borrowers, and we are not obligated to make application for up to two years after receiving the loan (Spring 2022). I will be making application as soon as it is advisable. This, as well as reduced expenses, will allow us to reduce the draw on Synod Reserves. (Your congregation's faithfulness in supporting our Synod and Churchwide with regular Mission Support will also help us with this goal!)

4. The Balance Sheet for 9-30-20 shows Total Assets of \$1,838,645. We show Liabilities of \$89,221; all but \$100 of that is the PPP loan. This means we have a Net Worth of \$1,749,424. That's compared to \$1,970,774 on January 31, a decrease of \$221,350. \$120,375 is due to budgeted transfers to the General Fund; we've also made disbursements to the Legacy Chapel project, and other intended disbursements from "02" Restricted Funds. Our investment at ELCA Pooled Fund A has remained pretty flat this year, which is to be expected, as the market has reacted to COVID-19; consequently, we haven't had a boost from those earnings like we got in 2019.

All these factors lead me to my earlier premise that the financial health of our Synod is "OKAY." We are at a turning point. We have used some of our "inheritance" to do ministry and mission, but we need to slow down that depletion of Synod Reserves.

That brings us to the matter of the budget for FY 2021, that begins on February 1. At our Assembly, I will be asking you to adopt a budget that has been reviewed by the Synod Finance Committee, and is recommended to you by the Synod Council. At this writing, I do not have that final draft, as the Synod Council is meeting on October 17 to deliberate and make their final recommendation, but I believe it will:

1. Be a total budget of about \$1,275,000; that's \$90,000 less than FY 2020.
2. Look to the congregations of the Oregon Synod to increase Mission Support, from this year's budgeted \$920,000, to \$970,000. In addition, the budget will be looking for an additional \$50,000 in special gifts for Synod work, from individuals, congregations, congregational endowments and foundations, and others beyond the ELCA in Oregon, who believe in our work. Bp. Laurie and her staff are committed to sharing the vision and inviting your increased participation.
3. Rely much less on draws from Synod Reserves: I expect that number to be about \$127,000, compared to \$331,000 this year.
4. Have expenses well controlled, but not on the backs of our staff.
  - a. COLAs are budgeted, as are benefits and continuing education.

- b. Administrative costs will not increase, and travel will decrease significantly in the budget (from \$69,000 in FY 2020 to \$26,000 in FY 2021).
- c. We will be selective about the mission and ministry initiatives that we continue to fund. Some are ending, some are nearing self-sufficiency, and we won't be adding dollars to "04" missions that have a significant cash balance.
- d. Our gifts to Agencies and Social Ministries will take a hit, going from \$80,250 in FY 2020 (following a decrease from \$115,000 in FY 2019) to ~\$22,300. This is particularly painful, but in the past two years, some of us have come to realize that all of our benevolent giving to these worthy groups has been coming not from our income, but from our reserves. IF we want to give more, we need to increase our income (see above!).
- e. We will begin an accrual for "Future Transition Expenses." Several of our sister synods in Region 1 do this, to avoid the kind of fiscal crisis we had, when a new Bishop is elected. Several of us on Council wanted to start that last year, but couldn't find the funds. We propose this budget will set aside \$25,000 for "the next time." If we do this for 3-4 years, we should be well-equipped; we don't want to do this in perpetuity, but we do want to be responsible.

5. We will talk more about this during the Synod Assembly, November 6-7. I look forward to our dialog.

Through any and all storms, through pandemics, through challenges personal or public, our God is with us! We shall remember, with thanks, His ever-present help. In good times, in bad times, in all times, Jesus saves us!

I again want to call out a group that advises me, and our Synod, in its financial matters: The Synod Finance Committee. This group, authorized by our by-laws, has engaged fully the task of advising, guiding and encouraging me, and the Synod Council, in money matters. We have a schedule to meet five times during the year, to deal with things such as the budget, investments, accounting, and other associated topics. Unfortunately, the quarantine has also interrupted that schedule, but I have engaged them, and I know they are always ready to offer advice and counsel. I want to thank them for their gifts of time and wisdom. Besides myself, members of the Synod Finance Committee are: Bishop Laurie, Vice President Greg, Bob Cornie, Mel Ussing, Jim Hilliker, Pr. David Knapp; Debby Chenoweth is completing her service, and her position will be filled by Pr. Patricia Hughes. With the upset in Assembly schedule, we're a little confused when that change happens, but Pr. Patricia has been sitting in with us since January, so she's on board, and fully engaged.

I'm honored, and challenged, to serve our Lord and our Church as Oregon Synod Treasurer. I appreciate the support of Bp. Laurie, VP Greg, the Synod Staff, and the Synod Council. Most of all, I thank God for the encouragement, kindness, and patience of my wife, Nancy. Behind every good man...

Oregon Synod  
Treasurer's Report  
For the Synod Assembly, November 6-7, 2020

Page 10

I look forward to sharing my report at the upcoming Assembly. I also welcome your questions any time. My email is [finance@oregonsynod.org](mailto:finance@oregonsynod.org)

In His service,

Mark Dickman, Treasurer