

**Budget and Finance Committee**  
Report to the Southeastern Synod Council

I. Recommended Actions for Synod Council

■ Handling of 2018-19 year-end deficit/surplus

- 1. Resolved, that any 2018-19 deficit existing at year-end in the Operating Fund be absorbed into that fund's net asset balance**
- 2. Resolved, that any 2018-19 surplus existing at year-end in the Operating Fund be managed in the following manner:**
  - a) Distributions shall be limited to the total that will allow the Operating Fund's year-end net asset balance to equal at least \$165,000
  - b) If there is at least \$8,000 of remaining surplus after meeting the requirement specified in a. above, then that remaining amount shall be distributed according to the schedule in Exhibit D.6.

■ Allocation of Funds to Synod Committees and Task Forces for 2019-20

- 1. Resolved, that budgeted funds for Synod committees and task forces be allocated according to the schedule provided in Exhibit D.4.**

■ Proposed Synod Funding Plan for 2020-21

- 1. Resolved, that the proposed Synod Funding Plan for 2020-21 (Exhibit D.7) be adopted and submitted to the 2019 Synod Assembly for approval.**

■ Appointments to Budget and Finance Committee

1. Two committee members are completing terms: Max Yost (filling an unexpired term) and Andrew Gipner (finishing his first term. **The committee recommends that both members be reappointed to the committee.**

II. Rationale for Recommended Actions

■ For handling year-end deficit/surplus

We will probably have a large surplus, largely because of the savings we have enjoyed in rent this year. In recent years our annual operating deficit has whittled the Operating Fund balance down to a level that is below a comfortable reserve. Our recommendation is that the anticipated surplus be used first to replenish the Operating Fund, and then to provide supplemental funding for agencies and ministries as listed.

■ For allocating committee and task force funds.

The 2019-20 spending plan approved at this year's Synod Assembly included \$21,865 as a single line item for Synod committees and task forces, to be allocated by the Synod Council at the start of the fiscal year. After receiving funding requests from eligible committees, the Budget and Finance Committee recommends the attached allocations.

■ For adopting the 2020-21 Synod Funding Plan

1. The guidance provided by the Synod Council was similar to the guidance in past years (conservative mission support estimate, balanced budget, same contributions and expenses determined by percentages of mission support, a two-level budget, etc.). The only new guideline was to include some flexibility in the spending plan for staff and program changes after the election of a new bishop. Therefore, \$30,000 was included for "Staff adjustments and/or new initiatives."
2. A new funding request was received from Lutheran Services of Georgia, as part of an attempt to

reestablish relationships among LSG, the Synod, and congregations. Therefore, a grant to LSG/Inspiritus was included for \$2,000 (or \$5,000, under Level 2).

### III. Other Recommendations to the Synod Council

#### ■ Synod asset allocation and investment performance

All investments performed as expected under prevailing conditions in 2018, and all asset allocations are within the Synod's guidelines. The committee recommends that no changes be made.

#### ■ Synod financial policies

The committee reviewed the Synod's financial policies, and recommends no changes.

### IV. Other Committee Business

The Budget and Finance Committee met on December 8 at St. John's Lutheran Church in Atlanta. In addition to the items listed in I., II., and III. above, the committee discussed these topics:

#### ■ Bishop's update on the situation of the Synod

Bishop Gordy shared information with the committee about the Synod and the Churchwide organization that has implications for the Synod's financial management.

##### 1. Churchwide mission support

Bishop Gordy chairs a churchwide think tank that is reviewing the way synods provide churchwide mission support. Levels of support provided by synods are wildly disproportional compared to size and membership of synods. (Our synod provides a higher level than many larger synods.) Consultations between Churchwide staff and synods are taking place, and the next round of consultations will address mission support percentages.

##### 2. Synod office

New office space is finished, but remains vacant pending a lease with St. John's. Ribbon cutting will be on Jan 19, though full occupancy will not have occurred yet. Monthly rent, when we start paying, will be about half of what it was in the former offices. Because there will be less office space, the office staff probably won't all work in the office every day. The phone system can be operated remotely, and other telecommuting functions will be possible. Professional staff will also work remotely.

##### 3. Synod staff.

The Bishop informed the committee about recent and upcoming staff changes. Vacancies created by the departures of Rachel Alley, Ron Bonner, and Michelle Angalet won't be filled permanently before a new bishop takes office; their responsibilities will be assumed by interim and part-time staff members.

##### 4. Congregational trends

24% of congregations in the Synod have grown by at least 3%; 52% have declined by that amount. (SE Synod is doing better than most). Many of the declining congregations and some of the stable ones are small enough that their viability is in question. Attendance and giving are down even in growing or stable congregations—especially in congregations with many young members, who don't have the cultural habits that older members do. Bishop Gordy suggested that the church needs to learn from its younger members rather than wondering how to make them meet institutional expectations. Let the members support the Christian movement without making the institution the goal.

##### 5. LSG/Inspiritus

Lutheran Services of Georgia will now include ministries in Tennessee, and will change its

name to Inspiritus. The organization is hoping to revitalize its relationships with the Synod and congregations.

#### 6. Elections and staff changes

The Synod will elect both a new bishop and a new treasurer this year. The new bishop will create a new staff, but the 2019-20 and 2020-21 budgets will already be in place. (Flexibility for the transition is built into the 2020-21 proposed spending plan.)

Sandra Gustavson is also planning to take a reduced role in financial management, synod assembly, and synod council. She'll still do some financial work for the synod under contract, in four areas: accounting consultant to staff, synod payroll, reconciling statements, and implementing investment policies.

The new treasurer will have increased responsibilities, due to the changes in Sandra's involvement. A new position description has been approved by the executive committee. A nominating committee is working on identifying candidates for treasurer, and should have at least one nominee by January.

#### Financial status review

1. Mission support through November is ahead of last year, but behind the previous year. If the cash flow the rest of the fiscal year is a blend of the past two years, we might finish slightly ahead of our budgeted mission support for 2018-19. Since our expenses are below budget, it's likely that we'll finish the year with a surplus. (See I. A. 2. above.)
2. The committee has concerns about funding for the Lutheran Theological Center in Atlanta. The LTCA account has a large negative imbalance of claims against assets versus assets. Less funding was received from the ELCA than was budgeted, and Atlanta University Center fees were below budget. Some expenses might be offset by transfers from designated accounts, but the entire deficit can't be made up.

#### Budget development process for 2021-22

1. Sandra's role in the budgeting process will be curtailed, and the committee will need to assume more responsibility for developing the budget. Also, a new bishop and new treasurer will be involved in the process.
2. The Synod Council will continue to provide guiding principles. Sandra will manage the process of soliciting funding requests, and the committee chairperson will be notified when requests are received. Requests will be due by October 15
3. The committee chairperson will meet with the bishop (or the bishop's designee) and the treasurer shortly after the bishop takes office to begin the process of developing a funding plan.

#### Upcoming meeting dates

The committee will meet on Saturday, December 7, 2019 at 10:30 a.m. at the Synod Office. Other meetings, if necessary, will be conducted by conference call.

Respectfully submitted,  
Pastor John Rossing, chair