

**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN CANADA INC.**

**Non-Consolidated Financial Statements**

**Year Ended December 31, 2018**

*(Unaudited)*

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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To the Members of Manitoba/Northwestern Ontario Synod of the Evangelical Lutheran Church in Canada Inc.

We have reviewed the accompanying non-consolidated financial statements of Manitoba/Northwestern Ontario Synod of the Evangelical Lutheran Church in Canada Inc. that comprise the non-consolidated statement of financial position as at December 31, 2018 and the non-consolidated statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying non-consolidated financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of non-consolidated financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these non-consolidated financial statements.



Independent Practitioner's Review Engagement Report to the Members of Manitoba/Northwestern Ontario Synod of the Evangelical Lutheran Church in Canada Inc. *(continued)*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these non-consolidated financial statements do not present fairly, in all material respects, the financial position of Manitoba/Northwestern Ontario Synod of the Evangelical Lutheran Church in Canada Inc. as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Winnipeg, Manitoba  
June 17, 2019



Chartered Professional Accountants Inc.

**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN CANADA INC.**

**Non-Consolidated Statement of Financial Position**

**December 31, 2018**

*(Unaudited)*

	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and short term investments <i>(Note 4)</i>	\$ 496,419	\$ 467,220
Benevolence receivable	109,465	115,281
Accounts receivable	2,919	16,917
Goods and services tax recoverable	3,662	843
Prepaid expenses	9,397	7,531
	<b>621,862</b>	<b>607,792</b>
<b>FIXED ASSETS <i>(Note 5)</i></b>	<b>4,195</b>	<b>13,431</b>
	<b>\$ 626,057</b>	<b>\$ 621,223</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 55,143	\$ 67,102
Deferred convention fee revenue <i>(Note 6)</i>	34,632	14,660
Current portion of long term debt <i>(Note 7)</i>	-	6,780
	<b>89,775</b>	<b>88,542</b>
<b>LONG TERM DEBT <i>(Note 7)</i></b>	<b>-</b>	<b>5,751</b>
<b>DEFERRED CONTRIBUTIONS <i>(Note 9)</i></b>	<b>334,283</b>	<b>305,929</b>
	<b>424,058</b>	<b>400,222</b>
<b>NET ASSETS</b>		
Operating fund	42,641	47,728
Internally restricted program fund <i>(Note 10)</i>	155,164	172,373
Invested in fixed assets	4,194	900
	<b>201,999</b>	<b>221,001</b>
	<b>\$ 626,057</b>	<b>\$ 621,223</b>



**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN CANADA INC.**

**Non-Consolidated Statement of Revenues and Expenditures**

**Year Ended December 31, 2018**

*(Unaudited)*

	2018	2017
<b>REVENUES</b>		
Benevolence from congregations	\$ 445,834	\$ 477,072
Deferred contributions <i>(Note 9)</i>	254,151	209,680
Directed income <i>(Note 11)</i>	177,657	175,634
Youth ministry	56,562	15,834
Biennial convention	17,316	-
Mission as Hope Appeal	17,267	23,416
Registration fees - study conference	16,023	14,083
MNO Synod Foundation Grants <i>(Note 13)</i>	15,000	40,000
Donated life insurance premiums <i>(Note 15)</i>	11,049	11,049
Interest and other income	8,147	6,219
Emmanuel Emerson Disbursements	1,500	-
Healthy Boundaries Training	1,160	-
Mission as Hope New Initiatives	500	-
Deferred contributions related to fixed assets	-	2,125
	<b>1,022,166</b>	<b>975,112</b>
<b>EXPENSES <i>(Schedule 1)</i></b>	<b>1,046,989</b>	<b>986,796</b>
<b>DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>(24,823)</b>	<b>(11,684)</b>
<b>GAIN ON DISPOSAL OF ASSET</b>	<b>5,821</b>	<b>-</b>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<b>\$ (19,002)</b>	<b>\$ (11,684)</b>



**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN CANADA INC.**

**Non-Consolidated Statement of Changes in Net Assets**

**Year Ended December 31, 2018**

*(Unaudited)*

	Operating Fund	Internally Restricted Program Fund	Invested in Fixed Assets	2018	2017
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 47,728	\$ 172,373	\$ 900	\$ 221,001	\$ 232,685
Excess of revenue over expenses	(20,715)	-	1,713	(19,002)	(11,684)
Transfer - operating fund <i>(Note 10)</i>	17,209	(17,209)	-	-	-
Purchase of fixed assets	(2,550)	-	2,550	-	-
Repayment of long-term debt related to fixed assets	(12,531)	-	12,531	-	-
Proceeds on disposal of asset	13,500	-	(13,500)	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 42,641	\$ 155,164	\$ 4,194	\$ 201,999	\$ 221,001

**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN CANADA INC.**

**Non-Consolidated Statement of Cash Flow**

**Year Ended December 31, 2018**

*(Unaudited)*

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ (19,002)	\$ (11,684)
Items not affecting cash:		
Amortization of fixed assets	4,108	10,174
Gain on disposal of fixed assets	(5,821)	-
Deferred contributions	(254,151)	(209,680)
Deferred contributions related to fixed assets	-	(2,125)
	(274,866)	(213,315)
Changes in non-cash working capital:		
Benevolence receivable	5,816	(42,049)
Other receivables	13,998	(13,275)
Goods and services tax recoverable	(2,819)	1,987
Prepaid expenses	(1,866)	10
Accounts payable and accrued liabilities	(11,960)	(6,925)
Deferred convention fee revenue	19,972	14,660
	23,141	(45,592)
Deferred contributions received	282,505	137,913
	305,646	92,321
Cash flow from (used by) operating activities	30,780	(120,994)
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(2,550)	(1,382)
Proceeds on disposal of fixed assets	13,500	-
Cash flow from (used by) investing activities	10,950	(1,382)
<b>FINANCING ACTIVITY</b>		
Repayment of long term debt	(12,531)	(6,104)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>29,199</b>	<b>(128,480)</b>
<b>CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR</b>	<b>467,220</b>	<b>595,700</b>
<b>CASH AND SHORT TERM INVESTMENTS- END OF YEAR</b>	<b>\$ 496,419</b>	<b>\$ 467,220</b>



**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN CANADA INC.**

**Notes to Non-Consolidated Financial Statements**

**Year Ended December 31, 2018**

*(Unaudited)*

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1. PURPOSE OF THE ORGANIZATION

The Manitoba/Northwestern Ontario Synod (the Synod) of the Evangelical Lutheran Church in Canada Inc. (ELCIC) is a regional synod, the mission of which, as the regional expression of the ELCIC and in faithfulness to the Lord of the Church, shall facilitate and advance the mission of this church within its territory. Guided and empowered by the Holy Spirit, it shall carry out this mission by shepherding its congregations and rostered ministers, and by engaging in other forms of ministry that proclaim God's Word and serve to bring reconciliation to the world.

The organization was incorporated under the laws of Manitoba on December 31, 1985 as a not-for-profit organization, and is a registered charity under the Income Tax Act of Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The non-consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

*Measurement of financial instruments*

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial instruments measured at amortized cost include cash and short term investments, benevolence receivable, other receivables, accounts payable and accrued liabilities, current portion of long term debt, and long term debt.

Short term investments

Short term investments, which consists primarily of commercial paper with original maturities at date of purchase beyond three months and less than twelve months, are carried at amortized cost.

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**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN CANADA INC.**

**Notes to Non-Consolidated Financial Statements**

**Year Ended December 31, 2018**

*(Unaudited)*

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fixed assets

Fixed assets are stated at cost or deemed cost less accumulated amortization. The estimated useful lives, residual values and amortization methods are reviewed if events or changes in circumstances indicate the carrying amount may not be recoverable. Fixed assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Automobile	5 years
Computer and equipment	5 years
Furniture and equipment	10 years

Leasehold improvements are amortized on a straight-line basis over the remaining term of the lease

Fixed assets acquired during the year are not amortized until they are placed into use. Fixed assets are amortized at one-half the normal rate in the year of acquisition.

Amortization expense is reported in the invested in fixed asset fund. Funding related to the purchase of fixed assets is amortized on the same basis as the related asset.

Fund accounting

Manitoba/Northwestern Ontario Synod of the Evangelical Lutheran Church in Canada Inc. follows the deferral method of accounting for contributions.

The unrestricted operating fund is used to record the operating revenues and expenses of the Synod.

The internally restricted program fund represents funds restricted for use by the Synod to facilitate various programs.

The invested in fixed assets fund reports the assets, liabilities, revenues and expenses related to the Synod's fixed assets.

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**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN CANADA INC.**

**Notes to Non-Consolidated Financial Statements**

**Year Ended December 31, 2018**

*(Unaudited)*

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Restricted contributions, received to administer programs (as listed in Notes 7 and 8) are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions (which includes benevolence from congregations, donated life insurance premiums, Mission as Hope Appeal, MNO Foundation income grant and other unrestricted funds) are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Income from pledges is not recorded until the pledged cash is received.

Interest income comprises interest from cash and short term investments. Revenue is recognized on an accrual basis.

Registration fees related to the biennial convention and the study conference are recognized as revenue when the event is held, the amount can be reasonably estimated and ultimate collection is assured.

All other revenue is recorded when received.

Contributed services

A substantial number of unpaid volunteers have made significant contributions in carrying out the Synod's activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Exclusion of controlled entities

These financial statements have been prepared on a non-consolidated basis with the consent of the Synod Council. In accordance with ASNFPO, financial summaries of the controlled entities are presented for information purposes (Note 17).

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2018.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from member congregations. The organization has a significant number of members which minimizes concentration of credit risk.

The Synod has no allowance for doubtful accounts at the statement of financial position dates.

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**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN CANADA INC.**

**Notes to Non-Consolidated Financial Statements**

**Year Ended December 31, 2018**

*(Unaudited)*

3. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources, long-term debt, and accounts payable and accrued liabilities.

Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its fixed interest rates on cash and short term investments.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

4. CASH AND SHORT TERM INVESTMENTS

	2018	2017
<u>Section heading</u>		
Cash	\$ 421,079	\$ 392,975
Short term investments	75,340	74,245
	<b>\$ 496,419</b>	<b>\$ 467,220</b>

Cash has an average effective interest rate of 1.5%. Short term investments have an average effective interest rate of 1.70% (2017 - 1.38%), with maturity dates ranging from January 9, 2019 to June 21, 2019.

The Synod maintains cash and short term investments with one financial institution; however, since it is fully insured under the Deposit Guarantee Corporation of Manitoba, it mitigates the credit risk for this concentration of cash and short-term investments.

**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN CANADA INC.**

**Notes to Non-Consolidated Financial Statements**

**Year Ended December 31, 2018**

*(Unaudited)*

**5. FIXED ASSETS**

	Cost	Accumulated amortization	2018 Net book value
Computer equipment	\$ 7,971	\$ 3,776	\$ 4,195
Furniture and fixtures	2,140	2,140	-
Land improvements	17,000	17,000	-
	<b>\$ 27,111</b>	<b>\$ 22,916</b>	<b>\$ 4,195</b>

	Cost	Accumulated amortization	2017 Net book value
Automobile	\$ 35,439	\$ 24,808	\$ 10,631
Computer equipment	5,422	2,622	2,800
Furniture and fixtures	2,140	2,140	-
Land improvements	17,000	17,000	-
	<b>\$ 60,001</b>	<b>\$ 46,570</b>	<b>\$ 13,431</b>

**6. DEFERRED CONVENTION FEE REVENUE**

Deferred convention fee revenue consists of fees collected each year for the Synod and National Conventions. Activity for the year includes:

	January 1, 2018	Amounts Collected	Expenses Paid	December 31, 2018
Deferred Convention Fee Revenue	\$ 14,660	\$ 37,288	\$ (17,316)	\$ 34,632

**7. LONG TERM DEBT**

	2018	2017
Volkswagon Credit loan bearing fixed interest at 1.90% per annum, repayable in monthly blended payments of \$580. The remaining loan balance has been paid off during the year.	\$ -	\$ 12,531
Amounts payable within one year	-	(6,780)
	<b>\$ -</b>	<b>\$ 5,751</b>



**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN CANADA INC.**

**Notes to Non-Consolidated Financial Statements**

**Year Ended December 31, 2018**

*(Unaudited)*

**8. SCHEDULE OF FUNDS HELD FOR PROGRAM USE**

	Deferred Contributions (Note 9)	Internally Restricted Program Fund (Note 10)	2018	2017
Acts of the MNO (CECF Grants)	\$ 123,626	\$ -	\$ 123,626	\$ 114,766
Bishop's Discretionary	-	3,543	3,543	78
Brokenhead Internship	-	-	-	13,995
Brokenhead Shared Ministry	21,900	-	21,900	10,482
Cameroon Appeal	18,025	-	18,025	28,381
Cameroon Encounter	1,070	-	1,070	-
Canadian Mission Development	50,400	16,000	66,400	66,400
Church Extension Capital Fund	64,214	-	64,214	46,010
Companion Synod	155	4,309	4,464	4,465
Compassionate Justice Initiatives	1,872	-	1,872	-
Emanuel Emerson Closure	-	1,500	1,500	-
Healthy Boundaries Training	500	253	753	5,000
Internships	10,552	341	10,893	8,536
Interlake Shared Ministry	5,592	-	5,592	-
Lay Ministry Workshops	-	21	21	21
Margie Kvern Scholarships	45	-	45	45
Mission as Hope New Initiatives	-	15,586	15,586	17,004
Student Aid	12,616	-	12,616	15,689
Study Conference	-	80	80	-
Western Synods First Call Program	13,847	-	13,847	22,677
Western Synods and LTS Lay Academy	1,483	611	2,094	2,095
Women in Leadership	-	742	742	742
Young Adults Ministries	-	4,818	4,818	9,000
Youth Ministries	8,386	25,033	33,419	36,582
<u>Funds to be allocated:</u>				
Our Saviours Winnipeg - Closure	-	82,327	82,327	80,938
	\$ 334,283	\$ 155,164	\$ 489,447	\$ 482,906

**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN CANADA INC.**

**Notes to Non-Consolidated Financial Statements**

**Year Ended December 31, 2018**

*(Unaudited)*

**9. DEFERRED CONTRIBUTIONS**

	January 1, 2018	Net restricted contributions received (transfers) in the year	Revenue recognized in the year	December 31, 2018
Acts of the MNO (CECF Grant)	\$ 114,766	\$ 50,000	\$ (41,140)	\$ 123,626
Brokenhead Internship	(6,005)	20,600	(14,595)	-
Brokenhead Shared Ministry	10,482	90,572	(79,154)	21,900
Cameroon Appeal	28,381	2,379	(12,735)	18,025
Cameroon Encounter	-	1,070	-	1,070
Canadian Mission Development	50,400	-	-	50,400
Church Extension Capital Fund	46,010	42,500	(24,300)	64,210
Companion Synod	156	-	-	156
Compassionate Justice Initiatives	-	7,683	(5,810)	1,873
Healthy Boundaries Training	5,000	-	(4,499)	501
Interlake Shared Ministry	-	54,166	(48,574)	5,592
Internships	8,195	2,358	-	10,553
Margie Kvern Scholarship	45	-	-	45
Student Aid	15,689	427	(3,500)	12,616
Western Synods First Call Program	21,927	9,250	(17,330)	13,847
Western Synods and LTS Lay Academy	1,483	-	-	1,483
Youth Ministry	9,400	1,500	(2,514)	8,386
	\$ 305,929	\$ 282,505	\$ (254,151)	\$ 334,283

**10. INTERNALLY RESTRICTED PROGRAM FUND**

Internal restrictions on net assets are imposed at the discretion of the Synod Council, at the biennial convention or in accordance with existing Synod policies

	January 1	Transfer (to) from operating and invested in fixed assets funds	December 31
<u>2018</u>			
Bishop's Discretionary	\$ 78	\$ 3,464	\$ 3,542
Brokenhead Internship	20,000	(20,000)	-
Canadian Mission Development	16,000	-	16,000
Companion Synod	4,309	-	4,309
Emmanuel Emerson Closure	-	1,500	1,500
Healthy Boundaries Workshop	-	253	253
Internships	341	-	341

*(continues)*

**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN CANADA INC.**

**Notes to Non-Consolidated Financial Statements**

**Year Ended December 31, 2018**

*(Unaudited)*

**10. INTERNALLY RESTRICTED PROGRAM FUND (continued)**

	January 1	Transfer (to) from operating and invested in fixed assets funds	December 31
Lay Ministry	21	-	21
Mission as Hope New Initiatives	17,004	(1,418)	15,586
Study Conference	-	80	80
Western Synods First Call Program	750	(750)	-
Western Synods and LTS Lay Academy	612	-	612
Women in Leadership	742	-	742
Young Adult Ministries	4,396	422	4,818
Youth Ministry	27,182	(2,148)	25,034
<u>Funds to be allocated:</u>			
Our Saviours Winnipeg Closure	80,938	1,388	82,326
	172,373	(17,209)	155,164
<u>2017</u>			
Beautiful Feet	818	(818)	-
Bishop's Discretionary	2,026	(1,948)	78
Brokenhead Internship	-	20,000	20,000
Canadian Mission Development	16,000	-	16,000
Companion Synod	7,809	(3,500)	4,309
Internships	341	-	341
Lay Ministry	2,478	(2,457)	21
Mission as Hope New Initiatives	20,397	(3,393)	17,004
Western Synods First Call Program	750	-	750
Western Synods and LTS Lay Academy	(206)	818	612
Women in Leadership	742	-	742
Young adult Ministries	4,500	(104)	4,396
Youth Ministry	26,148	1,034	27,182
<u>Funds to be allocated:</u>			
Our Saviours Winnipeg - Closure	105,438	(24,500)	80,938
	187,241	(14,868)	172,373

**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN CANADA INC.**

**Notes to Non-Consolidated Financial Statements**

**Year Ended December 31, 2018**

*(Unaudited)*

**11. DIRECTED INCOME**

During the year, the Synod received directed income from congregations that was used to fund special appeal programs noted below:

	2018	2017
Canadian Bible Society	\$ 50	\$ 175
Canadian Lutheran World Relief (CLWR)	66,514	75,802
ELCIC Praise Appeal	2,110	2,064
ELCIC Reformation Challenge	602	11,037
Luther Village Inc.	19,348	5,929
Lutheran Association of Missionaries and Pilots (LAMP)	3,259	8,255
Lutheran Theological Seminary	5,894	3,463
Lutheran Urban Ministry Inc.	51,666	52,906
Northend Sponsorship Team (NEST)	535	505
Other programs	21,901	1,248
Winnipeg Harvest	210	-
World Mission - designated	238	-
World Mission - undesignated	5,330	14,250
	<b>\$ 177,657</b>	<b>\$ 175,634</b>

**12. COMMITTEES**

The Synod oversees committees, each with their own mandates and mission. Committees incur expenses limited to Synod Council approved budgets and each committee is responsible for disbursements within their designated deferred contribution funds. During the year, the Synod transferred restricted program funds for committee spending. Committee spending is as follows:

<u>Committee</u>	Operating Fund	Deferred contribution and restricted program fund spending	2018	2017
Candidacy	\$ 2,333	\$ 3,500	\$ 5,833	\$ 4,645
Canadian Mission	131	24,300	24,431	47,669
Global Mission	1,370	-	1,370	999
Youth Ministry	54	61,225	61,279	14,948
	<b>\$ 3,888</b>	<b>\$ 89,025</b>	<b>\$ 92,913</b>	<b>\$ 68,261</b>



**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN CANADA INC.**

**Notes to Non-Consolidated Financial Statements**

**Year Ended December 31, 2018**

*(Unaudited)*

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13. RELATED PARTIES

Luther Village Inc.

The assets of Luther Village Inc. (Luther Village) are held in trust by its Board of Directors for the Synod, whose directors are appointed by the Synod. Luther Village provides a program of church camping in keeping with the principles and goals of the Synod. The Synod paid \$15,000 (2017 - \$15,000) in annual support payments to Luther Village.

MNO Foundation for Mission and Ministry Inc. (The Foundation)

The Synod incorporated The Foundation without share capital under the laws of the Province of Manitoba on July 11, 1996. Its objectives are to promote the mission and ministry of the Synod.

The Foundation's membership consists of all Synod Council members. The Foundation's members elect its Board of Directors. The Foundation has been designated as a Public Foundation and is a registered charity under the Income Tax Act. The Synod received \$15,000 (2017 - \$40,000) in the form of grants from the Foundation during the year.

The most recent financial summaries of these unconsolidated entities are disclosed in Note 16.

Amounts are in the normal course of operations and reported at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

14. LEASE COMMITMENTS

The Synod leases office space under a long term lease agreement that began July 1, 2017 and ends June 30, 2021. Annual minimum payments under the lease agreement are \$9,504 including the Synod's proportionate share of utilities, property taxes, common area maintenance and other related costs for the licensed premises.

Future minimum lease payments including estimated common area costs to the end of the lease term as at December 31, 2018, are as follows:

2019	\$	9,960
2020		9,960
2021		4,980
		<hr/>
	\$	24,900

15. LIFE INSURANCE POLICIES

The Synod is the assigned owner and beneficiary of several life insurance policies on members of the Synod congregations, with an aggregate benefit value of \$295,220 (2017 - \$295,220). The premiums for these policies have been funded each year by the insured individuals themselves. In 2018, premiums of \$11,049 were paid by the insured individuals on behalf of the Synod (2017 - \$11,049), resulting in a charitable donation receipt.

**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN CHURCH IN CANADA INC.**

**Notes to Non-Consolidated Financial Statements**

**Year Ended December 31, 2018**

*(Unaudited)*

**16. DEFINED CONTRIBUTION PLAN**

The defined contribution plan, which is a pension plan reported in salaries and benefits, consists of an employee contribution of 7% (2017 - 7%) based on current earnings plus an employer portion of 8% (2017 - 8%).

	2018	2017
Current service cost	\$ 19,426	\$ 20,928

**17. DISCLOSURE OF CONTROLLED ENTITIES**

The relationship between the Synod and certain of its controlled entities is more particularly outlined in Note 2 and Note 12. There are no significant differences in accounting policies of the Synod and its controlled entities. The most recent financial summaries of these unconsolidated entities is as follows:

**LUTHER VILLAGE INC.**

	2016	2015
<b>Financial Position</b>		
Total assets	\$ 281,414	\$ 313,219
Total liabilities	\$ 162,497	\$ 172,891
Total net assets	118,917	140,328
	\$ 281,414	\$ 313,219
<b>Results of Operations</b>		
Total revenue	\$ 421,287	\$ 403,898
Total expenses	(442,698)	(461,686)
Deficiencies of revenue over expenses	\$ (21,411)	\$ (57,788)
<b>Cash Flows</b>		
Cash flow from (used by) operating activities	\$ (6,085)	\$ (2,092)
Cash flow from (used by) investing and financing activities	1,970	(56,052)
Increase (decrease) in cash	\$ (4,115)	\$ (58,144)

The above financial statements have been prepared on a review basis (without audit) as at December 31, 2016 and December 31, 2015. As at the financial statement date, Luther Village Inc.'s reviewed financial statements as at December 31, 2017 were not available.

*(continues)*

**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN CANADA INC.**

**Notes to Non-Consolidated Financial Statements**

**Year Ended December 31, 2018**

*(Unaudited)*

<b>MNO SYNOD FOUNDATION FOR MISSION AND MINISTRY INC.</b>		
	2018	2017
<b><u>Financial Position</u></b>		
Total assets	\$ 359,276	\$ 395,427
Total liabilities	\$ 73,589	\$ 88,990
Total net assets	285,687	306,437
	\$ 359,276	\$ 395,427
 <b><u>Results of Operations</u></b>		
Total revenue	\$ (1,433)	\$ 17,565
Total expenses	(19,317)	(43,474)
Deficiencies of revenue over expenses	\$ (20,750)	\$ (25,909)
 <b><u>Cash Flows</u></b>		
Cash flow used by operating activities	\$ (36,151)	\$ (10,642)
Cash flow from (used by) investing activities	(112,522)	(3,079)
Decrease in cash	\$ (148,673)	\$ (13,721)

The above financial statements have been compiled as at December 31, 2018 and prepared on a review basis (without audit) as at December 31, 2017.

**18. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN  
CHURCH IN CANADA INC.**

**Non-Consolidated Expenses**

*(Schedule 1)*

**Year Ended December 31, 2018**

*(Unaudited)*

	2018	2017
Acts of the MNO (CECF Grant)	\$ 41,141	\$ 27,461
Amortization	4,108	10,174
Biennial Convention	17,316	24,725
Brokenhead Internship	28,707	90,348
Brokenhead Shared Ministry	79,154	-
Cameroon appeal	12,735	6,930
Cameroon mission trip: Women in leadership	-	3,500
Canada Lutheran - MNO Insert	4,304	4,304
Committees <i>(Note 12)</i>	92,913	68,261
Compassionate Justice	5,809	1,395
Directed programs <i>(Note 11)</i>	177,657	175,634
Discretionary expenses	866	-
ELCIC benevolence paid	119,990	124,800
Healthy Boundaries Training	5,406	-
Interfaith partnerships	18,200	20,100
Interlake Shared Ministry	48,574	-
Life insurance premiums <i>(Note 15)</i>	11,049	11,049
Luther Village <i>(Note 13)</i>	15,000	15,000
Lutheran Theological Seminary	32,250	32,250
Meetings and conferences	20,301	19,768
Mission as Hope New Initiatives	1,918	3,393
Office	36,550	47,288
Salaries and employee benefits	230,099	234,516
Staff travel	20,784	28,774
Wester Synods First Call Program	18,080	12,241
Western Synods and LTS Lay Academy	-	20,000
Young adult ministry	4,078	4,885
	<b>\$ 1,046,989</b>	<b>\$ 986,796</b>

