

# REPORT OF THE AFLC BUDGET ANALYSIS COMMITTEE

To the Fifty-Fourth Annual Conference of the Association of Free Lutheran Congregations assembled at the Association Retreat Center, Osceola, WI June 14-17, 2016.

The Budget Analysis Committee (BAC) met at the AFLC Headquarters on April 1st to review the proposed budgets and financial conditions of the various AFLC ministries. We met with representatives of World Missions, Home Missions, AFLBS, AFLTS, Youth, Parish Education, Evangelism and the Coordinating Committee. BAC members present were Mr. Mitchell Johnson, Mr. Nathan Dalager, Mr. David Borg, Mr. Cory Buck and Mr. Kevin Olson.

## **Purpose**

The BAC is elected by and reports to the Annual Conference. The purpose of the BAC is to review the finances and budget proposals of each department requesting a subsidy from the Annual Conference and to report our findings to the Conference.

## **The goals of the BAC are:**

1. Consistent and accurate review of each ministry's budget projections
2. Fairness to all ministries in the budgetary process
3. Clear and concise reporting of ministry finances to the Annual Conference
4. Promotion of stewardship and financial efficiency
5. Systematic improvement of the budgetary process

Under the budgeting system the various ministries develop and present their budget requests without any external constraint, balancing anticipated giving with their perceived ministry needs. The proposed subsidy amounts are not developed by the BAC. The job of projecting consistent and accurate budgets is primarily the task of the ministries themselves with final oversight ultimately resting with you, the Annual Conference.

Looking back at the finances from 2015, we are very grateful for God's generous provision for the works of the AFLC. Gifts from congregations and individuals for the common works of the AFLC increased slightly (1.1%). Giving reached 93.5% of the 2015 Conference approved subsidy request.

When comparing the proposed subsidy requests to the previous years' receipts we have seen budgets proposing increases of 15% for 2013, 12.4% for 2014, 12.7% for 2015, 13.5% for 2016, and 18% for 2017. The total subsidy request has increased from \$3.16 million in 2013 to \$3.75 million for 2017.

The Co-ordinating Committee, Missions Corporation, and Schools Corporation are changing the method of funding the Development Department. These changes are a part of the 2017 budgets.

The BAC provides the Annual Conference with an overall financial picture of each ministry so that you can provide guidance to these ministries. We remind the Conference that your approval of the subsidy requests for each ministry represent the approval of the stated budget and direction of that ministry and the pledge of the larger church body to support each ministry to that level. We strongly encourage the Annual Conference to give prayerful consideration before approving these requests. We also would encourage you to take this information back to your local congregation and promote the needs of these ministries.

### Thanks

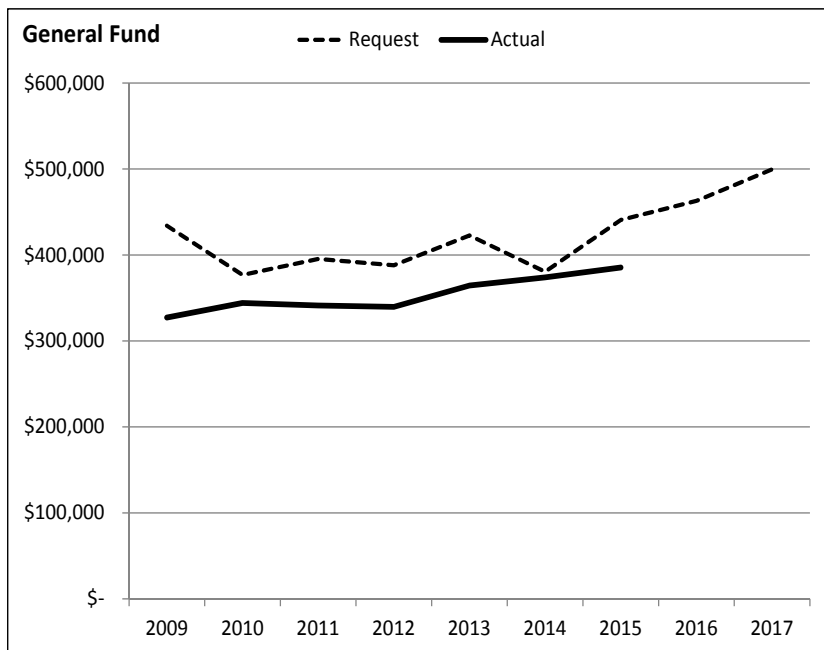
We are grateful to the Lord for the provision He continues to make for His people. We rejoice to see the generous gifts and faithful servants He continues to raise up to carry His work forward. We are grateful to all who met with our board and shared their vision and insights into the on-going work. We are grateful to Emily Goff in assisting our committee.

Corporation	Department	2013 Actual Subsidy Receipts	2014 Actual Subsidy Receipts	2015 Subsidy Receipts	2016 Subsidy Request	2017 Subsidy Request	2017 Subsidy % increase over 2015 Actual
Coordinating Committee	Gen Fund	\$364,489	\$373,932	\$385,407	\$462,844	\$499,584	29.6%
	Evangelism	\$134,275	\$152,367	\$158,484	\$158,260	\$160,397	1.2%
	Parish Ed.	\$163,662	\$145,181	\$145,630	\$152,500	\$162,500	11.6%
	Youth	\$105,159	\$132,322	\$107,792	\$129,600	\$139,200	29.1%
	<b>CC Total</b>	<b>\$767,584</b>	<b>\$803,803</b>	<b>\$797,313</b>	<b>\$903,204</b>	<b>\$961,681</b>	<b>20.6%</b>
Schools	AFLTS	\$291,320	\$301,166	\$273,976	\$325,728	\$338,757	23.6%
	AFLBS	\$518,580	\$503,826	\$519,816	\$562,730	\$584,314	12.4%
	<b>Schools Total</b>	<b>\$809,900</b>	<b>\$804,992</b>	<b>\$793,792</b>	<b>\$888,458</b>	<b>\$923,071</b>	<b>16.3%</b>
Missions	Home	\$511,061	\$566,347	\$494,603	\$630,655	\$652,009	31.8%
	World	\$413,833	\$495,609	\$478,777	\$484,500	\$512,000	6.9%
	Personal Supp	\$508,622	\$469,004	\$609,844	\$656,043	\$697,404	14.4%
	<b>Missions Total</b>	<b>\$1,433,517</b>	<b>\$1,530,960</b>	<b>\$1,583,225</b>	<b>\$1,771,198</b>	<b>\$1,861,413</b>	<b>17.6%</b>
<b>AFLC Totals</b>		<b>\$3,011,001</b>	<b>\$3,139,755</b>	<b>\$3,174,330</b>	<b>\$3,562,860</b>	<b>\$3,746,165</b>	<b>18.0%</b>

The ARC does not receive a subsidy from the Annual Conference and so their budget has not been part of the BAC's analysis.

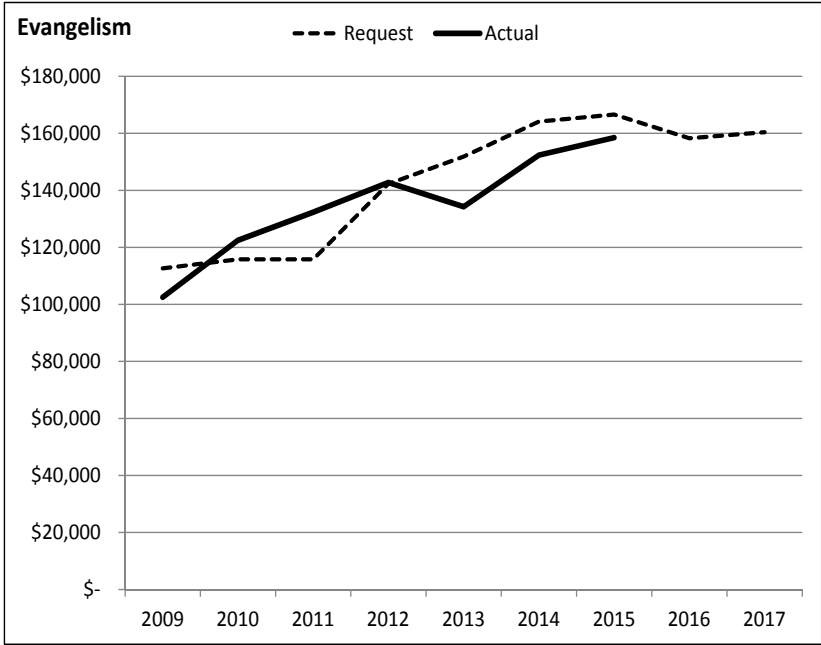
### General Fund

1. The Coordinating Committee is requesting a subsidy increase of 30% over 2015 actual receipts. This is an increase of over \$100,000 and we encourage prayerful consideration before approval.
2. In 2015, the General Fund experienced a \$46,000 deficit.



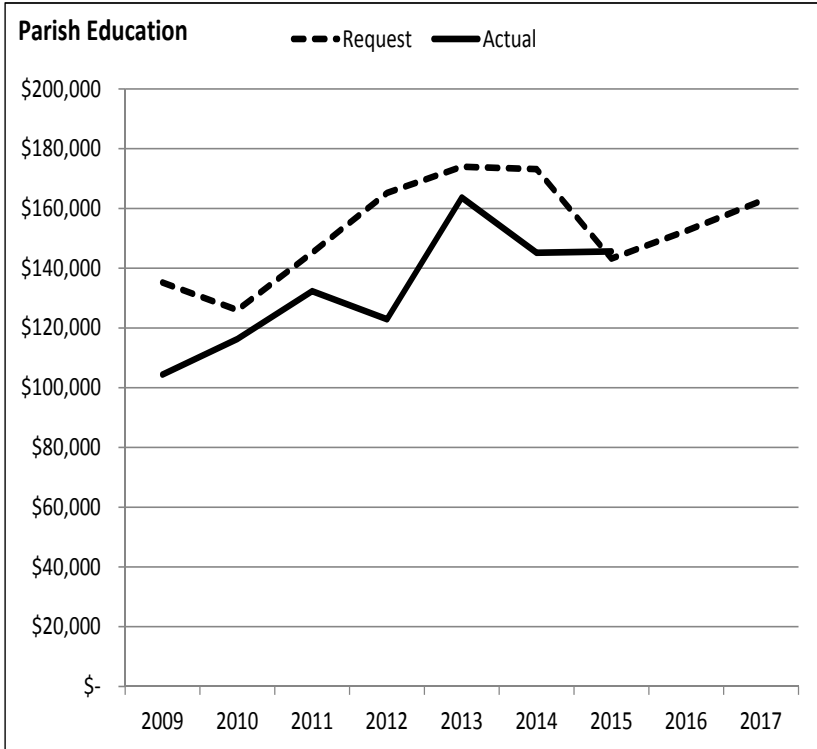
### Evangelism

1. Evangelism is requesting a subsidy increase of 1% over 2015 actual receipts.
2. Evangelism experienced a deficit of \$4,000 in 2015.



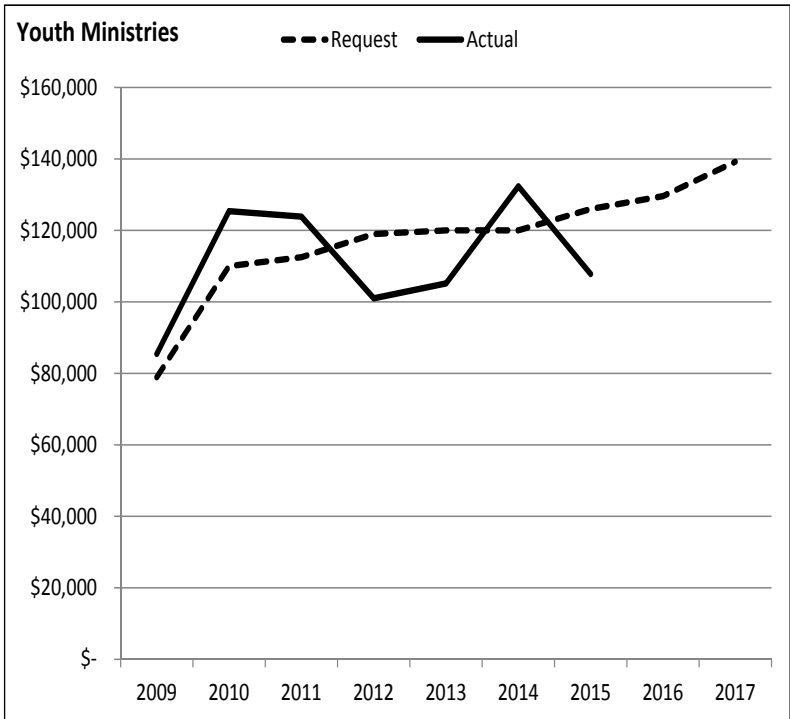
### Parish Education

1. Parish Education is requesting a subsidy increase of 12% over 2015 actual receipts.
2. They will increase one part-time staff member to full time.
3. Parish Education experienced a deficit of \$4,000 in 2015.



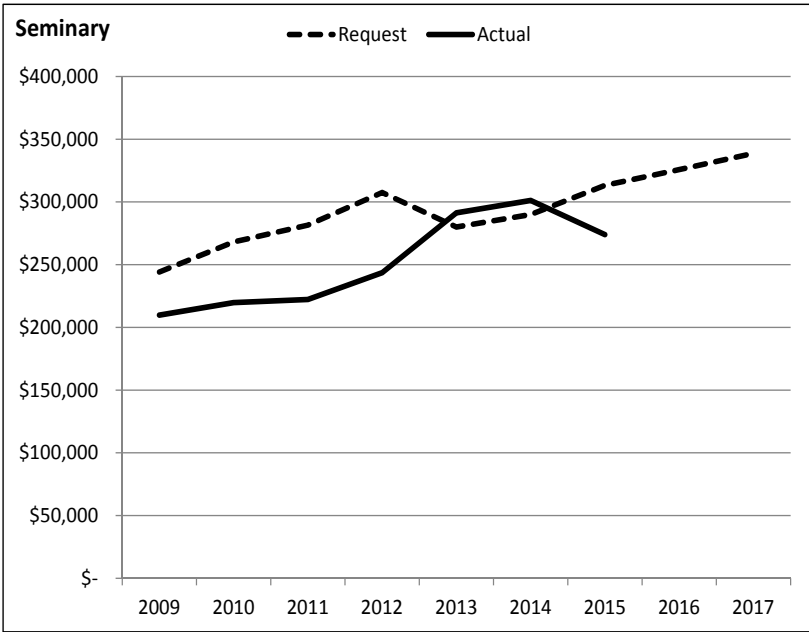
## Youth

1. The Youth Board is requesting a subsidy increase of 7% over 2015 actual receipts.
2. Congregational giving has been consistent. The Youth Board continues to look for ways to grow its base of individual donors.
3. FLY Convention income was down because of higher than expected expenses for the convention cycle.
4. The Youth Board experienced a deficit of \$23,000 in 2015.

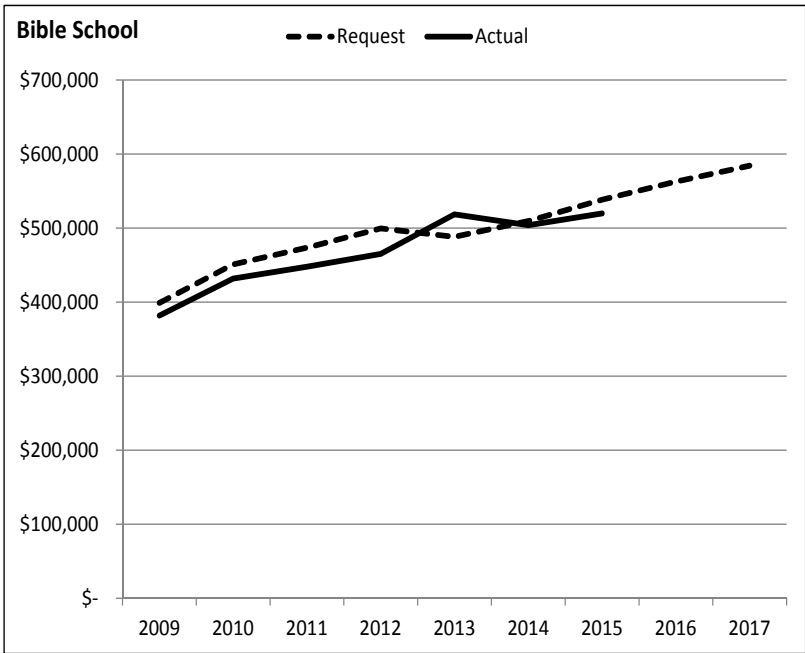


### Schools

1. AFLTS is requesting a subsidy increase of 24% and AFLBS an increase of 12% over 2015 actual receipts.
2. Both schools are anticipating increased enrollment for the fall of 2016.
3. The Century Fund project is being utilized to help fund increases in faculty and staff.
4. AFLTS experienced a deficit of \$49,000 in 2015 and AFLBS experienced a deficit of \$100,000.



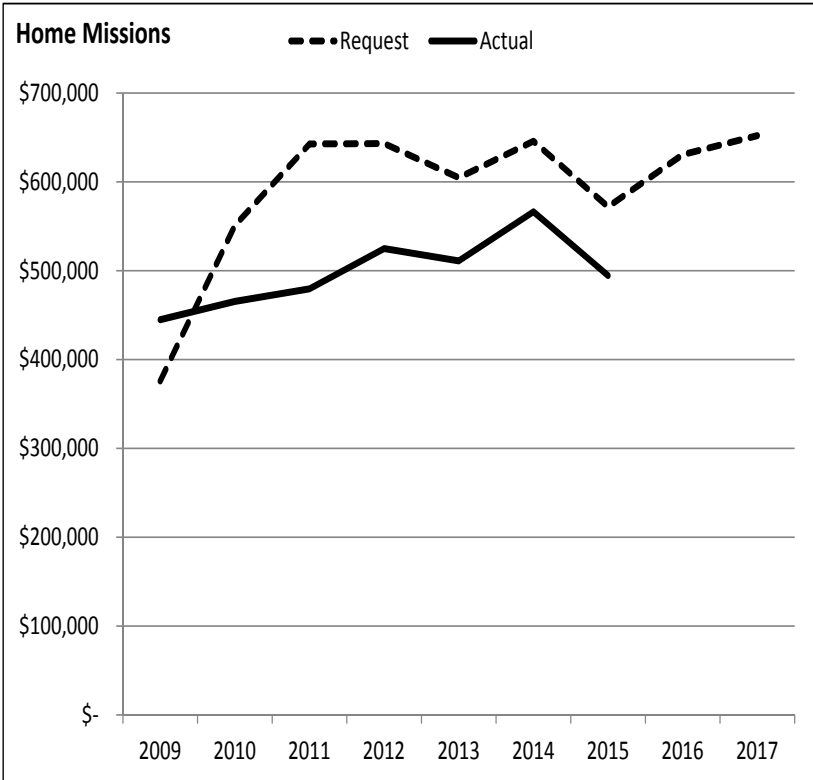
**Schools**  
Association Free Lutheran Bible School





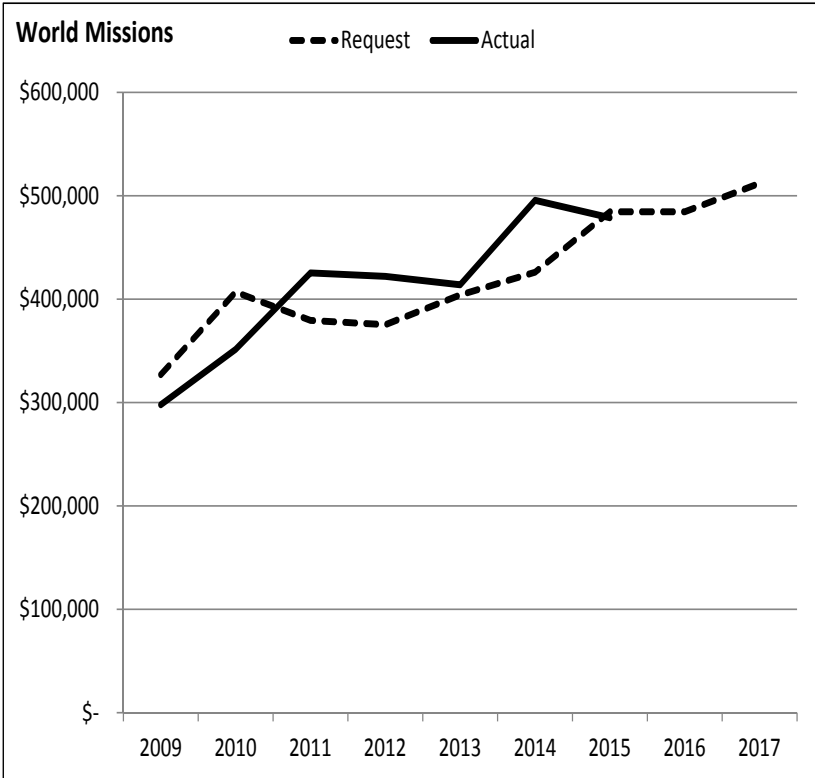
### Home Missions

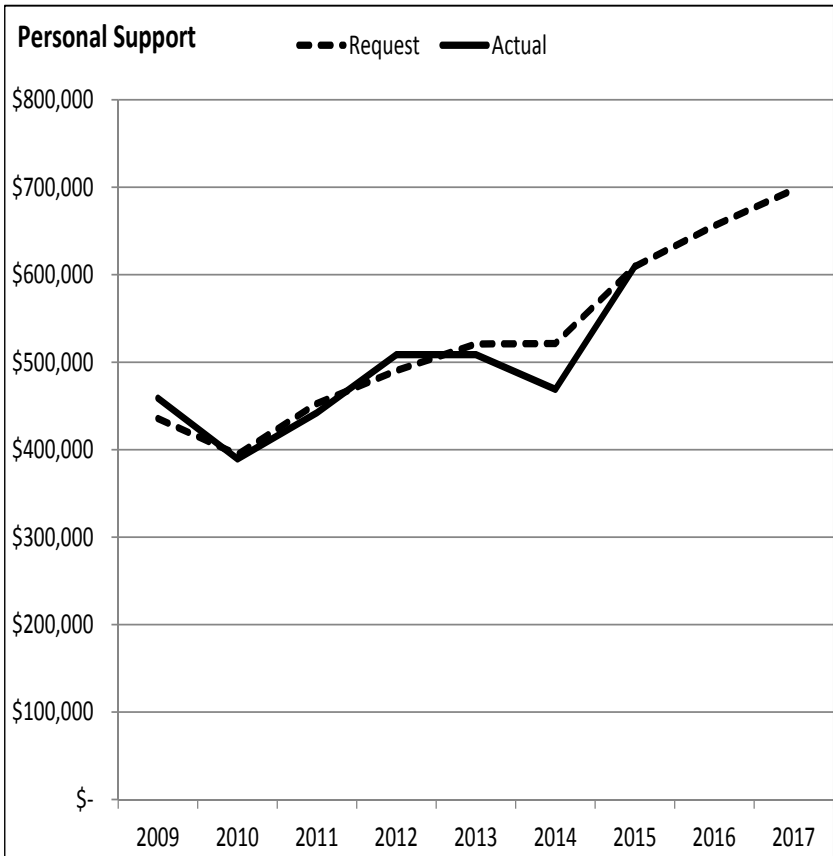
1. Home Missions is requesting a subsidy increase of 32% over 2015 actual receipts. This is an increase of over \$157,000 and we encourage prayerful consideration before approval.
2. Home Missions experienced a deficit of \$131,000 in 2015.



### World Missions

1. World Missions is requesting a subsidy increase of 7% over 2015 actual receipts.
2. The Personal Support request is an increase of 14% over 2015 actual receipts.
3. World Missions experienced a surplus of \$5,000 in 2015.
4. Personal Support experienced a deficit of \$52,000 in 2015.





**Closing**

Balancing ministry goals with financial resources presents an ongoing challenge. We feel it is prudent to remind you that there is an increase of about \$571,000 in the proposed budgets of the combined ministries, when compared to 2015 actual receipts.

We again strongly encourage the Annual Conference to give prayerful consideration before approving these requests. We also encourage you to take these financial needs back to your local congregation to promote these ministries.

May God be glorified through His ongoing work within the ministries of the AFLC.

Respectfully submitted,  
The Budget Analysis Committee