

MNO Synod Treasurer's Report

On the 2010 Financial Statements

April, 2011

If you want to see how much mission work is undertaken through the Synod Office, look at the financial statements.

That is a phrase I'll bet you never thought you'd hear. But there is something to it – every single dollar the Synod receives, spends, gives away, or retains shows up somewhere in the financial statements. We had revenue and expenses of over a million dollars in 2010!

But unfortunately, financial statements are not always the easiest things to read. So here are some of the highlights of the Synod's activities from 2010, drawn from the financial statements of the Synod and the MNO Synod Foundation:

1. Revenue

The starting point, of course, is revenue. Our 2010 revenue is as follows:

	2010 Actual	2010 Total Budget	Variance From Budget
REVENUE			
Revenue from Budgeted Sources			
Congregational Benevolence	576,373	567,000	9,373
Mission as Hope Appeal	50,170	47,000	3,170
Stewardship Consultant Support from National Church	4,000	4,000	0
Interest and Other Income	3,570	1,000	2,570
Funds Required for Column B Expenditures		2,075	(-2,075)
Total Revenue from Budgeted Sources	634,113	621,075	13,038
Revenue from Non-Budgeted Sources			
Biennial Convention	40,565		
Study Conference	8,047		
From Externally Restricted Funds	138,235		
From Internally Restricted Funds	35,784		
From Congregational Directed Donations	227,574		
Life Insurance Premiums	5,987		
Total Revenue from Non-Budgeted Sources	456,192		
LESS: TRANSFER TO MISSION AS HOPE NEW INITIATIVES FUND	(-31,817)		
TOTAL REVENUE	1,058,488		

As you can see, our revenue from budgeted sources was \$13,038 above budget. This was primarily due to strong congregational benevolence (\$9,373 over budget, which was actually about \$6,500 higher than last year!) Strong Mission as Hope giving also played a significant part, being \$3,170 higher than budgeted. It is heartening to see such strong support of the Synod by our congregations, especially given the financial pressure that many congregations are feeling.

2. Budgeted Spending

Congregational benevolence provides the lion's share of our budgeted spending. Budgeted spending is the meat and potatoes of the Synod's work in the church. It includes:

- payroll for the Bishop and staff (Assistant to the Bishop, Executive Assistant, Communications Coordinator)
- National Church benevolence (The primary funding mechanism for the National Church Office is benevolence payments from the Synods)
- Direct Mission Support to our partners in mission (e.g. Lutheran Theological Seminary, Lutheran Urban Ministry, Luther Village, etc.)
- Program Committees
- Office costs, travel costs, etc.

So how did we spend all that money? We spent \$19,114 less than we budgeted for. This was largely because the Program Committees did not spend their full budgets.

Here's a look at the details:

	2,010 Actual	2,010 Total Budget	Variance From Budget
EXPENSES			
Budgeted Expenses			
DIRECT MISSION SUPPORT			
Benevolence to National Church	154,000	154,000	0
Lutheran Theological Seminary	39,200	39,200	0
Lutheran Urban Ministry	20,000	20,000	0
Luther Village	19,600	19,600	0
Young Adult Ministry	7,654	9,500	(-1,846)
PROGRAM COMMITTEES			
Mission	1,552	4,500	(-2,948)
Church in Society	4,843	6,000	(-1,157)
Candidacy	1,511	6,300	(-4,789)
Youth Ministry	1,336	3,375	(-2,039)
Christian Education	858	1,600	(-742)
Worship and the Arts	500	1,100	(-600)
GENERAL EXPENSES			
Salaries and Employee Benefits	249,584	251,000	(-1,416)
Office and Occupancy Costs	46,199	45,000	1,199
Staff Travel	25,069	25,000	69
Synod Council	5,355	8,500	(-3,145)
Canada Lutheran (MNO Insert)	4,304	4,500	(-196)
Deans' Meetings	1,872	2,800	(-928)
Study Conference Supplement	0	0	0
Examinations Committee	1,022	2,000	(-978)
Nominations Committee	0	100	(-100)
Loan Interest (Capital Fund)	480		480
Depreciation (Capital Fund)	9,523	9,500	23
Total Budgeted Expenses	594,461	613,575	(-19,114)
Non-Budgeted Expenses			
BIENNIAL CONVENTION	34,617		
STUDY CONFERENCE	11,225		
DEFERRED CONTRIBUTIONS	138,235		
INTERNALLY RESTRICTED FUND SPENDING	35,784		
DIRECTED INCOME	227,574		
LIFE INSURANCE PREMIUMS	5,987		
Total Non-Budgeted Expenses	453,422		
TOTAL EXPENSES	1,047,883		

3. Restricted Fund Spending (Deferred Contributions and Internally Restricted Funds)

In addition to our regular budgeted spending, which is funded primarily by annual congregational benevolence donations, the Synod also maintains a number of restricted funds that have been designated for specific purposes. We track these funds separately from our general budget, and we show the activity in the audited financial statements.

If the use of the funds was designated by the donor, then it is called an Externally Restricted Fund. These are shown on the financial statements as “Deferred Revenue”. If the use of the funds was designated by Synod Council, then it is called an Internally Restricted Fund. The difference between Internal and External is that Synod Council can change its mind, and “re-purpose” an Internally Restricted Fund. However, no one, even the donor, can change the purpose of an Externally Restricted Fund.

Other than that, we track them the same way: we show the opening balance, the money received, the money spent, and the closing balance. Here’s what we did in 2010:

Internally Restricted Funds

Internally Restricted Fund	Opening Balance (Dec 31, 2009)	Money Received in 2010	Money Disbursed in 2010	Closing Balance (Dec 31, 2010)
Church Closure Fund	0	186,298	9,114	177,184
Mission as Hope	19,559	31,817	2,780	48,596
Youth Ministry	13,778	31,195	23,890	21,083
Young Adult Ministry	2,273	0	0	2,273
Youth Stewardship	1,832	0	0	1,832
Bishop’s Discretionary Fund	99	0	0	99
Total	37,541	249,310	35,784	251,067

No doubt you’ve noticed the two big funds: First, there’s the Mission as Hope New Initiatives Fund. There’s another section of this report that explains what it’s all about. Second, there’s the Church Closure Fund. These are the proceeds of sale of the Zion Lutheran Church building in Thunder Bay. Based on the recommendations of the trustees of Zion, Synod Council has earmarked these funds as follows: Local – 42%, Regional –33%, National –25%. Final distribution decisions will be made when the appropriate tax clearance certificates have been received.

Externally Restricted Funds

Externally Restricted Fund	Opening Balance (Dec 31, 2009)	Money Received in 2010	Money Disbursed in 2010	Closing Balance (Dec 31, 2010)
Cameroon Mission Trip	31,155	22,215	53,370	0
Aboriginal Outreach	2,000	0	0	2,000
Cameroon Appeal	27,194	14,475	6,287	35,382
Campus Ministry	50,138	0	0	50,138
Church Extension Capital Fund	19,348	47,721	13,486	53,583
Companion Synod Fund	131	0	0	131
Faith Winnipeg Mission	15,872	44	1,095	14,821
First Call Program – Western Synods	543	28,099	16,222	12,420
GHDA – Local/regional initiatives	9,627	4,814	5,000	9,441
Internships	28,034	894	5,000	23,928
Lutheran Urban Ministry	23,373	956	24,329	0
Foundation – Small Program Grants	1,464	4,424	5,017	891
Mission Development	50,000	0	0	50,000
Multiplying Ministries	2,403	2,939	2,629	2,713
Sage Creek Mission Consultant	400	0	0	400
Small and Struggling Congregations	5,493	0	0	5,493
Student Aid	10,370	12,131	5,800	16,701
Sophia Fund	511	0	0	511
Total	278,056	138,712	138,235	278,533

The big externally restricted expenditure items for 2010 include:

- The Cameroon Mission Trip, which was largely funded by the individual participants and various fundraising initiatives that they undertook.
- Regional CECF expenditures, which are administered by the Mission Committee based on program guidelines from the National Church.
- First Call Program, which is administered by the MNO Synod on behalf of all of the Western Synods. It is funded by congregations who have called newly ordained/consecrated ministers.
- Lutheran Urban Ministry, where we paid out the final instalment of the proceeds from the sale of the First English building.

4. Mission as Hope

Mission as Hope is the banner under which we have undertaken much of our new mission work. It began in 2009 with the Mission as Hope Appeal. This replaced the former “Consolidated Synod Appeal”. It was meant to provide funding for a combination of new and existing ministries. The

Mission as Hope Appeal has been hugely successful, raising approximately \$50,000 in 2009 and again in 2010. (By comparison, the Consolidated Synod Appeal would typically raise about \$27,000.) Clearly, the “new mission” aspect of the Mission as Hope Appeal has struck a chord with congregations and members.

The success of the Mission as Hope Appeal has allowed the Synod to create the Mission as Hope New Initiatives Fund. Over \$50,000 has been designated to this fund since its inception in 2009. Most of this money has already been allocated to specific new ministries. We are hopeful that the Synod will be able to designate further money to the Fund, thereby allowing even more new ministry to take place. The principle is that we transfer 75% of our operating surplus to the Fund, to be used to fund new ministries in following years.

Currently, the money in the Mission as Hope New Initiatives Fund has been allocated as follows:

Mission Initiative	Allocated to Date	Spent as of Dec 31, 2010
Mission as Hope Communications Materials	238	238
Every Council Visit DVD	1,619	1,619
Book of Faith Initiative	4,000	
Rural Ministry Workshop	3,500	
Stewardship Practicum	2,000	
Evangelizing Church Training Event	1,000	
Sage Creek Developer Start-up	5,000	
Bishop’s Discretionary	2,000	923
Back to Church Sunday Workshop	2,000	
Young Adult Programming	10,000	
Trinity Food Pantry Support	1,000	
Small Congregations Consultation Event	5,000	
Rural Internship Assistance	5,000	
Training (at Bishop’s Discretion)	2,000	
To be allocated	7,019	
Total	51,376	2,780

5. Flow-Through Donations (Directed Income)

This is where congregations forward us money specifically to be forwarded directly along to other charities. The best known example is probably Canadian Lutheran World Relief, but there are a host of others. The Synod passes these donations along dollar for dollar:

Charity	Donated in 2010
Canadian Lutheran World Relief (including GHDA)	127,030
Lutheran Urban Mission ("the Urban")	55,721
World Missions (ELCIC)	24,498
Lutheran Association of Missionary Pilots (LAMP)	8,278
Luther Village	2,823
Winnipeg Harvest	1,452
North End Sponsorship Team (NEST)	859
Canadian Bible Society	735
Lutheran Theological Seminary	425
Other Donations	5,753
Total	227,574

6. MNO Synod Foundation

On top of all of the activity described above, we must not forget the MNO Synod Foundation. The purpose of the Foundation is to receive and manage planned gifts (such as bequests) on behalf of the Synod. The Foundation funds are not used by the Synod to fund its regular activities. Rather, these funds are only used to fund special initiatives. The investment income earned by the Foundation is typically made available to the Synod for its "small program grant" initiative, where congregations apply for one-time grants to support their own special mission initiatives.

As of Dec 31, 2010, the Foundation had \$490,212 in assets. These assets are allocated as follows:

Fund	Dec 31, 2010
Youth	102,089
Campus Ministry	5,000
Youth and Campus	25,000
Unrestricted Funds	356,767
Other Liabilities	1,386
Total	490,212

In 2010, the Foundation allocated up to \$10,000 for small program grants. The Synod allocated only \$7,580 to program grants, based on the applications received. These funds are scheduled to be drawn throughout 2011. In 2011, the Foundation allocated up to \$15,000 for this purpose. The Synod will allocate these funds later this year, based on the applications received.

In 2010, the Foundation authorized a grant of up to \$60,000 to the MNO Synod for the Young Adult Ministry Program. The Foundation's Campus Ministry and Youth/Campus Ministry restricted funds have been earmarked for this grant, with the balance to come from the Foundation's unrestricted funds. The funds shall remain in the Foundation until needed by the Synod, which is expected to be in 2012 and 2013.

7. So, what's our overall financial health like?

We've made steady progress towards financial health over the past 2 years, but we're not quite there yet.

We have run small surpluses for the last couple of years: \$10,605 in 2010, and \$6,520 in 2009. (If those surpluses seem large, keep in mind that they represent less 1% of annual revenue.) We intentionally budget for modest surpluses as a way of slowly rebuilding our unrestricted fund balance to a reasonable level.

The "bottom line" measure of our financial health is our unrestricted fund balance. You'll find this in the "Net Asset" section of the "Statement of Financial Position" (commonly known as the "Balance Sheet".) This represents the contingency reserve we have available should we face unexpected expenses or revenue shortfalls. However, more is not necessarily better. Too low, and you risk having to renege on previous commitments if you have an unexpected expense or a revenue shortfall. Too high means the assets God has provided for God's work are sitting idle, instead of working.

So what's the right target size for our unrestricted funds? That's a judgement call. I think \$60,000 is about right for an organization of our size and scope. As of Dec 31, 2010, we had \$24,791. So, while we're not quite there yet, it is a big improvement over the mere \$1,071 we had as of Dec 31, 2008.

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

Non-Consolidated Financial Statements

Year Ended December 31, 2010

INDEPENDENT AUDITOR'S REPORT

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

Report on the Non-consolidated Financial Statements

We have audited the accompanying non-consolidated financial statements of Manitoba/Northwestern Ontario Synod of the Evangelical Lutheran Church in Canada Inc., which comprise the non-consolidated statement of financial position as at December 31, 2010, and the non-consolidated statements of operations, changes in net assets and cash flows 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 generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Synod's preparation and fair presentation of the non-consolidated financial statements 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 Synod's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

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

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

Opinion

In our opinion, the non-consolidated financial statements 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, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matters

The comparative year figures for the year ended December 31, 2009 were audited in accordance with generally accepted auditing standards. The current year figures for the year ended December 31, 2010 were audited in accordance with Canadian generally accepted auditing standards. Starting December 15, 2010, all audit engagements are required to be performed in accordance with Canadian generally accepted auditing standards.

Winnipeg, Manitoba
March 23, 2011



Chartered Accountants Inc.

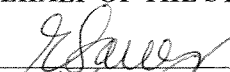
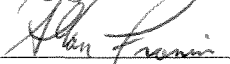
**MANITOBA/NORTHWESTERN ONTARIO SYNOD OF THE EVANGELICAL LUTHERAN
CHURCH IN CANADA INC.**

Non-Consolidated Statement of Financial Position

December 31, 2010

	2010	2009
ASSETS		
CURRENT		
Cash and short term investments <i>(Note 4)</i>	\$ 524,163	\$ 279,010
Accounts receivable	92,084	82,326
Prepaid expenses	6,241	32,498
	622,488	393,834
FIXED ASSETS <i>(Note 5)</i>	8,607	17,689
	\$ 631,095	\$ 411,523
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 68,097	\$ 67,016
Current portion of long term debt <i>(Note 6)</i>	6,474	6,142
	74,571	73,158
LONG TERM DEBT <i>(Note 6)</i>	-	6,449
DEFERRED CONTRIBUTIONS <i>(Note 7)</i>	278,533	278,056
	353,104	357,663
NET ASSETS		
Unrestricted	24,791	11,221
Internally restricted <i>(Note 8)</i>	251,067	37,541
Invested in fixed assets	2,133	5,098
	277,991	53,860
	\$ 631,095	\$ 411,523

ON BEHALF OF THE SYNOD COUNCIL


 _____ Director

 _____ Director

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

Non-Consolidated Statement of Operations

Year Ended December 31, 2010

	2010	2009
REVENUES		
Benevolence from congregations	\$ 576,373	\$ 569,879
Biennial convention	40,565	-
Deferred contributions <i>(Note 7)</i>	138,235	119,867
Directed income <i>(Note 9)</i>	227,574	191,037
Donated life insurance premiums <i>(Note 11)</i>	5,987	5,987
ELCIC stewardship strategy	4,000	8,000
Funding for Zion Thunder Bay wind-up expenses	9,114	-
Interest and other income	3,570	1,751
Mission As Hope New Initiatives <i>(Note 17)</i>	2,780	-
Mission as Hope Appeal <i>(Note 17)</i>	18,353	30,137
Registration fees - study conferences	8,047	10,280
Youth ministry	23,890	13,530
	1,058,488	950,468
EXPENSES <i>(Schedule 1)</i>	1,047,883	943,948
EXCESS OF REVENUES OVER EXPENSES	\$ 10,605	\$ 6,520

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

Non-Consolidated Statement of Changes in Net Assets

Year Ended December 31, 2010

	Unrestricted	Internally Restricted	Invested in fixed assets	2010	2009
NET ASSETS - BEGINNING OF YEAR	\$ 11,221	\$ 37,541	\$ 5,098	\$ 53,860	\$ 26,600
Excess (deficiency) of revenues over expenditures	20,607	-	(10,002)	10,605	6,520
Change in internally restricted fund (Note 8)	-	213,526	-	213,526	20,740
Invested in fixed assets	(7,037)	-	7,037	-	-
NET ASSETS - END OF YEAR	\$ 24,791	\$ 251,067	\$ 2,133	\$ 277,991	\$ 53,860

Invested in fixed assets:

The \$10,002 is composed of amortization of \$9,522 and long term loan interest of \$480.

The \$7,037 is composed of long term loan payments of \$6,117, fixed asset additions of \$440 and long term loan interest of \$480.

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

Non-Consolidated Statement of Cash Flows

Year Ended December 31, 2010

	2010	2009
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 10,605	\$ 6,520
Item not affecting cash:		
Amortization of fixed assets	9,523	9,479
	20,128	15,999
Changes in non-cash working capital:		
Accounts receivable	(9,758)	(29,102)
Prepaid expenses	26,257	(29,747)
Accounts payable and accrued liabilities	1,081	14,801
	17,580	(44,048)
Cash flow from (used by) operating activities	37,708	(28,049)
INVESTING ACTIVITIES		
Additions to fixed assets	(440)	-
Increase in deferred contributions	477	47,069
Increase in internally restricted funds	213,525	20,740
Decrease in long term investment	-	17,494
Cash flow from investing activities	213,562	85,303
FINANCING ACTIVITY		
Repayment of long term debt	(6,117)	(5,849)
INCREASE IN CASH FLOW	245,153	51,405
CASH - BEGINNING OF YEAR	279,010	227,605
CASH - END OF YEAR	\$ 524,163	\$ 279,010
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	\$ 480	\$ 480

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

Notes to Non-Consolidated Financial Statements

Year Ended December 31, 2010

1. PURPOSE OF THE SYNOD

The Manitoba/Northwestern Ontario (MNO) 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 ordained ministers, and by engaging in other forms of ministry that proclaim God's Word and serve to bring reconciliation to the world. The Synod 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 financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The financial statements include the following significant accounting policies:

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenue and expenses during the year. Such estimates include providing for amortization of fixed assets and valuation of accounts receivable. Actual results could differ from these estimates.

Fixed assets

Fixed assets are stated at cost less accumulated amortization. Fixed assets are amortized over their estimated useful lives at the following rates and methods:

Automobile	5 years	straight-line method
Computer and equipment	5 years	straight-line method
Furniture and equipment	10 years	straight-line method
Leasehold improvements	5 years	straight-line method

Revenue Recognition

The Synod uses the deferral method of accounting for contributions:

Unrestricted contributions (which includes benevolence from congregations, directed income 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.

Restricted contributions received to administer programs as listed in Note 7 and Note 8 are recognized as revenue in the year in which the related expenses are incurred.

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

(continues)

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

Notes to Non-Consolidated Financial Statements

Year Ended December 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The financial statements include the following significant accounting policies: *(continued)*

Fund accounting

The Synod follows the deferral method of accounting for revenues and contributions and maintains the following three separate funds:

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

The invested in fixed assets fund is used to record the revenues and expenses related to fixed assets held by the Synod; and

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

Contributed services

A substantial number of unpaid volunteers have made significant contributions in carrying out the Synod's activities. The value of this volunteered time is not recognized in these financial statements.

Exclusion of affiliated entities

These financial statements have been prepared on a non-consolidated basis with the consent of the Synod Council, since it has access to all the pertinent information concerning the resources and the results of operations of the affiliated entities. Accordingly, these non-consolidated financial statements exclude the financial statements of the following affiliates:

The MNO Synod Foundation for Mission and Ministry

Luther Village Inc.

In accordance with Canadian generally accepted accounting principles, the financial summaries of these entities are presented for information purposes in Note 15.

3. FINANCIAL INSTRUMENTS

The Synod's financial instruments consist of cash and short term investments, accounts receivable, accounts payable and accrued liabilities, and long term debt. The Synod is subject to interest and market risks with respect to its investments. To manage these risks, the Synod has established a target mix of investment types designed to achieve the optimal return within reasonable risk tolerances. It is management's opinion that the Synod is not exposed to significant liquidity and cash flow risk arising from the financial instruments noted.

As required by the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, "Financial Instruments - Recognition and Measurement" are consistent with the accounting policy for investments used to prepare the prior year's financial statements, investments continue to be presented at fair value.

As permitted by Section 3855, the Synod's other financial assets and liabilities continue to be presented at amortized cost which approximates fair value.

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

Notes to Non-Consolidated Financial Statements

Year Ended December 31, 2010

4. CASH AND SHORT TERM INVESTMENTS

	2010	2009
Cash	\$ 74,558	\$ 82,839
Short term investments	449,605	196,171
	\$ 524,163	\$ 279,010

Short term investments have an average effective interest rate of 1.56% (2009 - 2.000%), with maturity dates ranging from January 4, 2011 to June 23, 2011.

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

5. FIXED ASSETS

	Cost	Accumulated amortization	2010 Net book value
Automobile	\$ 30,893	\$ 27,804	\$ 3,089
Computer and equipment	8,487	6,574	1,913
Furniture and equipment	12,530	11,140	1,390
Leasehold improvements	17,076	14,861	2,215
	\$ 68,986	\$ 60,379	\$ 8,607

	Cost	Accumulated amortization	2009 Net book value
Automobile	\$ 30,893	\$ 21,625	\$ 9,268
Computer and equipment	30,887	27,761	3,126
Furniture and equipment	27,530	25,926	1,604
Leasehold improvements	17,076	13,385	3,691
	\$ 106,386	\$ 88,697	\$ 17,689

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

Notes to Non-Consolidated Financial Statements

Year Ended December 31, 2010

6. LONG TERM DEBT

	2010	2009
Volkswagen Credit Canada Inc. loan bearing interest at 4.9% per annum, repayable in monthly blended payments of \$552. The loan matures on December 27, 2011 and is secured by 2006 Volkswagen Jetta with a net book value of \$3,089 (2009 - \$9,268).	\$ 6,474	\$ 12,591
Amounts payable within one year	(6,474)	(6,142)
	\$ -	\$ 6,449

7. DEFERRED CONTRIBUTIONS

Deferred contributions relate to externally restricted funding received or generated in the current or prior periods to fund related expenses in future periods as follows:

	2009	Restricted contributions received in the year	Restricted contributions expensed in the year	2010
2010 Cameroon Mission Trip	\$ 31,155	\$ 22,215	\$ 53,370	\$ -
Aboriginal Outreach	2,000	-	-	2,000
Cameroon Appeal	27,194	14,475	6,287	35,382
Campus Ministry	50,138	-	-	50,138
Church Extension Capital Fund	19,348	47,721	13,486	53,583
Companion Synod Fund	131	-	-	131
Faith Winnipeg Mission	15,872	44	1,095	14,821
First Call Program - Western Synods	543	28,099	16,222	12,420
Global Hunger and Development Appeal	9,627	4,814	5,000	9,441
Internships	28,034	894	5,000	23,928
Lutheran Urban Ministry	23,373	956	24,329	-
MNO Foundation - Program grants	1,464	4,424	5,017	871
Mission Development	50,000	-	-	50,000
Multiplying Ministries	2,403	2,939	2,629	2,713
Sage Creek Mission Consultant	400	-	-	400
Small and Struggling Congregations	5,493	-	-	5,493
Student Aid	10,370	12,131	5,800	16,701
Sophia Fund	511	-	-	511
	\$ 278,056	\$ 138,712	\$ 138,235	\$ 278,533

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

Notes to Non-Consolidated Financial Statements

Year Ended December 31, 2010

8. INTERNALLY RESTRICTED NET ASSETS

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

	2009	Restricted contributions received in the year	Restricted contributions expensed in the year	2010
Bishop discretionary	\$ 99	\$ -	\$ -	\$ 99
Mission as Hope Program Initiatives (Note 17)	19,559	31,817	2,780	48,596
Young adult ministry	2,273	-	-	2,273
Youth ministry	13,778	31,195	23,890	21,083
Youth stewardship	1,832	-	-	1,832
Church closure - Zion Thunder Bay - undesignated	-	186,298	9,114	177,184
	\$ 37,541	\$ 249,310	\$ 35,784	\$ 251,067

9. DIRECTED INCOME

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

	2010	2009
Canadian Bible Society	\$ 735	\$ 580
Canadian Lutheran World Relief (CLWR)	104,202	70,004
Global Hunger and Development Appeal (GHDA)	22,828	44,983
Luther Village Inc.	2,823	2,362
Lutheran Association of Missionaries and Pilots (LAMP)	8,278	7,892
Lutheran Theological Seminary	425	812
Lutheran Urban Ministry Inc.	55,721	36,341
Northend Sponsorship Team (NEST)	859	857
Other programs	5,753	2,859
Winnipeg Harvest	1,452	1,115
World Mission - designated	13,050	11,202
World Mission - undesignated	11,448	12,030
	\$ 227,574	\$ 191,037

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

Notes to Non-Consolidated Financial Statements

Year Ended December 31, 2010

10. COMMITTEES

The Synod oversees six 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 internally restricted funds for committee spending. Committee spending is as follows:

Committee	Operating fund spending	Deferred contribution and internally restricted fund spending	2010	2009
Candidacy	\$ 1,511	\$ 5,800	\$ 7,311	\$ 9,598
Christian Education	858	-	858	1,185
Church in Society	4,843	5,000	9,843	6,160
Mission	1,552	13,486	15,038	30,277
Worship and the Arts	500	-	500	329
Youth Ministry	1,336	23,890	25,226	15,033
	\$ 10,600	\$ 48,176	\$ 58,776	\$ 62,582

11. LIFE INSURANCE POLICIES

The Synod is the assigned owner and beneficiary of several life insurance policies on members of Synod congregations, with an aggregate benefit value of \$226,720. The premiums for these policies have been funded each year by the insured individuals themselves. In 2010, premiums of \$5,987 were paid by the insured individuals on behalf of the Synod (2009 - \$5,987), 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, 2010

12. 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 MNO Synod. Luther Village provides a program of church camping in keeping with the principles and goals of the MNO Synod. The Synod paid \$19,600 (2009 - \$19,600) in annual support payments to Luther Village.

MNO Synod 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 with the following restrictions and provisions:

- Its objectives are to promote the mission and ministry of the Synod.
- Upon dissolution, its net assets shall be transferred to either the Synod, to the ELCIC or one of its successors, or to a recognized charity as determined by its members at dissolution.
- Its directors shall serve without remuneration.
- No part of its income may be payable or otherwise available for the personal benefit of any member.

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 registered as a charity under the Income Tax Act. The Synod received \$4,424 (2009 - \$41,000) in grants from the Foundation during the year.

The most recent financial summaries of these unconsolidated entities are disclosed in Note 15.

13. LEASE COMMITMENTS

The Synod leases premises under a long-term lease effective January 1, 2008 for a five year term. Annual minimum lease payments under the new lease are \$15,250 annually plus the MNO Synod's proportionate share of utilities, property taxes, common area maintenance and other related costs for the leased premises.

The Synod leases a Xerox Copy Centre under a lease agreement that expires July 10, 2013. Annual minimum payments are \$4,200.

The Synod also leases a digital mailing system under a lease agreement that expires March 31, 2011. Annual minimum payments are \$2,125 plus the cost of postage.

The minimum lease payments required for the next 3 years are as follows:

2011	\$ 19,981
2012	19,450
2013	2,450
	<hr/>
	<u>\$ 41,881</u>



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

Notes to Non-Consolidated Financial Statements

Year Ended December 31, 2010

14. COMPARATIVE FIGURES

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

15. DISCLOSURE OF NON-CONSOLIDATED ENTITIES

The relationship between the Synod and certain of its affiliated entities is more particularly outlined in Notes 2 and 12. The most recent financial summaries of these unconsolidated entities are as follows:

	2009	2008
LUTHER VILLAGE INC.		
Financial position		
Total assets	\$ 381,618	\$ 388,837
Total liabilities	\$ 228,412	\$ 208,141
Total fund balances	153,206	180,696
	\$ 381,618	\$ 388,837
Results of operations		
Total revenues	\$ 389,526	\$ 364,583
Total expenses	(417,016)	(421,211)
Deficiency of revenues over expenses	\$ (27,490)	\$ (56,628)

As at the financial statement date, Lutheran Village Inc.'s reviewed financial statements as at December 31, 2010 were not available; therefore, we are presenting a summary of the reviewed financial statements (prepared without audit) for the years ending December 31, 2009 and December 31, 2008.

(continues)

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

Notes to Non-Consolidated Financial Statements

Year Ended December 31, 2010

15. DISCLOSURE OF NON-CONSOLIDATED ENTITIES *(continued)*

	2010	2009
MNO SYNOD FOUNDATION FOR MISSION AND MINISTRY		
Financial position		
Total assets	\$ 490,212	\$ 336,511
Total liabilities	\$ 133,475	\$ 135,339
Total fund balances	356,737	201,172
	\$ 490,212	\$ 336,511
Total revenues	\$ 155,362	\$ 10,447
Total expenses	(5,968)	(42,419)
Subtotal	149,394	(31,972)
Other income	6,171	9,136
Excess (deficiency) of revenues over expenses	\$ 155,565	\$ (22,836)

The above financial statements have been prepared on a review basis (without audit) as at December 31, 2010 and December 31, 2009.

16. CAPITAL MANAGEMENT

The Synod considers its capital to be the balance maintained in its Statement of Changes in Net Assets. The primary objective of the Synod is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Synod Council with the objective of advancing the mission of the Synod, providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The Synod is not subject to any externally imposed requirements of its capital.

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

Notes to Non-Consolidated Financial Statements

Year Ended December 31, 2010

17. MISSION AS HOPE

Mission as Hope is a program that the Synod began in 2009 to fund a combination of existing programs and new mission initiatives. The Mission as Hope program is composed of two parts: The Mission as Hope Appeal, and the Mission as Hope New Initiatives Fund.

Mission As Hope Appeal

The Mission as Hope Appeal is a Synod fundraising appeal to the congregations of the Synod, and to individual members of congregations. A portion of the funds raised by the appeal are designated to the Mission as Hope New Initiatives fund, based on a predetermined formula. Beginning with the 2010 fiscal year, this formula calls for 75% of the Synod's overall surplus for the year to be designated to the Mission as Hope New Initiatives Fund. The remaining funds raised by the Mission as Hope Appeal are used to fund existing Synod programs. Funds from the Mission as Hope Appeal have been distributed as follows:

	2010	2009
To fund existing programs	\$ 18,353	\$ 30,137
To New Initiatives fund	31,817	19,559
	50,170	49,696

Mission As Hope New Initiatives Fund

The Mission as Hope New Initiatives Fund is used to fund new programs within the Synod. From the Fund's inception through to December 31, 2010, \$51,376 has been designated to the Fund. Of this amount, \$44,357 has been allocated to specific new initiatives by Synod Council. \$7,019 remains available to be allocated at a later time. Funds from the Mission as Hope New Initiatives Fund have been allocated as of December 31, 2010 as follows:

	Allocated	Spent
Mission as hope communication materials	238	238
Every council visit, DVD production	1,619	1,619
Book of faith initiative	4,000	-
Rural ministry workshop	3,500	-
Stewardship practicum	2,000	-
Evangelizing church training event	1,000	-
Sage creek developer start-up costs	5,000	-
Bishop's discretionary	2,000	923
Back to church sunday workshop	2,000	-
Young adult programming	10,000	-
Trinity food pantry support	1,000	-
Small congregational consultation events	5,000	-
Rural internship assistance	5,000	-
Training at bishop's discretion	2,000	-
To be allocated	7,019	-
	51,376	2,780

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

Non-Consolidated Expenses

(Schedule 1)

Year Ended December 31, 2010

	2010	2009
Amortization	\$ 9,523	\$ 9,479
Biennial convention	34,617	-
Cameroon appeal	6,287	4,594
Cameroon companion: mission exposure trip	53,370	-
Canada Lutheran - MNO Insert	4,304	4,304
Committees <i>(Note 10)</i>	58,776	62,582
Directed income <i>(Note 9)</i>	227,574	191,037
ELCIC benevolence paid	154,000	154,050
Evangelical Lutheran Church of Cameroon Youth Conference	-	5,000
First Call Program - Western Synods	16,222	8,457
Grants - MNO Foundation	5,017	6,746
Interest on long term debt	480	480
Internships	5,000	1,500
Life insurance premiums <i>(Note 11)</i>	5,987	5,987
Luther Village Inc.	19,600	19,600
Lutheran Theological Seminary	39,200	79,200
Lutheran Urban Ministry	44,329	30,121
Meetings and conferences	19,474	20,848
Mission as Hope New Program Initiatives	2,780	-
Multiplying ministries	2,629	-
Office and occupancy costs	47,293	50,184
Salaries and employee benefits	249,584	245,311
Staff travel	25,069	30,490
Young adult ministry	7,654	9,646
Synod event - Celebration of Faith	-	4,332
Zion Thunder Bay wind-up expenses	9,114	-
	\$ 1,047,883	\$ 943,948

MNO SYNOD FOUNDATION FOR MISSION AND MINISTRY INC.

Financial Statements

Year Ended December 31, 2010

(Unaudited)

REVIEW ENGAGEMENT REPORT

To the Members of MNO Synod Foundation for Mission and Ministry Inc.

We have reviewed the statement of financial position of MNO Synod Foundation for Mission and Ministry Inc. as at December 31, 2010 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Foundation.

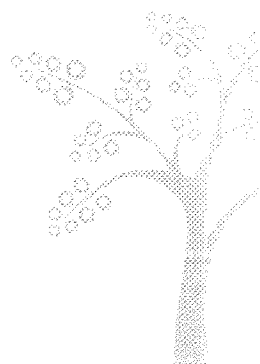
A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
February 22, 2011



Chartered Accountants Inc.



MNO SYNOD FOUNDATION FOR MISSION AND MINISTRY INC.

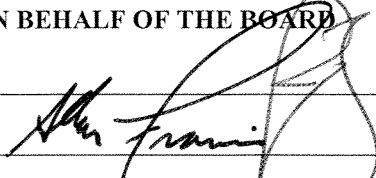
Statement of Financial Position

December 31, 2010

(Unaudited)

	2010	2009
ASSETS		
CURRENT		
Cash	\$ 21,147	\$ 32,621
Short term investments <i>(Note 4)</i>	81,790	50,079
Interest receivable	3,181	3,265
	106,118	85,965
LONG TERM INVESTMENTS <i>(Note 5)</i>	384,094	250,546
	\$ 490,212	\$ 336,511
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,386	\$ 3,250
DEFERRED CONTRIBUTIONS <i>(Note 6)</i>	132,089	132,089
	133,475	135,339
NET ASSETS		
Unrestricted	356,737	201,172
	\$ 490,212	\$ 336,511

ON BEHALF OF THE BOARD


 _____ Director
 _____ Director

See Accompanying Notes

MNO SYNOD FOUNDATION FOR MISSION AND MINISTRY INC.

Statement of Revenues and Expenditures

Year Ended December 31, 2010

(Unaudited)

	2010	2009
REVENUES		
Donation from an estate	\$ 147,023	\$ -
Investment income	8,339	10,447
	155,362	10,447
EXPENSES		
MNO Foundation - Lutheran Theological Society	-	40,000
MNO Foundation - Small program grants <i>(Note 7)</i>	4,424	1,000
Professional fees	1,544	1,419
	5,968	42,419
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	149,394	(31,972)
OTHER INCOME (EXPENSES)		
Unrealized gain on investments	6,171	9,136
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 155,565	\$ (22,836)

MNO SYNOD FOUNDATION FOR MISSION AND MINISTRY INC.

Statement of Changes in Net Assets

Year Ended December 31, 2010

(Unaudited)

	2010	2009
NET ASSETS - BEGINNING OF YEAR	\$ 201,172	\$ 224,008
Excess (deficiency) of revenues over expenses	155,565	(22,836)
NET ASSETS - END OF YEAR	\$ 356,737	\$ 201,172

MNO SYNOD FOUNDATION FOR MISSION AND MINISTRY INC.

Statement of Cash Flows

Year Ended December 31, 2010

(Unaudited)

	2010	2009
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 155,565	\$ (22,836)
Changes in non-cash working capital:		
Interest receivable	84	1,938
Accounts payable and accrued liabilities	(1,864)	2,130
	(1,780)	4,068
Cash flow from (used by) operating activities	153,785	(18,768)
INVESTING ACTIVITIES		
Increase in short term investments	(31,711)	181,227
Increase in long term investments	(133,548)	(131,102)
Cash flow from (used by) investing activities	(165,259)	50,125
INCREASE (DECREASE) IN CASH FLOW	(11,474)	31,357
CASH - BEGINNING OF YEAR	32,621	1,264
CASH - END OF YEAR	\$ 21,147	\$ 32,621

MNO SYNOD FOUNDATION FOR MISSION AND MINISTRY INC.

Notes to Financial Statements

Year Ended December 31, 2010

(Unaudited)

1. PURPOSE OF THE FOUNDATION

The MNO Synod Foundation for Mission and Ministry Inc. (Foundation) was incorporated without share capital under the laws of the Province of Manitoba on July 11, 1996. The Foundation is a registered charity under the Income Tax Act (Canada), and is exempt from income taxes. The Foundation is a subsidiary of the MNO Synod of the Evangelical Lutheran Church In Canada.

The MNO Synod Foundation for Mission and Ministry Inc. has been established to receive planned gifts. Key areas of ministry that will be funded from foundation assets have been identified as:

- (a) New missions
- (b) Youth ministry
- (c) Internships
- (d) Evangelism

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The financial statements include the following significant accounting policies:

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenue and expenses during the period. Such estimates include providing for valuation of interest receivable. Actual results could differ from these estimates.

Revenue recognition

The Foundation uses 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.

Investment income includes interest income and realized investment gains and losses. Unrealized gains and losses on available-for-sale financial assets are included directly in general fund balances until the asset is removed from the statement of financial position.

Income earned on investments will accrue in the unrestricted fund, which will be used to fund grants and other expenditures at the discretion of the board, as defined in the Foundation's mission statement.

(continues)

MNO SYNOD FOUNDATION FOR MISSION AND MINISTRY INC.

Notes to Financial Statements

Year Ended December 31, 2010

(Unaudited)

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

Investments

Mutual funds are classified as available for sale and are stated at fair value. Unrealized gains and losses, representing the change in the difference between the fair value and the cost of investments at the beginning of each year, are reflected in net income for the period in which they arise. Fair value of investments is determined based on year end quoted market prices.

The Foundation designated cash and cash equivalents as held-for-trading; mutual funds as available-for-sale. The Foundation has no held-to-maturity investments.

Investments classified as available-for-sale or held-for-trading are recorded at market value.

3. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash, short term investments, interest receivable, long term investments, and accounts payable and accrued liabilities. The Foundation is subject to interest and market risks with respect to its investments. To manage these risks, the Foundation has established a target mix of investment types designed to achieve the optimal return within reasonable risk tolerances. It is management's opinion that the Foundation is not exposed to significant liquidity and cash flow risk arising from the financial instruments noted.

As required by the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, "Financial Instruments - Recognition and Measurement" are consistent with the accounting policy for investments used to prepare the prior year's financial statements; investments continue to be presented at fair value.

As permitted by Section 3855, the Foundation's other financial assets and liabilities continue to be presented at amortized cost which approximates fair value.

4. SHORT TERM INVESTMENTS

Guaranteed investment certificates bearing interest ranging from 2.15% to 4.65% due within the year.

The Foundation maintains cash and short term investments with one financial institution; however, since it is fully insured, it mitigates the credit risk for this concentration of cash and short term investments.

MNO SYNOD FOUNDATION FOR MISSION AND MINISTRY INC.

Notes to Financial Statements

Year Ended December 31, 2010

(Unaudited)

5. LONG TERM INVESTMENTS

	2010		2009	
	Market	Cost	Market	Cost
Guaranteed investment certificates	\$ 327,707	\$ 327,707	\$ 200,316	\$ 200,316
Equity funds	56,387	54,690	50,230	54,748
	\$ 384,094	\$ 382,397	\$ 250,546	\$ 255,064

Guaranteed investment certificates bearing interest ranging from 2.50% to 4.85%, with maturity dates ranging from February 2012 to November 2015.

The equity funds invest predominantly in mutual funds of publicly traded Canadian companies.

6. DEFERRED CONTRIBUTIONS

Deferred contributions relate to externally restricted funding received or generated in the current period or prior periods to fund related expenses in future periods as follows:

	2010	2009
Youth	\$ 102,089	\$ 102,089
Youth and Campus Ministry	25,000	25,000
Campus Ministry	5,000	5,000
	\$ 132,089	\$ 132,089

MNO SYNOD FOUNDATION FOR MISSION AND MINISTRY INC.

Notes to Financial Statements

Year Ended December 31, 2010

(Unaudited)

7. SMALL PROGRAM GRANTS

Each year, the Foundation authorizes small program grants to the MNO Synod of the ELCIC Inc. (MNO Synod) up to a maximum amount set annually by the Board of Directors. These funds are allocated by the MNO Synod Council to various grant recipients. Funds that have not been allocated by the MNO Synod to grant recipients in the calendar year expire. Funds are remitted by the Foundation to the MNO Synod when required by the MNO Synod to fund particular grant recipients. Unremitted funds remain available in the Foundation until requested by the MNO Synod, or until the MNO Synod advises that the funds will not be required.

For 2010, the Foundation's Board of Directors set the maximum small program grant amount at \$10,000 (2009 - \$10,000). The following chart shows the status of outstanding grants authorized under this program:

	Allocated by MNO Synod Council	Funds requested by/remitted to MNO Synod as of Dec 31, 2010	Funds that MNO Synod has advised will not be required	Funds available in the Foundation as of Dec 31, 2010
2009	\$ 10,000	\$ 4,500	\$ 5,500	\$ -
2010	7,580	924	-	6,656
	\$ 17,580	\$ 5,424	\$ 5,500	\$ 6,656

The funds requested by/remitted to MNO Synod as of December 31, 2010 were paid in 2010 - \$4,424 (2009 - \$1,000).

8. YOUNG ADULT MINISTRY PROGRAM GRANT

On March 24, 2010, the Foundation authorized a grant of up to \$60,000 to the MNO Synod for their Young Adult Ministry Program. These funds may be drawn at the request of the MNO Synod up to December 31, 2013. The funds shall be drawn first from the Foundation's Campus Ministry deferred contribution fund, secondly from the Foundation's Youth and Campus Ministry deferred contribution fund, and thirdly from the Foundation's unrestricted funds. As of December 31, 2010, no funds have been drawn from this grant.

9. RELATED PARTIES

The Foundation's membership is made up of the MNO Synod Council members. The Board of Directors are appointed by the MNO Synod Council and must be members of a congregation in the MNO Synod. The Foundation transferred \$4,424 (2009 - \$41,000) to the MNO Synod, and received \$nil (2009 - \$nil) from the MNO Synod, during the year.

MNO SYNOD FOUNDATION FOR MISSION AND MINISTRY INC.

Notes to Financial Statements

Year Ended December 31, 2010

(Unaudited)

10. CAPITAL MANAGEMENT

The Foundation considers its capital to be the balance maintained in its Statement of Changes in Net Assets. The primary objective of the Foundation is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Board of Directors with the objective of advancing the mission of the Foundation, providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The Foundation is not subject to any externally imposed requirements of its capital.