



WELS Foundation

Wisconsin Evangelical Lutheran Synod

So that future generations  
will know the goodness of God

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*An annual report to WELS members* | **2019**

# Mission & vision

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*Placing memorial stones by the River Jordan (Joshua 4:4-9).*

WELS Foundation was established in February 1965 to receive and administer funds for religious, charitable, and educational purposes consistent with the principles of the Wisconsin Evangelical Lutheran Synod (WELS). It continues to operate today as a subsidiary corporation of WELS.

## **MISSION**

WELS Foundation exists to help God's people support gospel ministry through WELS.

## **VISION**

WELS Foundation aims to be the foundation of choice for members, entities, and affiliates of WELS, and to offer effective and efficient full-service gift administration.

# Organization overview

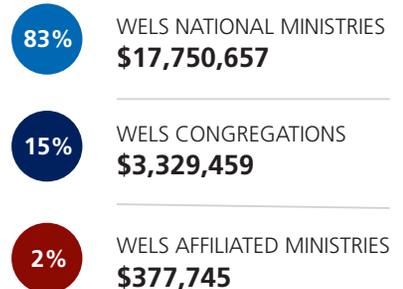
To carry out its mission, WELS Foundation provides:

- knowledgeable planned giving support to WELS members through WELS Christian giving counselors and other WELS advancement representatives.
- various giving opportunities including charitable gift annuities, charitable remainder trusts, donor advised funds, and endowment administration.
- a website, [wels.net/foundation](https://wels.net/foundation), with help and information about giving opportunities and options.

## DISTRIBUTION TO SYNOD MINISTRIES

### FY2017-FY2019

Over the last three years WELS Foundation has been privileged to administer and distribute \$21.5 million in donor-directed gifts to various WELS ministries.





**“We will tell the next generation the praiseworthy deeds of the LORD” (Psalm 78:4).**

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Dear Friends,

These words from Psalm 78 were the basis for the theme of this summer’s 65th biennial convention of the Wisconsin Evangelical Lutheran Synod (WELS): “For the Generations to Come.” WELS President Mark Schroeder stated that these words “emphasize the privilege and responsibility that we have to hold on to God’s saving truth for ourselves and to pass it down to those who will come after us.” Convention worship, essays, and devotions focused on that theme and highlighted the challenges and privileges we have as we carry out the mission that God has given us. (Learn more about the convention at [wels.net/convention](https://wels.net/convention).)



What's true of a representative gathering of our church body's delegates is also true of our individual lives. In a real sense, through your prayers, volunteer efforts, and faith-prompted offerings to God, you are participating in telling "the next generation the praiseworthy deeds of the LORD." God's most praiseworthy deeds, of course, are how God created us, redeemed all people by the sacrifice of his Son, and sets Christians apart as holy through Spirit-worked faith in Jesus. Following that are the wonders he works in us for the benefit of the next generation. We worship the Lord, tell others about him with our own voices,

and honor him with our offerings that support the gospel ministry of well-trained gospel representatives at home and around the world.

As you review this report, thank Jesus for enabling you to participate in telling the next generations the praiseworthy deeds of the Lord. It's a life-changing mission for you and others! If you have any questions or want to learn more about the ways you can praise God by your offerings through WELS Foundation, feel free to call us, visit [wels.net/foundation](http://wels.net/foundation), or meet with your local WELS Christian giving counselor or mission advancement representative.

Yours in Christ,

*Pastor Kurt Lueneburg*

**PASTOR KURT LUENEBURG**

*Director, WELS Ministry of Christian Giving*

*James A. Holm*

**MR. JIM HOLM**

*Executive Director, WELS Foundation*



# Giving support

## CONSULTING SERVICES

WELS Foundation provides planned giving support to WELS members through WELS Christian giving counselors who are specifically trained in both the spiritual and financial aspects of planned giving. The WELS Christian giving counselors coordinate planned giving efforts with other WELS advancement representatives, congregational planned giving committees, and directly with donors and their advisors. Find your local Christian giving counselor at [wels.net/givingcounselors](https://wels.net/givingcounselors).

## EDUCATIONAL WEBINARS

WELS Foundation hosts monthly educational webinars. The monthly webinars include timely presentations on various planned giving topics such as Charitable Remainder Trust Essentials, Achieving Donor Goals with Gift Annuities, Working with Donors and Their Advisors, and Making the Right Choice between a Gift Annuity and a Charitable Remainder Trust.

The educational webinars are made available by WELS Foundation at no cost to WELS Christian giving counselors, advancement and development officers, and congregational planned giving committee leaders.

Contact WELS Foundation for recordings of past webinars or to participate in future sessions.

## IRA CHARITABLE DISTRIBUTIONS

An IRA charitable distribution allows a donor who is 70.5 or older to give up to \$100,000 directly to WELS charities from an individual retirement account (IRA). The amount distributed will be excluded from income for federal income tax purposes. This may be an especially useful gifting strategy for those who do not itemize their income tax deductions. The IRA charitable distribution must go directly to a qualified charity. You can choose to direct the distribution to WELS Foundation, which in turn will distribute the money to one or more WELS ministries you designate and provide you with the proper acknowledgement. Interested donors will want to contact their WELS Christian giving counselor to find out more.

# A gift that pays income for life

## CHARITABLE GIFT ANNUITIES

A charitable gift annuity (CGA) is a contract between a WELS member and WELS Foundation in which the member makes a gift of cash or securities in exchange for fixed annuity payments, generally for life. After the Lord calls him or her home, the remainder of the gift is distributed to the congregation or ministry as designated.

Income payments from a charitable gift annuity may begin immediately, be deferred to a specific date in the future, or be deferred until an unspecified date in the future.

The donor receives an immediate income tax charitable deduction, and in most instances a portion of the gift annuity payments will be a tax-free return of the original principal.

Examples of benefits of a \$10,000 charitable gift annuity:

AGE	PAY-OUT RATE*	TOTAL ANNUAL PAYMENTS	TAX-FREE PORTION	ALLOWABLE INCOME TAX CHARITABLE DEDUCTION
60	4.7%	\$470	\$307	\$2,591
65	5.1%	\$510	\$348	\$3,070
70	5.6%	\$560	\$401	\$3,625
75	6.2%	\$620	\$461	\$4,281
80	7.3%	\$730	\$562	\$4,713
85	8.3%	\$830	\$673	\$5,422
90	9.5%	\$950	\$792	\$6,116

\*Rates and data as of September 1, 2019.

*This information is not intended as legal advice. For legal and tax advice, WELS Foundation encourages you to consult an attorney or tax professional. The figures cited in the examples are for hypothetical purposes only and are subject to change. References to income tax include federal income tax only. Individual state income taxes may impact your results.*

As of June 30, 2019, WELS Foundation administered 639 gift annuity contracts.

	2019	2018	2017
Opening Balance	\$ 9,811,115	\$ 10,152,182	\$ 9,353,448
Gifts Received	1,387,282	580,040	1,525,088
Net Investment Income (Loss)	692,858	326,508	577,644
Annuity Payments	(958,322)	(970,675)	(998,650)
Charitable Distributions	(359,625)	(276,940)	(305,348)
<b>Ending Balance</b>	<b>\$ 10,573,308</b>	<b>\$ 9,811,115</b>	<b>\$ 10,152,182</b>

# A tax-wise way of providing for children and church

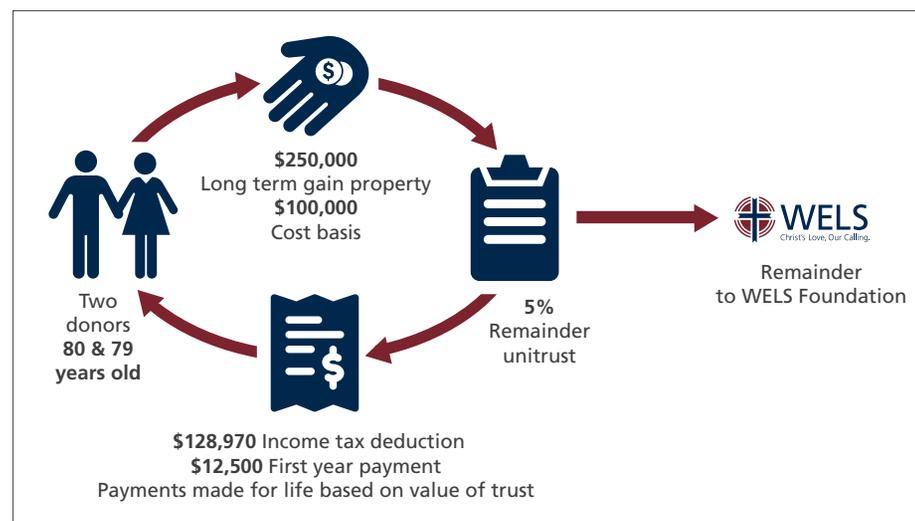
## CHARITABLE REMAINDER TRUSTS

A charitable remainder trust (CRT) is created when donors transfer cash, securities (stocks, bonds, mutual funds), or real estate into a charitable trust but keep a specified income interest—usually for their life or for a period of years for their children. When the trust ends per the donor’s designations, the property in the trust passes to their designated charitable beneficiaries, such as their church and/or synod.

As of June 30, 2019, WELS Foundation administered 146 charitable remainder trusts.

	2019	2018	2017
Opening Balance	\$ 29,534,768	\$ 30,060,675	\$ 30,435,782
Gifts Received	1,445,942	8,488	427,266
Net Investment Income (Loss)	1,297,698	1,869,133	3,049,336
Income Payments	(1,725,553)	(1,744,353)	(1,741,345)
Charitable Distributions	(1,322,562)	(659,175)	(2,110,363)
<b>Ending Balance</b>	<b>\$ 29,230,293</b>	<b>\$ 29,534,768</b>	<b>\$ 30,060,675</b>

Charitable remainder trust illustration:



# Convenient alternative to the private family foundation

## DONOR ADVISED FUNDS

A donor advised fund (DAF) is a charitable giving vehicle wherein an individual, family, or corporation makes an irrevocable, tax-deductible contribution of cash, securities, or other property to WELS Foundation and at any time thereafter can recommend grant distributions to qualified WELS ministries. The fund can be established with current gifts, deferred gifts (such as charitable gift annuities and charitable remainder trusts), and

testamentary gifts (such as wills, revocable trusts, or beneficiary designations for life insurance policies or retirement accounts).

The WELS Foundation donor advised fund program provides an alternative to the private family foundation. WELS members can accomplish many of the same goals but with far less administrative work and expense.

With recent tax reforms that increase the standard deduction for many, some are using their donor advised fund to “bunch” gifts. This is where, if you do not have enough deductible expenses to exceed the standard deduction, deductions from multiple years are grouped to itemize in some years.

*As of June 30, 2019, WELS Foundation administered 71 donor advised funds.*

	2019	2018	2017
Opening Balance	\$ 2,646,383	\$ 2,117,234	\$ 1,937,350
Gifts Received	551,949	1,480,379	473,274
Net Investment Income (Loss)	133,847	140,532	198,227
Charitable Distributions	(726,058)	(1,091,762)	(491,617)
<b>Ending Balance</b>	<b>\$ 2,606,121</b>	<b>\$ 2,646,383</b>	<b>\$ 2,117,234</b>

# Ongoing, dependable support for ministry

## WELS ENDOWMENT FUNDS

### WELS MINISTERIAL EDUCATION ENDOWMENT FUNDS

provide financial assistance to students attending WELS ministerial education schools. Wisconsin Lutheran Seminary, Martin Luther College, Luther Preparatory School, and Michigan Lutheran Seminary each have their own endowment, or give to the WELS Ministerial Education Endowment.

### WELS MISSIONS ENDOWMENT FUNDS

support the continued proclamation of the gospel to people in our nation and the world by WELS mission programs. Donations can be made to the WELS Missions Endowment or more directly to the Home Missions or World Missions endowment funds.

### WELS ORGANIZATIONS AND CHURCHES

WELS Foundation also manages endowment funds for individual congregations, schools, and organizations to benefit ministry locally.

A WELS Christian giving counselor can assist with setting up an endowment and help churches with promoting current and estate gifts to the fund. Call 800-827-5482 for more information.

*As of June 30, 2019, WELS Foundation administered 336 endowment funds.*

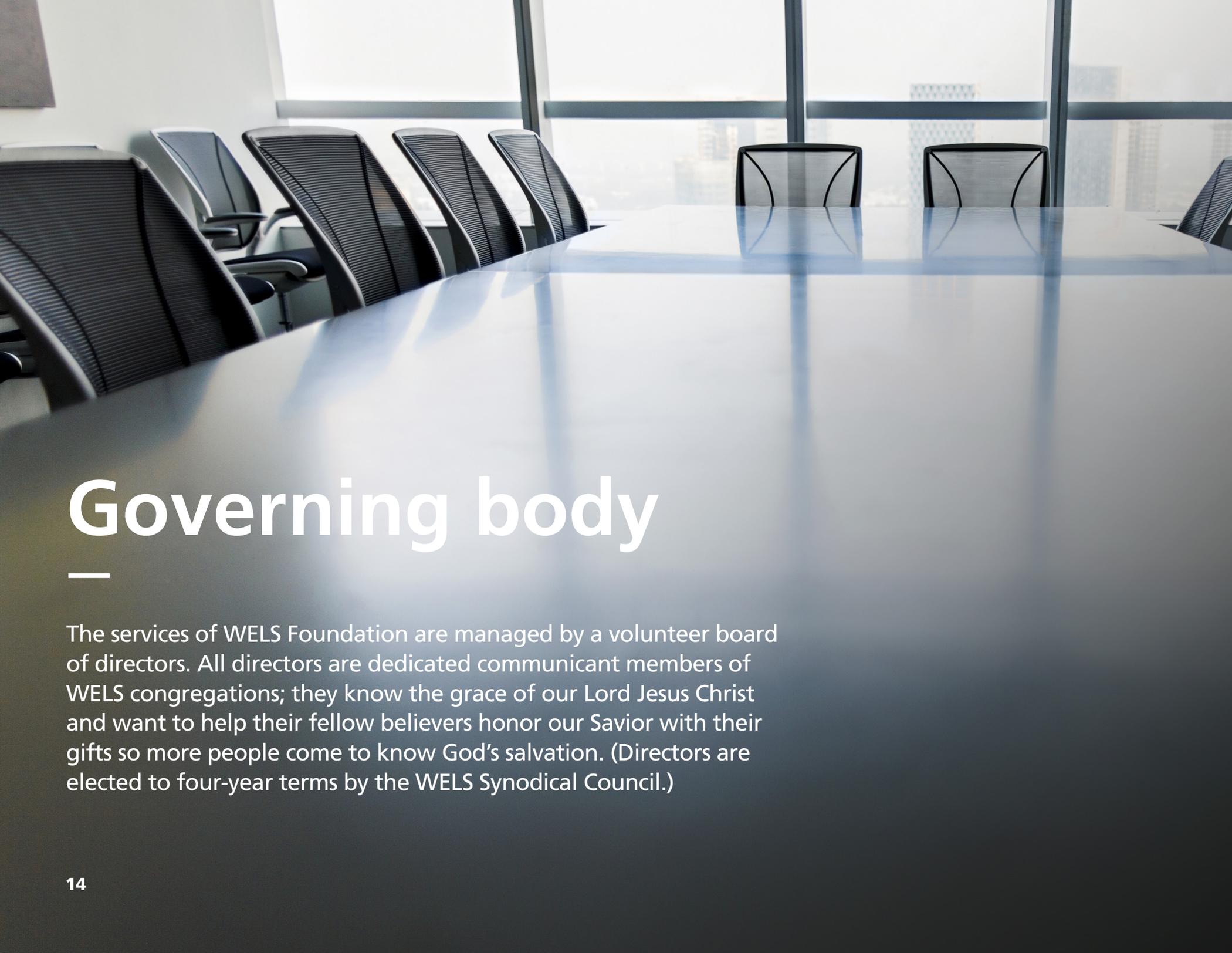
	2019	2018	2017
Opening Balance	\$ 84,371,157	\$ 78,866,058	\$ 70,465,335
Gifts Received	2,647,211	2,277,586	2,147,713
Net Investment Income (Loss)	5,030,769	6,080,007	8,614,988
Charitable Distributions	(2,793,353)	(2,852,494)	(2,361,978)
<b>ENDING BALANCE</b>	<b>\$ 89,255,784</b>	<b>\$ 84,371,157</b>	<b>\$ 78,866,058</b>



# Financial summary

Summary financial information for the fiscal years ending June 30, 2019, 2018, and 2017.

	AS OF JUNE 30, 2019	AS OF JUNE 30, 2018	AS OF JUNE 30, 2017
<b>ASSETS</b>			
Investments, cash, and cash equivalents	\$ 144,317,608	\$ 140,094,158	\$ 135,037,260
Property held for sale, life insurance, bequest, and other receivables	3,425,105	2,461,529	2,967,891
<b>Total Assets</b>	<b>\$ 147,742,713</b>	<b>\$ 142,555,687</b>	<b>\$ 138,005,151</b>
<b>LIABILITIES AND NET ASSETS</b>			
Accounts payable and accrued expenses	\$ 68,189	\$ 26,491	\$ 409,148
Gift annuities and trusts payable	24,097,654	24,904,404	25,879,632
Liabilities to outside beneficiaries	15,741,912	13,878,362	13,215,157
Investments held for WELS and schools	53,966,474	51,105,243	48,055,498
Net assets and funds held for WELS and WELS subsidiaries	53,868,484	52,641,187	50,445,716
<b>Total Liabilities and Net Assets</b>	<b>\$ 147,742,713</b>	<b>\$ 142,555,687</b>	<b>\$ 138,005,151</b>
<b>SUPPORT AND REVENUES</b>			
Gifts, memorials, and bequests	\$ 2,129,871	\$ 2,806,128	\$ 2,821,533
Net investment and rental income	4,631,275	5,434,838	8,133,330
Trustee and administrator fees	638,341	621,846	687,297
Decrease in split-interest gift agreements	(890,050)	(1,546,086)	(4,588,993)
<b>Total Support and Revenue</b>	<b>\$ 6,509,437</b>	<b>\$ 7,316,726</b>	<b>\$ 7,053,167</b>
<b>DISTRIBUTIONS AND EXPENSES</b>			
Administrative expenses	\$ 298,690	\$ 953,354	\$ 585,958
Program expenses	906,672	227,030	598,530
Distributions to WELS and WELS subsidiaries	4,076,778	3,940,871	7,430,895
<b>Total Distributions and Expenses</b>	<b>\$ 5,282,140</b>	<b>\$ 5,121,255</b>	<b>\$ 8,615,383</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 1,227,297</b>	<b>\$ 2,195,471</b>	<b>\$ (1,562,216)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>\$ 52,641,187</b>	<b>\$ 50,445,716</b>	<b>\$ 52,007,932</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 53,868,484</b>	<b>\$ 52,641,187</b>	<b>\$ 50,445,716</b>



# Governing body

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The services of WELS Foundation are managed by a volunteer board of directors. All directors are dedicated communicant members of WELS congregations; they know the grace of our Lord Jesus Christ and want to help their fellow believers honor our Savior with their gifts so more people come to know God's salvation. (Directors are elected to four-year terms by the WELS Synodical Council.)

# Board members



**MARK MAURICE**

*Chairman*

*term expires June 30, 2020  
(Southeastern Wisconsin District)*



**TIMOTHY BOERNEKE**

*Vice chairman*

*term expires June 30, 2023  
(Western Wisconsin District)*



**MICHAEL BRERETON**

*Secretary*

*term expires June 30, 2021  
(Michigan District)*



**NATHAN BIRKHOLZ**

*Director*

*term expires June 30, 2020  
(Minnesota District)*



**REV. JONATHAN KOLANDER**

*Director*

*term expires June 30, 2022  
(Arizona-California District)*



**MIKE KRUEGER**

*Director*

*term expires June 30, 2022  
(Minnesota District)*



**SCOTT NEITZEL**

*Director*

*term expires June 30, 2023  
(Western Wisconsin District)*



**TODD POPPE**

*Ex-officio member*

*WELS Chief Financial Officer*



**WELS Foundation**  
Wisconsin Evangelical Lutheran Synod

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