

AGENDA 5.1

Australian Lutheran College Inc.

EXECUTIVE SUMMARY

MAJOR ACHIEVEMENTS AND KEY RESULTS AGAINST PLAN

Australian Lutheran College's (ALC) Strategic Direction (2017-2022) states that: ALC must change in order to meet [LCANZ] expectations in a financially sustainable way, both challenging internal structures and assumptions, and developing new ways of acting.

Since GCC's [GCB] endorsement of its Strategic Direction the College has undertaken processes of enquiry and planning leading to change that seek to align its core educational activities with the LCANZ's diverse needs. While theological and spiritual fidelity remain as the foundation of all ALC activities, systems of innovative delivery leading to stronger financial sustainability are also being explored and implemented. This has resulted in a consistently balanced financial result to the end of 2020.

ALC is reshaping its educational activities under the rubric of 'Sooner, Deeper, Longer.' Through this rubric the College is developing vocational learning opportunities that seek to engage with enquirers and learners as early as possible. Discover, which was launched in 2019, is the College's flagship program to achieve this. The College is now also beginning to assess the 'Deeper' component of its program. This relates to the formational programs for pastor, teacher and lay worker training that are currently offered. This assessment is leading to innovative delivery modes that align with the College's Distributed Learning Model as the College seeks to engage with learners where they live. This has not led to the abandonment of the College's residential pastoral program, but to an exploration of how that program might be enriched and advanced through a distributed learning approach. This is highly congruous with a distributed approach which easily accommodates residential components across all vocational streams.

ALC is working closely with the College of Bishops and the Church Worker Support department (LCANZ) to explore how the College might support all Church workers through continuous education and professional development programs. This needs to be supported by a renewed culture within the whole of the LCANZ that values and actively engages with Lutheran theological learning.

The successes identified in this report come as the result of staff investment and commitment. Change at ALC is difficult, but all are making a contribution. The Board encourages the Church to thank God for the service of ALC staff, and for the abundant fruit that comes to the Church through their service.

SUCSESSES

Through its Strategic Direction ALC identified that cultural change is one of its major challenges. That change not only relates to the College's internal culture but also to its relationship with various stakeholders within the LCANZ.

That change is evident through the comprehensive list of successes that are identified later in this report. ALC is understanding and organising itself differently to better meet the needs of its diverse partners. This provides those partners with confidence, resulting in a marked growth in many of its non-accredited, learning activities. These activities include short projects with a number of LCANZ entities, growth in research activities, and a reimagining of ALC's relationship

with Lutheran Schools. Ultimately ALC launched Discover as a response to partner needs. Discover provides a flexible, entry level approach for people seeking to offer themselves in service to the LCA and beyond. The flexibility inherent in Discover is most evident in its distributed approach to learning as people are encouraged and enabled to engage with theological learning and spiritual formation where they live.

LESSONS LEARNT AND CHALLENGES

Higher Education student data from 2020 informs the College that 76% of ALC students are enrolled to study part-time, and that 67% of students are undertaking online studies. These high figures indicate a need for flexibility and agility when it comes to study options. Learning success, in view of this, is guided by the various quality frameworks (Higher Education and VET) that govern and shape the College's program. ALC is greatly concerned to ensure that all students have equitable learning experiences irrespective of the modes of delivery through which they engage. This requires upskilling for ALC teaching staff as its highly capable and competent teachers work with the various new modalities that are encapsulated in its Distributed Learning Model.

RISKS

ALC's financial viability continues to be an ongoing concern. The following factors contribute to that risk:

1. The market failure of ALC boarding and residential services, with subsequent losses of income. This is combined with continuing unrealised financial returns on all LCA-ALC under-utilized property;
2. Reductions to enrolled student numbers in support of the LCA's specified vocational streams (pastor and teacher training). Overall student numbers, however, remain high when non-accredited programs are factored in (eg FRM bush course, SMP training, short courses, ALC Training projects);
3. The high costs of providing accredited tertiary education;
4. LCA congregations/ departments /agencies running their own theological education programs, or seeking to train their staff through avenues other than ALC;
5. The continuing aging of ALC's donor base;
6. No growth to the LCA contribution to ALC's budget;
7. Slow uptake of the ALC brand throughout the LCA (poor understanding of who ALC is and what ALC does);
8. Many of the struggles felt within other parts of the LCA also impact ALC as a partner to many LCA departments and activities;
9. Societal changes that indicate the popularity of Christianity is declining.

MEMBERS

Australian Lutheran College Board of Directors

Mrs Cheryl Bartel (Vice-Chair), Ms Glenine Hamlyn, Rev John Henderson (ex officio), Professor Kristine Gebbie (Chair), Mr Andrew Long, Rev Peter Miller (Secretary), Rev Greg Pietsch, Mr David Prenzler

(Note: Five of ALC's Board members are ALC graduates.)

BACKGROUND

The ALC Board is currently implementing an Enterprise Risk Management Framework. This Framework guides and provides structure to Board activities as it seeks to plan, monitor and resource ALC's operational activities through the College's Principal. ALC is separately incorporated. As a consequence, the Board is accountable to the Australian Charities and Not-For-Profit Commission together with the Lutheran Church of Australia and New Zealand. To fulfil its responsibilities the Board seeks to inform itself concerning the teachings and practices of the LCANZ as well as corporate governance best practice. The Board provides annual reports to the General Church Board with additional interaction as the need arises.

ACHIEVEMENTS/RESULTS AGAINST PLAN

MAJOR ACTIVITIES AND OUTPUTS

Refer to Successes.

PROGRESS AGAINST PLAN/OBJECTIVES

ALC's Strategic Direction (2017-2022) remains its guiding document for core College activities. The Strategic Direction is informed by the LCZNS's own Strategic Direction document (2013-2018). In implementing its Strategic Direction, the College grounds its service in foundational Lutheran Theological values (confessional, evangelical, sacramental, missional, ecumenical, synodical) while also being innovative and responsive as it applies those values through all of its educational activities.

The College has focussed on relationship building to accomplish this. Many of its successes have arisen from continuing consultation and relationship building as a primary strategy to launching and implementing the Strategic Direction. In doing this the College has been able to participate in shaping existing learning and research opportunities (eg Graduate Certificate in Theological Education) while also developing and launching new products (eg Discover). All of these activities are expressions of the Colleges priorities and strategies:

- **Equip people for service in the Church and world**
(eg. Pastoral, Education and Lay studies streams; SMP and FRM training; instigation of Lay Preacher training program; growth in ALC research; LCANZ Professional Standards contract; cross-cultural Mandarin ministry intensive)
- **Explore, understand and discuss contemporary Church life questions and issues**
(eg. Lutheran Education ministry conference; chaplains workshop SANT; ALC Research and SANT Mission research grant to support congregations in vacancy; ALC Research and Church Worker Support Dept longitudinal research project; ALC Research and LCA Domestic Violence task force research project)
- **Listen and respond in partnership to the LCANZ and its needs and aspirations**
(eg Adoption and implementation of Distributed Learning Model, launch of Discover; Graduate Certificate in Education and Theology; Lay preacher training)
- **Use evidence as the basis for decision-making**
(ALC returned break-even financial results for 2019 and 2020. This reversed more than a decade of financial losses)
- **Communicate well with all stakeholders about where ALC is going and why**
(ALC staff attend and present at a number of LCANZ events including synods, conferences and local visits; the College also launched a new website)
- **Implement good governance that can manage well and manage change well**

(ALC has inducted new skills-based Board members; the College is seeking to align its governance standards and practices with the LCA and global best practice.)

SUCSESSES

By the end of 2019 core ALC activities (in service to the LCA) began to line up with its Strategic Direction (2017-2022). Many of those changes sought to align the College's learning, teaching and research activities with innovative delivery methods. That innovation is in recognition of an increasingly diverse Church (LCA) with equally diverse needs. The success of these changes is largely due to the efforts of all of the College's staff (teaching and admin). Despite a 25% reduction in staffing levels at the end of 2018, the College's remaining staff are successfully applying themselves to the challenges of faithfully and effectively offering Lutheran theological education in increasingly financially viable ways.

The innovations that are evidenced below arise from continuing consultation between the College and its diverse LCA stakeholder groups as the College seeks to inform and shape its service according to the contemporary needs of those groups.

The following dot point list provides more detail concerning the College's successes through to the end of 2020/start of 2021. In reading this list, please consider it not only from the point of view of financial benefits and growth outcomes but, more importantly, as the godly celebration of the convergence of many human stories (Board, staff, students, stakeholders and supporters) under the calling, gathering and enlightening of the Holy Spirit:

- ALC launched its new brand across all operations in 2019, together with a new website.
- The College achieved a break-even financial result for 2019 and 2020.
- The College quarantined non budgeted bequest funds for the purpose of strategic growth. These funds will be used to seed learning, teaching, research and marketing innovations.
- The Board approved the implementation of a Distributed Learning Model across all streams of learning and research. While the College's Adelaide campus still offers unique learning and formational opportunities (that are actively embraced by those who participate in them), the College is seeking to expand those experiences to serve the LCA and its partners in geographically dispersed regions.
- A new flexible and innovative vocational discernment program called *Discover* was mapped out and launched at the end of September 2019. This program aims to support vocational aspirants who seek to discover where and how God is calling them to witness and serve. This discernment is supported by a four way partnership between aspirants (learners), LCA, local faith communities and ALC. Discover therefore offers the LCA an opportunity to know its vocational aspirants, and for those same aspirants to more fully know the LCA. This provides the LCA, through its local faith communities, with the opportunity to become a 'sending' Church as it confidently sends students to the College, and then as it sends those same graduate students into lives of witness and service.
- Following consultation with LEA, a Graduate Certificate in Education and Theology (GCTE) was launched in 2019. This is a new professional development program that allows teachers to gain credit for work undertaken in designated school and district based professional development activities (eg. Connect and Equip).
- In 2019 ALC staff provided core content for three Lutheran Education ministry conferences held in SA, Qld and Vic and feedback received from their presentations was outstanding.
- In 2019 ALC's Research department in conjunction with SALT Mission won a grant to conduct research into how to sustain regular worship during a lengthy vacancy or in a multi-point parish, while continuing to spread the Word of God in mission.
- In 2019 ALC ran a workshop for chaplains located in the SALT district.
- In 2019/2020 ALC ran Leadership Training for students in Lutheran primary schools.

- In 2019 ALC, in conjunction with the LCA's Committee for Cross-Cultural Ministry hosted an intensive training course with a difference—a workshop focusing on Lutheran Theological identity from an Asian perspective, presented in Mandarin. In order to make this training more widely accessible in future, ALC in cooperation with the LCA's Committee for Cross-Cultural Ministry is working on developing a Cross-Cultural Ministry unit of study, which will be offered online at a Certificate IV level. The course will enable pastors, teachers and lay workers to understand the importance of ministering inter-culturally and will also assist current practitioners in working cross-culturally.
- In 2020, ALC introduced more flexible study options across all vocational programs, including the pastoral program. This flexibility continues in 2021 with online students participating in on-campus classes.
- During the midst of the COVID-19 pandemic in 2020, ALC ran its first online short courses with 160 participants joining in from all around Australia as well as New Zealand, South Africa, Singapore, the Philippines, America and even a class of students from Martin Luther Seminary in Papua New Guinea.
- In 2020, ALC also ran its first overseas webinars for students at the Lutheran Study Centre at Sabah Theological Seminary, Malaysia with close to 100 participants attending.
- In 2020 College of Bishops asked ALC to develop a training module for Lay Preaching. This module was completed and launched in 2021.
- In 2020 LCA Professional Standards Department contracted ALC to develop online training for Safe Church Training.
- In 2020 the LCA's Church Worker Support Department commissioned ALC Research to conduct a longitudinal project which considers the well-being of Church workers in the LCA over a 10-year period.
- In 2020 ALC's Director of Research Services was assigned as a co-researcher for the project commissioned by the LCA's Domestic Violence Taskforce entitled 'Religion and Domestic Violence: exploring men's perpetration'.
- In 2020, the ALC Board became a calling body.
- In 2021, ALC continues to work with the Church Worker Support Dept. to implement Pastoral supervision and continuing professional development strategies.
- ALC's online training space continues to host the LCA's Congregational Leadership Training and LEA's Valuing Safe Communities training.
- 113 participants attended ALC's first Festival of Learning in February 2021, providing an opportunity for many to sample ALC's academic offerings – the majority choosing to participate online.
- From 2021, the ALC Library and Wantok Place will be collaborating on a cataloguing project of PNG resources.
- Many of ALC's staff continue to present at local, national and international conferences and events.

LESSONS LEARNT AND CHALLENGES

- The greater number of ALC students are choosing part-time study over full-time.
- A challenge ALC has faced for some time now is LCA congregations/departments/agencies running their own accredited and unaccredited theological education programs, or seeking to train their staff through avenues other than ALC. ALC is keen to work with such groups and it is not always sure why it has not been considered as an option. This is a challenge as well as a risk as it impacts ALC enrolment numbers and the College's ability to develop a sustainable business model.
- ALC conducts increasing numbers of adhoc training events outside of its higher education and VET program. It is important that statistics from these training events are included

when reporting student numbers, as they give a more realistic picture of how ALC meets the training needs of the Church.

RISKS

Major risks

- The market failure of ALC boarding and residential services, with subsequent losses of income. This is combined with continuing unrealised financial returns on all LCANZ-ALC under-utilised property;
- Reductions to enrolled student numbers in support of the LCANZ's specified vocational streams (pastor and teacher training). Overall student numbers, however, remain high when non-accredited programs are factored in (eg FRM bush course, SMP training, short courses, ALC Training projects);
- The high costs of providing accredited tertiary education. While the College has significantly improved its financial performance, accredited tertiary education remains an increasingly expensive exercise. The costs of moving to non-accredited models would impact students who would no longer be able to access FEE HELP and CENTRELINK support. While the College is showing improvement in its total enrolment numbers, many of those offerings produce little or no financial return to the College;
- LCA congregations/ departments /agencies running their own theological education programs, or seeking to train their staff through avenues other than ALC;
- The continuing aging of ALC's donor base;
- No growth to the LCA contribution to ALC's budget;
- Slow uptake of the ALC brand throughout the LCA (poor understanding of who ALC is and what ALC does);
- Many of the struggles felt within other parts of the LCA also impact ALC as a partner to many LCA departments and activities;
- Societal changes that indicate the popularity of Christianity is declining;
- ALC's financial viability continues to be an issue. As an agency of the Lutheran Church of Australia and New Zealand, ALC remains vulnerable to the financial capacity of the Church. ALC essentially trades with a sole client and is therefore unable to spread its risk;
- ALC has reduced its staffing levels by approximately 25%. While this has produced efficiencies (increases to productivity) any further reductions would severely inhibit the College in its service to the Church. Even now, the College is being asked to do more with less.

Likelihood of identified risks occurring and potential impact

While the risk to ALC is significant, the College is confident that it is establishing a growth trajectory that, even at this early stage, is producing significant results. ALC's overall viability depends on its partnership with the LCANZ. When the Church suffers, ALC also suffers.

Summary of action taken to mitigate risk

ALC's central strategy is to grow its enrolments with subsequent benefits to its financial bottom line. The College will continue to do this by seeking to connect the wider parts of the LCANZ, and its partners, with its programs. This will be done through short course and audit study options. The College also anticipates improvements in trade through ALC Training (customised, non-accredited training).

ALIGNMENT TO 'OUR DIRECTION 2018-2024'

LCA PRIORITIES AND OBJECTIVES

1. Grow as God's People

- 1.1 Support a passionate faith in individuals, families and communities shaped by a growing understanding of God's word, nurtured and sustained in prayer and worship
- 1.2 Encourage worship that recognises people receive and respond to God's grace in different ways
- 1.3 Equip people for mission and ministry in the Church, local communities and the wider world
- 1.4 Raise the awareness in our communities of issues facing Aboriginal and Torres Strait Islander people and grow their meaningful participation in the life and mission of the Church
- 1.5 Protect and uphold the dignity of people, especially children and the vulnerable, to lead lives in peace and safety

2. Go as God's People

- 1.1 Strengthen a missional culture where individuals, families and communities are inspired, passionate and active in sharing the gospel
- 1.2 Encourage strong missional-oriented leadership by supporting pastors, lay workers and other leaders to be effective ministers of Christ in a changing world
- 1.3 Support collaborative, missional-oriented approaches in changed and changing mission fields
- 1.4 Seek and grow new mission fields, working in partnership across the Church and others that share our values
- 1.5 Support existing communities to be active in mission
- 1.6 Encourage continued support for overseas ministries carried out through effective Church-to- Church partnerships

HOW ALC SUPPORTS LCA'S PRIORITIES AND OBJECTIVES

Equipping people for service in the Church and the world

ALC:

1. Works with its LCA partners to define explicit competencies for pastors, teachers, lay workers and volunteers to deliver theologically based vocational education for lifelong witness and service through diverse modes and levels of learning;
2. Seeks to grow students enrolments. This is not just for financial benefits, but so that there will be a growing body of theologically informed and vocationally equipped people ready to witness and serve in and through the LCA;
3. Serves with Church-wide partners (eg congregations, schools, aged care services) to form and support Centres of Learning and Innovation, that is informed by relevant research;
4. Maintains, in partnership with International Mission (LCA), an intentional international role, including partnerships with international theological institutions and serves international students;
5. Reviews and refines all ALC learning curriculum and courses to ensure that they meet the Church's developing needs;
6. Develops quality assurance methods that measure teaching, research and student outcomes to support and advance ALC's purpose and goals.

Exploring, understanding and discussing contemporary Church life questions and issues

ALC:

1. Continues to expand its research program including asking questions about what it means to be Lutheran in the contemporary world;
2. Looks outward, engaging with other ways of looking at the world and being in ecumenical partnership with other Churches and other parts of the wider community;
3. Enables people within the Church or its institutions who have a passion, an interest or a curiosity about particular questions and issues to pursue further knowledge;
4. Develops networks of people with research skills and expertise to support exploring, understanding and dialoguing contemporary Church life questions and issues through building research capacity together.

Listening and responding in partnership to the LCA and its needs and aspirations

ALC:

1. Listens to the whole Church appreciatively, both in the traditional points of LCA life and the newer emerging ones;
2. Strengthens existing partnerships (including LCA College of Bishops, Lutheran Education Australia, other LCA departments);
3. Cultivates new partnerships (including Lutheran Aged Care and Community Care);
4. Identifies and participates in ways that its partnership in the University of Divinity can inform, strengthen and expand the College's service to the LCA and beyond.

LCA PRIORITIES AND OBJECTIVES

3. Enable us to Grow and Go

1.1 Governance

- 1.1.1 Strengthen governance at all levels, clarify accountabilities and ensure appropriate support
- 1.1.2 Improve governance structures and the relationships between all parts of the Church, including districts, schools, aged care and community service organisations

HOW ALC SUPPORTS LCA'S PRIORITIES AND OBJECTIVES

Implementing good governance that can manage well and manage change well

The ALC Board:

1. Functions as a Board of governance and not management;
2. Maintains open channels of communication with the leadership of the LCA including the General Church Board (GCB) to facilitate understanding of changes as they occur;
3. Has policies for Board processes, a Board-Principal relationship, delegations and limitations, that focus on the Strategic Direction and its successful implementation (what it wants ALC to achieve);
4. Establishes budgets and holds the Principal accountable for meeting budgetary expectations;
5. Requires the Principal and Leadership Team to put in place a change management plan and report to the Board regularly on progress;
6. Requires the Principal and Leadership Team to support an internal culture that is open to change and continuously learning about and implementing improved approaches to meet the desired strategic direction

LCA PRIORITIES AND OBJECTIVES

3. Enable us to Grow and Go

1.2 Engagement and Communications

- 3.2.1 Support greater engagement with local communities to assist Church wide services to be responsive to their needs
- 1.2.2 Support Church ministries to effectively use diverse media to inspire and equip individuals, families and communities to grow and go
- 1.2.3 Encourage local communities so that they feel valued, united and hopeful within their wider Church family
- 1.2.4 Deepen collaboration between the ministries of the Church to achieve integrated and effective communications and engagement across the Church

HOW ALC SUPPORTS LCA'S PRIORITIES AND OBJECTIVES

Communicating well with all stakeholders about where ALC is going and why

ALC:

1. Ensures an ongoing flow of information to staff and students on anticipated and implemented changes;
2. Provides regular information to all parts of the LCA, its congregations and institutions;
3. Develops communication channels with the wider community and other partners including the University of Divinity.

COORDINATION AND COLLABORATION

College of Bishops

- ALC prepares pastoral candidates for ordination and service in the LCA.
- At the request of the CoBs, ALC provides specialised on-campus training for SMP's for one week, twice a year.
- ALC undertakes research for CoBs as requested.
- ALC works in partnership with CoBs to implement changes to the pastoral program.
- ALC designed and delivers Lay Preacher training.

Lutheran Education Australia and Regional Offices

- ALC provides LEA approved pre-service and in- service programs leading to accreditation in Lutheran Schools.
- Lutheran Schools offer practical placements for undergraduate pastoral students.
- ALC provides consultation to LEA from time to time, and provides personnel to serve on various committees and task groups.
- ALC undertakes research projects for LEA.
- The provision of accreditation for the existing Connect and Equip induction and professional development modules offered through Lutheran Schools is well advanced.
- ALC provides the online platform for schools undertaking Valuing Safe Communities training.
- ALC provides professional development training for teachers in Lutheran schools.
- ALC provides leadership training for school groups as requested.

Commission on Theology and Inter-Church Relations

- Ordained ALC staff provide theological expertise and leadership on the commission and inter-church dialogue teams.

Local Mission & International Mission

- ALC in cooperation with the LCA's Committee for Cross-Cultural Ministry is developing study options to enable pastors, teachers and lay workers to understand the importance of ministering inter- culturally.

- ALC teaching staff coordinate and support scholarship students.
- ALC teaching staff contribute to the Lutheran Studies Centre and English language stream at Sabah Theological Seminary-Indonesia.
- ALC teaching staff participate in LWF sponsored consultations of the Network of Lutheran Theological Institutions in Asia.
- An ALC staff member acts as an overseas liaison person to the LCA Committee for International Mission.
- ALC is working with Local Mission to try and implement changes to the pastoral program that support their mission work.

Church Worker Support

- ALC provides approved pre-service and in-service higher education and VET education leading to lay worker accreditation.
- ALC and the Church Worker Support Dept work together to promote careers in the LCA and also work together to develop and promote the Continuing Education for Pastors program.
- ALC provides the online platform for HRS training

LCA Congregations

- ALC provides the online platform for Congregational Leadership Training.
- ALC provides customised training for congregations as required.
- Ordained staff fill guest preaching roles in various congregations around Australia.
- ALC undertakes research projects in cooperation with congregations eg. Worship in multi-point parishes project.

LCA District Offices

- ALC collaborates with District Offices in the planning and promotion of ministry training to LCA congregations.
- ALC provides practical support for the internship programmes that are distinct to various LCA Districts.
- Ordained lecturers attend and speak at District Pastors Conference's around Australia.

Lutheran Aged Care

- Initial conversations have commenced concerning Aged Care needs for staff induction packages. Some of these conversations are very specific to particular LCA Districts, and we await progress in some of those places.

Youth and Family Ministry (BCYFM)/ Grow Ministries

- The Director of VET is a consultant on the Committee for Child, Youth and Family Ministry.
- They are a partner in delivering the 'Home and Church in Partnership' workshop.
- ALC staff have participated in a number of GROW Ministry projects including the training of young LCA leaders.

Lutheran Archives

- ALC co-sponsor and organise the annual Fritzsche Oration in consultation with Lutheran Archives.

Finke River Mission

- ALC ordained staff work in consultation with the FRM Board to develop pastoral training for Indigenous groups, and attend bush camps up to twice a year as guest presenters.

Lutheran-Roman Catholic Dialogue

- Ordained staff provide theological expertise and leadership as part of this dialogue group

Lutheran-Uniting Church Dialogue

- Ordained staff provide theological expertise and leadership as part of this dialogue group

Lutheran-Anglican Dialogue

- Ordained staff provide theological expertise and leadership as part of this dialogue group

FINANCE/BUDGET

ALC ran the tertiary boarding accommodation for many years. This activity consumed resources in the form of Refectory, Cleaning, Maintenance and Administration services. With a lack of available capital for re- investment in the facilities, and the construction of purpose built modern facilities in the Adelaide CBD, the boarding offering became “tired”, and demand declined. 35 students was the approximate breakeven point, and with 18 applicants for 2019, the decision to close at the end of 2018 was made. With the restructuring costs accounted for in 2018, the final result for 2018 was a deficit from ordinary activities, prior to recognising bequests of \$194K. With the loss of a significant income stream, the challenge for 2019 was to ensure costs were maintained in line with income. Bequests are not included in the income budget as a matter of policy, and the budget for 2019 was a breakeven result. In 2019 income declined from \$3962K to \$3524K - a difference of \$438K, due largely to the closure of boarding.

Expenses declined from \$4156K to \$3527K a drop of \$629K. \$557K of this expense decline is due to employee reductions. The combination of reducing heads, and other overhead savings, have turned a \$194K deficit in 2018, to a \$3K deficit in 2019; essentially a breakeven result, prior to the recognition of bequests.

In 2019 ALC received bequests totalling \$420K. The reported surplus therefore was \$416K.

These bequests (along with subsequent receipts), have been deposited into a separate account, to be used for strategic growth initiatives.

Prior to the devastating impacts of COVID-19, ALC was on track to achieve a similar result for 2020 – a breakeven result with the exclusion of bequests. Since the restrictions imposed by the pandemic, this expectation has not changed, due to the drop in income from the Church, being offset by the qualification for economic stimulus measures.