

MEMORANDUM

Date: October 14, 2004

To: Members of Synod

From: Diocesan Treasurer & CFO

Re: **2005 Proposed Budget**

Attached is the 2004 Proposed Budget. There are five alternatives presented which are outlined in the Executive Summary included with this report. This number of alternatives resulted from the New Niagara process. As a result, this budget looks different from those of previous years.

Following are some highlights of the budget which I hope will assist you in reviewing it:

- ▶ There has been no increase in the Diocesan Mission & Ministries rate used to calculate the former assessment figure. Any increase on a year over year basis is solely the result of continued growth at the parish level in their three year assessable earnings average.
- ▶ An increase of 2 ½ % has been approved by Synod Council for clergy positions in 2005 and recommended to parishes for all staff positions. Accordingly, we have built that percentage into wage adjustments for the current year.

Notes:

- 1) The new Director of Evangelism position is separately funded from monies restricted for that purpose. As a result, it is not reflected in our operating budget but will be included in our financial statements under the Restricted Funds category.
- 2) Actual results up to the end of August 31, 2004 are collectively well within the overall budget. In light of this we would expect a surplus for fiscal 2004.

Executive Summary

Traditionally each year, the budget sub-committee prepares the annual budget with input provided by the various divisions, staff and administration. With the help of the Financial Advisory committee and Synod Council a balanced budget is presented to Diocesan Synod for approval. This year marks a departure from the past. Separately two groups have been involved in the budgeting process for 2005.

New Niagara, the first group, embarked upon a process of strategic consultation with the members of the diocese to determine our core values and priorities, and to formulate a new vision that would reflect what was heard. Local, regional and diocesan initiatives were identified, synthesised and prioritised. These initiatives were then quantified and of the 118 initiatives, 18 were identified that required financial support for implementation. Of these, 3 were included for discussion and possible inclusion in the 2005 budget.

Senior management and the financial committees, the second group, classified expenditures into three categories: (1) core expenditures which include the Bishop and the Bishop's seat, "givens" that are not up for discussion, (2) long-term variable expenditures, items which it would be difficult to reduce or change in the short term but may be tackled in future years, and (3) short-term variable expenditures, those programs and expenditures which could be changed or modified within the next year should funding not be provided.

Senior staff and management have taken on the task of reviewing and evaluating all aspects of diocesan operations from infrastructure and staffing, to programmes. This evaluation process will involve a consultative process with members of the diocese and will proceed in the coming months. It may lead to major strategic changes in the way the diocese operates and impact significantly the long-term variable expenditures. Two episcopally mandated task forces relating to the revenue side of the budget have also been set up and will review parish viability and diocesan mission and ministries. This work is just beginning and will be ongoing into 2005.

Those programs and expenditures that were identified as short-term variable expenditures, and the 3 new initiatives that were brought forward from New Niagara were the subject of discussions at four regional meetings. Those attending the meetings prioritised the activities and related expenditures. The budget sub-committee, members of Financial Advisory Committee and the New Niagara leadership team reviewed the results and the budget alternatives included are the result of the convergence of the input received through the New Niagara process and the review by the financial committees and management.

All of the budget alternatives include the same core and long-term expenditures and each represents a balanced budget. The alternatives represent possible scenarios for the allocation of the short-term expenditures that will require further discussion and decision by Diocesan Synod to determine the final 2005 budget.

Budget Alternative #1

The first alternative is consistent with the overall results from the regional meetings. Those meetings consistently identified the following three low priority areas of short-term expenditures: the Niagara Anglican, the additional \$50,000 increase to the national church, and the New Niagara – Internet Resource Research Staff (1/2 time) initiative. Further there were insufficient funds to support the New Niagara – HR Emphasis on Leadership Development initiative and it was also subsequently dropped. Consequently, these four expenditures are not included in this budget alternative.

Management and the financial committees became aware of new information concerning a contractual agreement between the Niagara Anglican, the national church and Canada Post when the results of the regional meetings made it apparent that it was likely funding to the Niagara Anglican could be curtailed. That agreement requires that \$22,000 be passed from the diocese to the national church for distribution costs of the Anglican Journal and the Niagara Anglican. The following scenarios include \$22,000 to the Niagara Anglican, \$10,000 less than the \$32,000 that was initially included in the discussions at the regional meetings. It was felt that the Niagara Anglican needs to be looking toward financial self-sufficiency, but could not be expected to meet this contractual commitment and the loss of subsidy from the diocese in one year. The alternatives below recognize that there need to be further reductions in other areas in order to present a balanced budget.

Budget Alternative #2

This alternative reduces the allocation to Canterbury Hills capital support (originally \$65,000) by \$22,000. Canterbury Hills capital support was the next lowest priority item from the results of the regional meetings.

Budget Alternative #3

The third alternative recognizes that the results of the regional meetings were not conclusive in that several of the initiatives particularly those that were deemed lower in priority had very similar results. Consequently, this alternative reduces the allocation to the two next lowest priority items, New Niagara – Additional 20 hours Regional Youth Ministry (originally \$29,140) and to Canterbury Hills Capital Support (originally \$65,000) each by \$11,000.

Budget Alternative #4

The fourth alternative suggests that because the New Niagara initiative to add 20 hours to Regional Youth Ministry was perceived by a significant number to be a lower priority item, that this new initiative should not be included in the 2005 budget. This would give those directly involved in youth ministry an opportunity to review and evaluate their current programmes, and determine the best way to implement this regional initiative for future budgets. This alternative would produce a balanced budget and provide most of the original funding requested by the Niagara Anglican (\$29,140 versus \$32,000).

Budget Alternative #5

The fifth alternative suggests that the original \$32,000 required for the Niagara Anglican be generated by applying an equal cut to each of the short-term expenditure items, reducing each by approximately \$2,286.

These are the five alternative budget scenarios that are being brought forward by the Finance/Budget subcommittee and the Financial Advisory committee for consideration and discussion at Synod. Delegates at Synod may suggest other alternatives for consideration. By canon, the diocese may not approve a deficit budget, and so alternatives will have to satisfy this constraint.

The budgeting process this year has marked a significant departure from the traditional approach to budgets in the past. Many more people have had an opportunity to impact on the final alternatives that are being presented at Synod, and Synod delegates will have the opportunity to shape the final draft of the 2005 budget that will be voted on for approval. The Finance/Budget subcommittee, Financial Advisory Committee, management and the New Niagara leadership team recognize that there have been some imperfections in the process and that the short timelines have made it difficult to do all of the preparation that could have been done to facilitate the process. It has been a learning experience and we will continue to improve and engage as many as possible in the budgeting process in future years. The diocese is facing significant financial issues, and it is important that we work together and take ownership of the hard decisions that will need to be made. We welcome your comments and input as together we strive to be "more than we can ask or imagine through the power of God" in the coming years.

2005 DRAFT DIOCESAN OPERATING BUDGET

Draft: October 14, 2004

	<u>2005 BUDGET ALTERNATIVES</u>				
	(#1)	(#2)	(#3)	(#4)	(#5)
<u>RECEIPTS</u>					
Diocesan Mission & Ministries	3,140,000	3,140,000	3,140,000	3,140,000	3,140,000
Interest on Trust Funds	105,000	105,000	105,000	105,000	105,000
Investment Fund Administration Transfer	65,000	65,000	65,000	65,000	65,000
Insurance Fund Administration Transfer	25,000	25,000	25,000	25,000	25,000
Parish Fundraising Consulting	0	0	0	0	0
Sundry	15,000	15,000	15,000	15,000	15,000

Total Receipts	3,350,000	3,350,000	3,350,000	3,350,000	3,350,000
 <u>CORE EXPENDITURES</u>					
<u>Episcopal Office:</u>					
Staff:					
Diocesan Bishop	98,000	98,000	98,000	98,000	98,000
Benefits/Pension	23,520	23,520	23,520	23,520	23,520

	121,520	121,520	121,520	121,520	121,520
 <u>LONG-TERM EXPENDITURES</u>					
<u>Episcopal Office:</u>					
Staff:					
Episcopal Assistance	1,000	1,000	1,000	1,000	1,000
Executive Officer	83,347	83,347	83,347	83,347	83,347
Secretary of Synod	18,056	18,056	18,056	18,056	18,056
Office Staff	59,500	59,500	59,500	59,500	59,500
Benefits/Pension	38,857	38,857	38,857	38,857	38,857

	200,760	200,760	200,760	200,760	200,760

Expenses:

Episcopal Discretionary	15,000	15,000	15,000	15,000	15,000
Episcopal Expenses	50,000	50,000	50,000	50,000	50,000
Synod Council Committees	15,000	15,000	15,000	15,000	15,000
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	80,000	80,000	80,000	80,000	80,000

Lambeth:

Core Budget	2,400	2,400	2,400	2,400	2,400
Funding Bursaries	2,381	2,381	2,381	2,381	2,381
Conference Fee	1,500	1,500	1,500	1,500	1,500
Travel Expenses	1,000	1,000	1,000	1,000	1,000
Additional Appeals	1,000	1,000	1,000	1,000	1,000
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	8,281	8,281	8,281	8,281	8,281
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	289,041	289,041	289,041	289,041	289,041

Pension Commitments:

Pension Support - Retired Bishops	30,000	30,000	30,000	30,000	30,000
Louisa Parke Commitment	10,000	10,000	10,000	10,000	10,000
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	40,000	40,000	40,000	40,000	40,000

Administrative Support Functions:**Finance Staff:**

Treasurer	83,347	83,347	83,347	83,347	83,347
Office Staff	187,712	187,712	187,712	187,712	187,712
Benefits/Pension	65,054	65,054	65,054	65,054	65,054
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	336,113	336,113	336,113	336,113	336,113

Other Staff Costs:

Additional Payroll	8,000	8,000	8,000	8,000	8,000
Wage Adjustment Prior Years	8,847	8,847	8,847	8,847	8,847
Wage Adjustment Current Year	28,298	28,298	28,298	28,298	28,298
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	45,145	45,145	45,145	45,145	45,145

Diocesan Operations:

Archives	10,000	10,000	10,000	10,000	10,000
Conferences/Travel	15,000	15,000	15,000	15,000	15,000
Personnel Transition and Severance	265,000	265,000	265,000	265,000	265,000
Screening	2,000	2,000	2,000	2,000	2,000
Parish Interest/Other Expense	125,000	125,000	125,000	125,000	125,000
Parish Loan Reduction	102,510	102,510	102,510	102,510	102,510
Parish Ministry Support Grants (committed)	5,000	5,000	5,000	5,000	5,000
Discretionary Ministry/Parish Support	25,000	25,000	25,000	25,000	25,000
Staff Expenses	25,000	25,000	25,000	25,000	25,000
Contingency	10,000	10,000	10,000	10,000	10,000
Interest Bank Operating Loan	72,000	72,000	72,000	72,000	72,000

656,510 656,510 656,510 656,510 656,510

Administrative Expenses:

Telephone	16,000	16,000	16,000	16,000	16,000
Web Site Support	18,000	18,000	18,000	18,000	18,000
Mailing	19,000	19,000	19,000	19,000	19,000
Office Supplies	14,000	14,000	14,000	14,000	14,000
Payroll System	8,000	8,000	8,000	8,000	8,000
Equipment Rentals	2,000	2,000	2,000	2,000	2,000
Equipment Service/Contracts	11,500	11,500	11,500	11,500	11,500
Equipment/Furniture Purchases	9,000	9,000	9,000	9,000	9,000
Computer Systems Support	5,000	5,000	5,000	5,000	5,000
Printing	8,000	8,000	8,000	8,000	8,000
Resources	4,000	4,000	4,000	4,000	4,000
Audit	11,000	11,000	11,000	11,000	11,000
Legal	16,000	16,000	16,000	16,000	16,000
Other Expenses	10,000	10,000	10,000	10,000	10,000
Bank Charges	8,000	8,000	8,000	8,000	8,000

159,500 159,500 159,500 159,500 159,500

Cathedral Place Building:

Maintenance	38,000	38,000	38,000	38,000	38,000
Utilities	42,000	42,000	42,000	42,000	42,000
Insurance	19,000	19,000	19,000	19,000	19,000

Facility Rental Revenue	-2,000	-2,000	-2,000	-2,000	-2,000
Renovations/Major Repairs	25,000	25,000	25,000	25,000	25,000
Property/Cleaning/Reception	118,000	118,000	118,000	118,000	118,000
	240,000	240,000	240,000	240,000	240,000

Ministry of the Anglican Church Beyond Niagara:

General Synod:

Apportionment	600,000	600,000	600,000	600,000	600,000
Delegate Fees	0	0	0	0	0
General Synod Hosting	0	0	0	0	0
	600,000	600,000	600,000	600,000	600,000

Provincial Synod:

Assessment	18,500	18,500	18,500	18,500	18,500
Delegate Fees	0	0	0	0	0
Hosting Provincial Synod 2003	0	0	0	0	0
OPCOTE	10,000	10,000	10,000	10,000	10,000
	28,500	28,500	28,500	28,500	28,500

	628,500	628,500	628,500	628,500	628,500
<u>TOTAL LONG-TERM EXPENDITURES</u>	<u>2,516,328</u>	<u>2,516,328</u>	<u>2,516,328</u>	<u>2,516,328</u>	<u>2,516,328</u>

SHORT-TERM EXPENDITURES - TO NIAGARA

Youth Ministry

Program Staff:

Program Consultant (Youth, Adult Ed.)	43,030	43,030	43,030	43,030	43,030
Office Staff	15,057	15,057	15,057	15,057	15,057
Benefits/Pension	13,941	13,941	13,941	13,941	13,941
	72,028	72,028	72,028	72,028	72,028

Program Administration And Support:

General Program Expenses	2,000	2,000	2,000	2,000	2,000
Serverfest	800	800	800	800	800
Niagara Youth Conference	11,700	11,700	11,700	11,700	11,700
Spirit Quest	800	800	800	800	800
Youth Leadership Training Program	3,000	3,000	3,000	3,000	3,000
Youth Synod	4,500	4,500	4,500	4,500	4,500
Youth Ministry Training Fair	0	0	0	0	0
Youth Members of Diocesan Synod Orientation	350	350	350	350	350
Youth Ministry Training Initiatives	3,200	3,200	3,200	3,200	3,200
Youth Ministry Sunday	350	350	350	350	350
Youth Ministry Committee	2,500	2,500	2,500	2,500	2,500
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	29,200	29,200	29,200	29,200	29,200
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	101,228	101,228	101,228	101,228	101,228
					98,942

University Chaplaincies**Chaplaincy Programs on University Campuses:**

Brock	13,936	13,936	13,936	13,936	13,936
Guelph	20,800	20,800	20,800	20,800	20,800
McMaster	11,232	11,232	11,232	11,232	11,232
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	45,968	45,968	45,968	45,968	45,968
					43,682

New Niagara - Additional 20 Hours In Youth Ministry**Program Staff:**

Program Consultant (Youth)	23,500	23,500	14,629	0	23,500
Benefits/Pension	5,640	5,640	3,511	0	5,640
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	29,140	29,140	18,140	0	29,140
					26,854

Outreach Within The Diocese**The Homeless, The Hungry And Those In Need In Our Community:**

Missions to Seafarers	10,000	10,000	10,000	10,000	10,000
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St. Matthew's House	27,475	27,475	27,475	27,475	27,475
Bethlehem Place	2,500	2,500	2,500	2,500	2,500
The Bridge Hamilton	5,000	5,000	5,000	5,000	5,000
The Bridge Milton	0	0	0	0	0
Program Administration & Support	500	500	500	500	500
Staff	9,250	9,250	9,250	9,250	9,250
Benefits/Pension	2,220	2,220	2,220	2,220	2,220
	56,945	56,945	56,945	56,945	56,945
					54,659

Outreach Outside The Diocese

Social Justice Advocacy:

500	500	500	500	500
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Coordinating Outreach Ministries:

Outreach Support	9,250	9,250	9,250	9,250	9,250
Benefits/Pension	2,220	2,220	2,220	2,220	2,220
Program Administration and Support	500	500	500	500	500

11,970	11,970	11,970	11,970	11,970
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Partnerships In Gospel Justice With Anglicans Around The Globe:

Partners in Mission	6,000	6,000	6,000	6,000	6,000
Refugee Working Group	3,000	3,000	3,000	3,000	3,000

9,000	9,000	9,000	9,000	9,000
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Parish Training And Support:

PWRDF and PIM	500	500	500	500	500
Outreach Symposium/Other Training	500	500	500	500	500

1,000	1,000	1,000	1,000	1,000
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22,470	22,470	22,470	22,470	22,470
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20,184

Children's Ministry

Program Staff:

Program Consultant	23,500	23,500	23,500	23,500	23,500
Office Staff	6,651	6,651	6,651	6,651	6,651
Benefits/Pension	7,236	7,236	7,236	7,236	7,236
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	37,387	37,387	37,387	37,387	37,387

Children's and Youth Ministry:

Regional Events for Children	0	0	0	0	0
Children's Ministry Advisory Committee	500	500	500	500	500
Children's Ministry Leadership Devel. & Res.	9,000	9,000	9,000	9,000	9,000
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	9,500	9,500	9,500	9,500	9,500

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	46,887	46,887	46,887	46,887	46,887
					44,602

Canterbury Hills Camp

Canterbury Hills:

Summer Camp Program	95,000	95,000	95,000	95,000	95,000
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	95,000	95,000	95,000	95,000	95,000

Canterbury Hills Support

Canterbury Hills:

Parish Usage Support	15,000	0	4,000	15,000	15,000
Capital Costs	50,000	43,000	50,000	50,000	50,000
Transition Allowance	0	0	0	0	0
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	65,000	43,000	54,000	65,000	65,000

62,714

Nurturing Congregational Growth

Resources for Parish Planning & Development	1,491	1,491	1,491	1,491	1,491
Mission Strategy & Planning	8,000	8,000	8,000	8,000	8,000
Congregational Support Coordinating Team	800	800	800	800	800
Training & Resources	1,000	1,000	1,000	1,000	1,000
Program Consultant	5,007	5,007	5,007	5,007	5,007
Office Staff	4,175	4,175	4,175	4,175	4,175
Benefits/Pension	2,204	2,204	2,204	2,204	2,204

	22,677	22,677	22,677	22,677	22,677
Regional Expenses:					
Brock	250	250	250	250	250
Greater Wellington	250	250	250	250	250
Lincoln	250	250	250	250	250
Mohawk	250	250	250	250	250
Trafalgar	250	250	250	250	250
Undermount	250	250	250	250	250
	1,500	1,500	1,500	1,500	1,500
	24,177	24,177	24,177	24,177	24,177
					21,891
<u>Clergy Development & Education</u>					
Divinity Students	30,000	30,000	30,000	30,000	30,000
Ordinations	6,000	6,000	6,000	6,000	6,000
Parish Priesthood 101 (Deacon's school)	6,000	6,000	6,000	6,000	6,000
Niagara Continuing Education	5,500	5,500	5,500	5,500	5,500
Fresh Start	3,750	3,750	3,750	3,750	3,750
Committee Expenses	750	750	750	750	750
Director of Human Resources	3,337	3,337	3,337	3,337	3,337
Staff Support (conference)	12,608	12,608	12,608	12,608	12,608
Benefits/Pension	3,827	3,827	3,827	3,827	3,827
	71,772	71,772	71,772	71,772	71,772
					69,486
<u>Parish Leadership & Support</u>					
Interim Ministries	5,000	5,000	5,000	5,000	5,000
Vocational Diaconate	5,000	5,000	5,000	5,000	5,000
Clergy Moving Expenses	15,000	15,000	15,000	15,000	15,000
Archdeacons	7,500	7,500	7,500	7,500	7,500
Fresh Start	3,750	3,750	3,750	3,750	3,750
Director of Human Resources	19,709	19,709	19,709	19,709	19,709
Benefits/Pension	4,730	4,730	4,730	4,730	4,730

	60,689	60,689	60,689	60,689	60,689
					58,403
<u>Clergy Leadership & Support</u>					
Employee Assistance Program	15,000	15,000	15,000	15,000	15,000
Clergy/Licensed Lay Workers Conference	18,900	18,900	18,900	18,900	18,900
Clergy Days	3,000	3,000	3,000	3,000	3,000
Mentoring	1,000	1,000	1,000	1,000	1,000
Committee Expenses	750	750	750	750	750
Regional Deans	3,000	3,000	3,000	3,000	3,000
Director of Human Resources	10,323	10,323	10,323	10,323	10,323
Staff Support	3,256	3,256	3,256	3,256	3,256
Benefits/Pension	3,259	3,259	3,259	3,259	3,259
	58,488	58,488	58,488	58,488	58,488
					56,202
<u>Stewardship & Financial Development</u>					
Director	26,000	26,000	26,000	26,000	26,000
Staff Support	12,000	12,000	12,000	12,000	12,000
Benefits/Pension	9,120	9,120	9,120	9,120	9,120
Stewardship & Financial Development Expenses	8,000	8,000	8,000	8,000	8,000
	55,120	55,120	55,120	55,120	55,120
					52,834
<u>Current General Synod</u>					
Apportionment	100,000	100,000	100,000	100,000	100,000
					97,714
<u>Ministry of Local Outreach and Community Support:</u>					
Communications:					
Niagara Anglican News	0	22,000	22,000	29,140	32,000
<u>TOTAL SHORT-TERM EXP. - TO NIAGARA</u>	832,884	832,884	832,884	832,884	832,881

<u>TOTAL LONG & SHORT-TERM BUDGET EXP.</u>	2,516,328	2,516,328	2,516,328	2,516,328	2,516,328
<u>SURPLUS DEFICIT</u>	788	788	788	788	791