

## **REPORT OF THE FINANCIAL ADVISORY COMMITTEE (FAC)**

The FAC is a group of laity and clergy representing the regions of the Diocese and its task is to:

- Advise and report to the Bishop and Synod Council on the management and administration of funds and assets held by or under the control of the Synod
- Provide advice and recommendations to the Bishop and Synod Council regarding financial matters that are to be presented for resolution.

There are three (3) active Standing Committees which provide incites and expertise regarding investments; insurance and risk management; and budget. These committees provide regular updates on their work, to the FAC.

FAC works very closely with Jody Beck, the Treasurer of the Diocese of Niagara and the finance staff. The success of the Finance Department in reducing the debt and the line of credit, is largely due to their expertise, attention to detail and the commitment of Jody and the staff. Consequently, the FAC is kept very well apprised of new and on-going matters.

### **Finance Update July 31, 2015**

As of July 31 2015 the Diocese has an Operating Surplus of \$636,104 vs a budgeted deficit of \$121,336 (before depreciation). The surplus is a result of the sale of the lands surrounding the Canterbury Hills Camp to the Hamilton Conservation Authority (HCA) and the Dundas Valley Montessori School (DVMS). The sale had net receipts of ~\$1.1.7M. In contrast, the Diocese forgave Canterbury Hills its pre 2015 debt of \$545K. It is expected that Dec 31 2015 will close with an operating result that is very close to break even, excluding these two extraordinary events.

On the Balance Sheet, we anticipate that we will end the year with a positive cash position. We did not incur any line of credit charges from January through August 2015 as a result of a delay in the timing of some large expenses. While we continue to reduce our diocesan debts to the bank, the amounts owed to the diocese from some parishes continue to rise and is an ongoing concern.

### **Budget**

The Budget Sub-committee works diligently to provide the best possible outcome for the coming year and prepares a number of drafts before the final version is ready for presentation to Synod. The tireless work and dedication of the members of this group, under the leadership of Andrew Clinkard, in finding creative ways to offer a balanced budget, are greatly appreciated.

### **DM&M**

Last year, an ad hoc committee was struck to undertake a complete review of the DM&M process. This has been a significant area of concern for many parishes who struggle financially to meet their commitment to the Diocese. Given the economic times in which we find ourselves, the work of this sub-committee is even more pressing. It has been many years since any adjustments have been implemented to alter the manner in which the DM&M is calculated. The committee's work, lead by the Rev. Richard Moore, has spent long hours researching methodology and preparing scenarios that would provide an equitable solution for both parishes and the Diocese. Unfortunately, to date, no method successfully meets the goals set for the project. However, the committee will continue to explore potential options.

### **Diocesan Property Sales**

The sale of disestablished parishes provides financial support to the diocese but the money has to be dispersed in a manner outlined by policy. First, all debts related to the property being sold which includes any debt owed to the Synod, will be paid off immediately from the sale proceeds. This provides an infusion of funds to the Diocese. Then, any residual funds, after the above obligations are met, will be applied equally to the following three (3) purposes:

- To support new church development
- To be applied against accumulated outstanding Synod bank debt and
- To be used to restore Synod investment fund balance.

It is the responsibility of the Diocesan Treasurer to ensure that any proceeds from the sale of all properties are applied accordingly and reported to Synod Council. There have been 2 properties sold since the last Synod report; Canterbury Hills excess land to the HCA, Bagnall Lodge to the DVMS and St Paul's Port Robinson to a local group. There are no other properties currently for sale.

### **Rectory Funds of Disestablished Parishes**

A draft policy on the distribution of rectory funds once a parish has been disestablished has been reviewed and input provided by the FAC. FAC has recommended that Synod Council approve this document.

### **FAC Representation on Parish Build Projects**

The FAC has member representation on fourteen (14) parish build/renovation projects. The intent is to provide an unbiased, objective financial resource on the project committee to assist the parish in ensuring that the project remains within the financial plan presented to and approved by Synod Council and to guide discussion and planning for the parish's sustainability into the future.

### **Conclusion**

The FAC has an important role to play in the financial wellness of the Diocese. It continues to address matters before it in a thorough manner, but also focuses its attention on future potential issues that could have a negative impact on the Diocese and/or parishes. The wellbeing of the parishes and the Diocese will always be our number one(1) priority.

It has been my extreme pleasure to be a member of the FAC and an honour to work with this very talented and dedicated group of people. I wish you continued success in the coming year.

Respectfully submitted in faith

Patricia Davis

Chair

Members: Mr. Mark Annette, Mr. Andrew Clinkard, Mr. David Eccles, The Reverend Pam Guyatt, The Reverend George Henry, The Reverend Richard Moore, Mr. Dave Rogers, Mr. Dave Savage, The Reverend Dr. Patricia Stansfield, Mr. Ralph Sykes, Mr. Bob Taylor, Staff Representatives: The Reverend Marni Nancekivell, Secretary of Synod, The Reverend Bill Mous, Interim Secretary of Synod, Ms. Jody Beck, Diocesan Treasurer, and Mrs. Ruth Anne Martin, Recorder.