

REPORTS OF SYNOD COUNCIL COMMITTEES

THE FINANCIAL ADVISORY COMMITTEE

The mandate of the Financial Advisory Committee (FAC) is to provide advice and recommendations to Synod Council on the financial management, stewardship, and administration of funds and assets under the control of the Synod of the Diocese of Niagara.

During the fiscal year 2023/24, FAC has undertaken the following activities:

1. reviewed and made recommendations on 17 parish projects over \$25,000, ranging in parish commitments from \$30,000 to \$400,000;
2. reviewed the diocesan financial plan to actuals on a monthly basis, and provided recommendations as necessary;
3. reviewed the diocesan audited statements, as presented by staff and auditor;
4. reviewed the insurance costs of the diocese, and
5. reviewed the investment results of the diocese.

The committee monitored parish and diocesan activity for early warning signs of significant shifts in diocesan financial income and expense. In addition, the committee began a regular review of the timing and amount of cashflow required by the diocese.

With Synod Council, the FAC continues to monitor expenses carefully, in light of expected revenues, following the decline in DMM contributions from parishes during the COVID-19 pandemic. The diocese continues to further the Mission Action Plan of Niagara and allocate funds to priority areas of the MAP.

In the coming year, the FAC will continue to prayerfully focus on risk management of the diocese, and on capital expenditures proposed by the diocese and parishes in Niagara. In conjunction with parishes, the Diocese of Niagara financial results are slowly improving and supporting the future Spirit led growth of ministry in Niagara.

Respectfully submitted,

The Reverend Dr. Eleanor Clitheroe
Chair, Financial Advisory Committee

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THE AUDIT COMMITTEE

The Audit Committee was convened in early May 2024 for the purpose of reviewing the 2023 Audited Financial Statements of The Synod of the Diocese of Niagara and Canterbury Hills.

The Audit Committee has undertaken the following activities:

- The Committee met with the representatives of KPMG LLP, the Secretary of Synod, and the Interim Treasurer of the Diocese of Niagara on June 3, 2024, at 10:00pm via Zoom.
- The 2023 Financial Statements and Audit Findings were presented by Paul Ciapanna, the Lead Audit Engagement Partner.
- Draft 2023 Financial Statement were supplied to the Audit Committee members in advance of the June 3 meeting. Questions related to the Draft Financial Statements were reviewed with the auditors during the June 3 meeting.
- Overall, there was nothing significant identified and there were no areas of concern from the auditors point of view.
- There were two audit reclassifications that there were considered immaterial and three corrected misstatements, none of which had any effect on the auditor's report.
- The committee discussed some language and terminology points during the review which resulted in minor changes to the financial statements.
- A motion to recommend the audited financial statements for Synod Council's approval was moved, seconded and approved by the Audit Committee.
- KPMG LLP was recommended as the auditor for the 2024 year end. However, although not accompanied by a specific motion, there was consensus amongst the committee that Requests for Proposals be sent out to other Audit firms for the 2025 financial year.
- In addition, a recommendation should be made to Synod Council for the related parties (Anglican Foundation, Canterbury Hills, and the Diocese) to be on the same page with respect to the Requests for Proposals.

As with last year, there was a consensus at the meeting that the audit committee should try to meet in advance of next years annual audit to review the previous year's audit. This will allow time to ask questions about the current year audit and will give new committee members a better understanding of how the diocese operates from a financial perspective. In addition, it would be helpful if the committee members could send in questions, related to the current year draft financials, in advance of the actual annual audit meeting. This would give diocesan staff the opportunity to respond in advance to save time during the meeting with the auditors.

I would like to thank all the members of the Audit Committee for their contributions.

Respectfully submitted,

Mr. Greg Cook, CPA, CMA
Chair, Audit Committee

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THE INVESTMENT ADVISORY COMMITTEE

The Investment Advisory Committee (IAC) is an advisory committee of the Synod Council, working in collaboration with the Financial Advisory Committee (FAC) which has overall responsibility for advice related to the stewardship of the diocese's finances and assets. The primary role of the committee is to monitor the investment performance of the funds held by the Synod of the Diocese of Niagara, the Anglican Church Ministries Foundation, Niagara (ACMF) and Niagara Investment Fund, and the performance of the investment manager or managers. Russell Investments, appointed in 2002, continues to provide investment management and reporting to the committee. For more information on Russell's non-profit services, visit russellinvestments.com/ca/solutions/non-profits.

The diocesan administrator of investments issues monthly statements to all parishes which have invested with the diocese. These reports keep them up to date on the overall value of the parish's particular fund(s), including the growth or loss and any transactions processed during the month. Further details are available on the policy section of the diocesan website.

The fund is invested in a well-diversified portfolio of fixed income and equity investments. As per the Mission Action Plan and diocesan objective to prioritize social justice action with an emphasis on environmental justice, the fund holds a significant allocation of 45% in ESG (Environmental, Social, Governance) Global Equity.

To July 31, 2024, the current value of the fund was \$57.1M (million). Considering contributions and withdrawals for the past 12 months, net withdrawals have totaled \$734K or 0.13% of the total fund value. Investment performance has seen a rolling 1-year Rate of Return (ROR) of 16.41% and a rolling 5-year ROR of 8.64%.

The committee will continue its work in adherence to the policy and investment objectives established by Synod.

Respectfully submitted,

The Reverend Rob Duncan
Chair, Investment Advisory Committee

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THE INSURANCE & RISK MANAGEMENT SUBCOMMITTEE

The diocesan insurance broker continues to be Gallagher Insurance Group, and the Insurance carrier remains Ecclesiastical Insurance Office PLC.

Claims History

The loss ratio (total claims divided by total premium) for the prior period was 8% which is an excellent result. The loss ratio for the last five years was 13%. Total premiums for the year net of broker fees were \$1,282,142.

Policy Changes

Total premiums will increase 4% for the 2024/2025 period which in the current continuing hard market for property insurance, is a good result and is reflective of the excellent claims record and long relationship with both the broker and the insurer. This is despite double-digit inflationary increase in construction and repair costs.

Deductible and coverage limits are essentially the same except the equipment breakdown deductible moved to \$10,000 from \$2,500.

The subcommittee continues to work to ensure coverage meets our diocese and parish needs and is cost effective.

Respectfully submitted,

Mr. Robert Taylor
Chair, Insurance & Risk Management Subcommittee

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THE HUMAN RESOURCES FOR MINISTRY COMMITTEE

The Human Resources for Ministry (HRfM) Committee of the Diocese of Niagara is an advisory body that works consultatively and collaboratively with the bishop, diocesan staff, and Synod Council. When requested, the HRfM Committee provides advice and resources, undertakes research into various human resources issues, and proposes recommendations that aim to further the diocesan vision and mission.

This past year, the HRfM Committee continues to have sufficient and experienced members to continue its mandate. The committee also welcomed the new diocesan Treasurer and Director of Finance Christine Morrow. The committee commenced meeting in late spring with a primary objective of identifying major deliverables.

The most pressing need was to research and prepare the 2025 Cost-of-Living Adjustment (COLA) recommendations for Synod Council. As with any organization, the diocese is faced with the challenge of balancing the ability to pay and attracting and retaining talent, both clergy and lay people. A sub-group of the committee efficiently gathered both lagging and projected data to establish its recommendations. As always, in terms of other neighbouring diocese, the timing of Niagara's Synod requires it to "lead" with respect to compensation planning. These recommendations were presented to Synod Council on September 10, with the intention of adopting a methodology that simplifies the annual process of COLA recommendations and provides parity with another diocese (Huron).

Over the coming year, the HRfM Committee will endeavor to understand priorities with respect to human resources practices and policies, with a goal to ensure all recommendations are in alignment with diocesan strategic direction and the Mission Action Plan. This may include:

- The review of existing and newly developed human resources policies at the diocese and parish level, ensuring they meet operating needs, legislative requirements and the strategic direction of the diocese.
- Development of the 2026 COLA recommendations to Synod Council.
- Undertake a thorough, comprehensive review of the objective of the current Housing Allowance to ensure it is competitive, and that the annual review process is efficient and meets the goal of this important part of clergy compensation.

I would like to take this time to thank the members of our committee for their ongoing efforts and sharing of their expertise towards this important ministry in the diocese.

Respectfully submitted,

Mr. Tim Tiernay
Chair, Human Resources for Ministry Committee

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THE MISSIONAL BUDGET PLANNING COMMITTEE

For our sesquicentennial Synod, Bishop Susan has chosen a passage from the prophet Jeremiah: *“For surely I know the plans I have for you, says the LORD, plans for your welfare and not for harm, to give you a future with hope”*(Jeremiah 29:11). Or, as Eugene Peterson in *The Message* begins the verse, *“God proclaims: ‘I know what I’m doing.’”* In verse 12 we read: *“Then when you call upon me and come and pray to me, I will hear you”*. And so, we go forward grounded in prayer to celebrate the 150th year of the Diocese of Niagara with a budget that reflects the changing reality of our times, our faith in the future and our faith in God.

The committee’s mandate is to create an annual mission-shaped diocesan budget, directing resources to renew the work and ministry of the diocese, to respond to episcopal priorities and to align with the strategic vision and objectives outlined in the diocesan Mission Action Plan (MAP).

To begin with, there is good news to celebrate! You will note that the statement of operations in the budget reflects a decrease in our operating deficit by nearly \$160,000. With our usual draws – which our forebears so generously gave to support our ongoing ministry - we expect the cash deficit, before capital items, to be on the order of \$198,000 in 2025. This is in part because the forecasted rebound of DMM revenues for 2025 is trending along the most positive trendlines that were foretold at last year’s Synod; a sign of our continued recovery from the pandemic.

The Diocese has been embarking on a diocesan review of the Mission Action Plan which will include faith formation and the renewal of faith as a key component. To support this crucial endeavor, the budget makes provisions for the hiring a half-time diocesan resource position to gather and develop contextual resources for faith formation and support local leaders to bring to life this area of our ministry. In 2025, there will also be continued support for the Niagara School for Missional Leadership which continues to grow and strengthen the faith of Anglicans in the diocese and across the Canadian church, bolstered by a new partnership with the Faculty of Theology at Huron University College.

A technological refresh is a new priority in the 2025 budget. We are hopeful that the redesign of the diocesan website, the digital front door of our diocese, will be at the forefront of this initiative. Having deferred this for many years, the basic website infrastructure is no longer being supported and is in dire need of an update. We will build on what we have in place while employing the newest innovations available as well expanding our social media presence.

The Cathedral Place Property Management Committee has also requested a modest increase of \$50,000 in funding to support capital improvements, heritage maintenance, and major repair work. This work was deferred through the pandemic and with our recovery turning the corner, it seems appropriate to include an increase to support the spiritual home for our diocese. Synod Council also approved a Cost-of-Living Adjustment – on the recommendation of the Human Resources for Ministry Committee – of 3.7% for 2025, in addition a 0.6% year of service increase, totaling an overall increase in stipends of 4.3%.

Newcomers and seekers have been coming to our churches while our finances are showing the recovery we have been praying for. On balance, there is a renewed optimism in our mission and ministry and, as Jeremiah reminds us, we have been given ‘a future with hope’.

Respectfully submitted,

The Venerable Peter Scott
Chair, Missional Budget Planning Committee