

REPORT OF THE FINANCIAL ADVISORY COMMITTEE (FAC)

This year has been another challenging year for the Diocese from a financial management perspective, and a very active one for the Financial Advisory Committee (FAC) whose members have again aided in the review and direction of many financial aspects in our diocese.

The FAC works through both its committee and various sub-committees, a number of which have separate reports included in the Convening Circular. Some of the activities and areas of involvement by the members and sub-committees include:

- Participating in the Compensation Taskforce.
- Approving parish loans for building extensions and expansion.
- Approving Letters of Comfort for parishes setting up operating lines of credit.
- Reviewing financial results including a review of the budget to actual results, outstanding parish loans and outstanding receivables.
- Regular review with the fund managers of the investment fund portfolio, its performance and how we can maximize the returns on our investment.
- Reviewing our insurance needs to ensure we have proper and adequate insurance in light of ever increasing premiums.
- Publishing manuals for (1) Insurance and Risk Management and (2) Parish Treasurers on line on the Diocesan web site.
- Preparation of the annual budget and preparation and presentation of the narrative budget so that everyone can better understand the financial aspects of the budget.

This year considerable time, effort and analysis was put into DM&M assessment. For the third time in seven years FAC members have reviewed the calculation in an attempt to find a simple, fair and just means equitable to all parishes for the determination of what is to be paid to the Diocese.

This year's group presented a formula based on a percentage of parish givings with exemptions for outreach and building maintenance. This was presented at the pre-synod meetings to obtain feed back; discussion was lively and FAC reported back to the Synod Council its findings and a recommendation that the approval of Synod be sought. Changes to the DM&M calculations do not require the approval of Diocesan Synod but FAC feels that this is a concern to all and proper governance and transparency necessitates that the topic be brought before Diocesan Synod for approval.

Another area which became a concern this year was the annual practice of publishing in the Niagara Anglican the list of accounts receivable owing to the Diocese by the parishes. Concerned parties expressed the view that publishing such a list was negative and detrimental to the work that was going on in some of the parishes to improve their financial position and reduce their debt to the Diocese. After discussion with various people and Synod Council, the list was published containing additional information and coinciding with an article published about what was being accomplished, thus in all creating more effective reporting and a better understanding by the reader.

We invite anyone in the Diocese who is interested in serving on the FAC or one of its subcommittees to contact the Diocesan Treasurer or Chair of the FAC. There is an ongoing need for people with open minds, willingness to communicate and interest in the financial well being of the Diocese and its parishes.

REPORT OF THE FINANCIAL ADVISORY COMMITTEE (FAC) (continued)

I would like to thank all of the members of the FAC and the various subcommittees for their time and dedication. This year has been very challenging and their time and commitment is greatly appreciated.

Members of the FAC this year included:

Mr. Kirk Boyd, Chair
The Reverend Dr. Cathie Crawford Browning
Ms. Judy Conning
Ms. Wendy Duncan, ex-officio
The Reverend Darcey Lazerte
Ms. Ruth Anne Martin, recorder
Mr. Robert McKinnell, Diocesan Treasurer
Mr. Tom Poirier
Mr. Gordon Reed, Synod Council Rep
Mr. David Ricketts
Mr. Ian Smith
Mr. Peter Swire
The Venerable Marion Vincett, ex-officio
Mr. Dave Watson

Respectfully submitted,
Mr. L. Kirk Boyd, Chair

REPORT OF THE FINANCE/BUDGET SUBCOMMITTEE

(This Subcommittee is responsible to the Financial Advisory Committee)

The Finance/Budget Subcommittee traditionally oversees the preparation of the diocesan budget and monitors diocesan financial operations, including parish loans, loan guarantees, and debt repayment plans.

At regular meetings the subcommittee reviewed statements provided by the treasurer and ensured that reasonable explanations were provided for both positive and negative variances to the budgeted amounts. Church extension loans, loans payable, and parish receivables for payroll and DM&M are also reviewed at each meeting. All parishes with existing extension loans are current. In addition this year, the terms of reference for the Finance Budget subcommittee were revised and approved by the Financial Advisory Committee.

The 2007 budget supports the Bishop's vision of the three-legged stool of leadership, evangelism, and stewardship. As a result, there are only minor adjustments to the 2006 budget to recognize small changes in needs in the diocese. On the income side, there is a small increase to D M&M receipts based upon projected growth in some of the parishes within the diocese. On the expenditure side, currently a 2% increase for staff wage adjustments has been budgeted, but this may change depending upon the recommendation of the compensation task force when STATS Canada information becomes available in early September. \$20,000 has been allocated for Delegate fees for General Synod. An additional \$5,000 has been added for children's and youth ministry. There has also been an increase for University Chaplaincies. The funds allocated in this area support employment costs for the university chaplains, and there have been no increases in this area in recent years. The increase this year will bring employment costs in line with increases received by other clergy in the diocese. Finally, there has been an increase in diocesan support to the Niagara Anglican to recognize the increased costs faced by the Anglican for postage and distribution. The projected 2007 budget projects a small budget surplus.

The members of the Finance/Budget subcommittee continue to raise concerns about the Personnel Transition and Severance line on the operating budget as the amount budgeted does not reflect current past history.

At this time, I would like to thank all of the members of the subcommittee for their time and dedication to the work of this subcommittee. I am thankful for the continued dedication of The Rev'd Canon Dr. Cathie Crawford Browning, The Rev'd Chris McMaster, David Eccles, Ian Pratt, David Watson, Shirley Sherwin, and John Saylor, and staff support from Bob McKinnell, Wendy Duncan, Ruth Anne Martin and the Venerable Marion Vincett.

Respectfully submitted,
Mrs. Judy Conning O.N., Chair, Finance

REPORT OF THE INSURANCE AND RISK MANAGEMENT SUBCOMMITTEE

(This subcommittee is responsible to the Financial Advisory Committee)

This subcommittee of the Financial Advisory Committee advises the Diocese of Niagara and its Parishes through the Financial Advisory Committee regarding Insurance and Risk Management.

The program of professional appraisals of the church owned properties is ongoing. Another 28 new appraisals have been completed for this year, one being on site and the others desktop.

During the past year, the insurance building inspection program has been continued by the Diocesan Insurance Broker, David Ricketts O.N. Churches and church properties at most of the church locations have been inspected in the 1997 to August 2006 period.

A manual on Church Insurance and Risk Management has been prepared by our broker and is available to each parish through the web in the password protected area accessible to Rectors, Wardens and Treasurers. It is strongly suggested that this be made available to new Wardens to help with their duties and responsibilities especially regarding their responsibilities for Liability and Money Handling issues.

The subcommittee carried out its annual review of the Synod's policies, with our brokers assistance. Post September 11, 2001, all insurance companies are finding it difficult to assess risk. In this Diocese, because of the measures we have taken over the past 14 years i.e. the program of church appraisals and inspections done by our broker, we have been somewhat spared the huge increases that other Dioceses have faced. We are still faced with the continual challenges regarding insurance companies that will entertain the class of risk that we are. It does not help to have a couple of major losses when we go seeking quotes from other companies. Losses over the past ten years have exceeded premiums. The loss ratio is currently 118% in that time frame. Often we think that only property claims are paid but claims under our liability coverage have increased also. Even if a liability claim is not paid there are solicitors fees etc.

In January and March, I appeared, along with our broker, before Synod Council to explain our new program for User Group Insurance to seek approval for the program. This is now a mandatory program throughout parishes in the Diocese and further information is available on the Diocesan website.

Insurance is a very complex commodity and I want to again pay tribute to our broker, David Ricketts, O.N. David keeps on top of changes and what is best for our Diocese. As a member of General and Provincial Synods his expertise is sought by many Dioceses across Canada. He is available to assist, at any time, any parish with their questions.

Many thanks go to the members of the subcommittee:

Neil Groombridge	Violet Whitehouse
Russell Moodie	Kim Waltmann, Administrator/Secretary
Peter Swire O.N.	Bob McKinnell, Diocesan Treasurer
Michael Whittaker	

Respectfully submitted,
Mr. Murray Rathbone, Chair