

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 clearing 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.

This year an ad hoc committee was struck to undertake a complete review of the DM&M. This has been a significant area of concern for many parishes who are struggling financially to meet their commitment to the Diocese. 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 been very thorough and extensive and the FAC supports their report to Synod.

Additionally, The FAC has two (2) members who participated on a Human Resources committee to review sabbaticals. This has been very valuable and provided the FAC an opportunity for ongoing input/suggestions for consideration. This was a very successful partnership.

Finance Update Aug 31 2014

As of Aug 31 2014 the Diocese has an Operating Deficit of \$21,140 vs a budgeted deficit of \$6,143 (before depreciation). This is a result of reduced DMM vs budget of \$60k and a reduction in some sundry donations and interest income totalling \$30k. Expenses are below budget by \$192k, made up of savings in staff costs and administration costs. It is expected that Dec 31 2014 will close with an operating result that is very close to break even.

On the Balance Sheet, we anticipate that we will end the year with a positive cash position. We managed to not incur any line of credit charges from January through July 2014. While we continue to reduce our diocesan debts to the bank, the amounts owed to the diocese from parishes continue to rise and is an ongoing concern.

Investments

From June, 2013 to July, 2014, diocesan investments are up by 16%. Overall in 2013, the investments earned 15%. From January to June 2014, the investments earned 7%. These results are a very good return on investments (ROI). Further the Investment Committee has approved an Investment Policy after extensive discussion. Kudos to the Investment Committee for their diligence and skill in investing Diocesan funds.

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.

St. Luke's Palermo (excess land) and St. Hilda's in Oakville are properties that were sold in 2013.

FAC Representation on Parish Build Projects

With the revisions to Canon 4.6, the FAC has had member representation on ten (10) 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.

Diocesan Vision

Diocesan Vision projects continue to be a frustration for the FAC as it very much wishes to provide unlimited funds for all the worthy, deserving projects but must be ever mindful of its very limited finances.

Budget

The proposed budget for the coming year(s), as always, has been a challenge to say the least, and while FAC advocates a balanced budget, it would be negligent if it did not point out that this task is becoming significantly more difficult each year. The Budget Subcommittee works diligently to provide the best possible outcome for the coming year and goes through a number a drafts before the final version is ready for presentation to Synod. They and FAC know only too well that a deficit budget would be imminent without financial sacrifices. Their tireless work and dedication, under the leadership of Andrew Clinkard, in finding creative ways to offer a balanced budget are greatly appreciated.

Parish Sustainability Toolkit

FAC continues to work on the Key Performance Indicators (KPI) for parishes. The data collected from this reporting vehicle, has and will continue to provide very valuable information to the parishes and to the Diocese regarding parish areas of strength and areas for growth which in turn will help determine parish wellbeing and sustainability.

The FAC has had a very active, successful year. It will continue to fine tune and improve the way it handles matters that are regularly before it, but will also continue to look to the future in an attempt to predict potential issues that could have a negative impact on the Diocese and /or parishes. The wellbeing of the parishes and the Diocese will continue to be the number one(1) priority.

Respectfully submitted

Patricia Davis

Chair

Members: The Reverend Canon Kevin Bothwell, Ms. Jody Beck, Diocesan Treasurer, Andrew Clinkard, The Reverend Pam Guyatt, Mr. Lloyd Hicks, The Reverend George Henry, The Reverend Richard Moore, The Reverend Marni Nancekivell, Mr. Dave Rogers, Mr. Dave Savage, The Reverend Dr. Patricia Stansfield, Mr. Ralph Sykes Mr. Bob Taylor, Ms. Ruth Anne Martin, Recorder.