

REPORTS OF SYNOD COUNCIL COMMITTEES

Financial Advisory Committee

The Financial Advisory Committee's (FAC) purpose is primarily two fold; to provide advice and recommendations to the Bishop and Synod Council on the management and administration of funds and assets held by, or under the control of the Synod of Niagara, and on financial matters that are to be presented at Synod Council. To assist FAC, there are three standing committees which provide insight and expertise regarding investments; insurance and risk management; and the budget. FAC is comprised of both laity and clergy representing the various regions of the Diocese, along with the Diocesan Treasurer, Secretary of Synod, and Chair of the Budget Subcommittee (FBSC). Meetings are generally held on a monthly basis except for July and August.

During the FAC meetings, FAC reviews the financial statements provided by the Treasurer, and ensure that reasonable explanations are provided for variances to the budgeted amounts. Church loans, loans payable, and parish receivables for payroll and DMM are reviewed at each meeting. FBSC shares budget updates with FAC.

FAC members spend a considerable amount of time reviewing and reporting in accordance with Canon 4.6 on building and maintenance projects that exceed \$15,000. We currently have member representation on seventeen church build/renovation projects. FAC seeks to provide an unbiased, objective financial resource on the respective project committees to assist the churches in ensuring their 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. In 2019 we continued with the well received one-page reports initiated in 2018. The one-page reports completed by the respective FAC and Bishop's Advisory Committee on Church Buildings (BACCB) members, provides additional clarity to Synod Council members in advance of voting on church building projects at Synod Council. Having lived into Canon 4.6 for several years now it was thought the application of Canon 4.6 could be streamlined and FAC provided some input this year towards that objective. Revised procedures for Canon 4.6 will hopefully be in place by Synod in November.

With a view to 2020 and beyond, FAC launched a post-mortem review earlier this year of the parish consultation initiative FAC members had piloted in 2017/18 on a handful of churches that had showed the potential for improved finances, but were struggling to pay past debt. Pending the conclusion of the post mortem, FAC will be positioned (with episcopal approval) to conduct more parish consultations in 2020, in an effort to support parish sustainability, debt repayment, and contribute positively towards improved diocesan cash flow as together we seek to "Sing to the Lord a new song". I wish to thank Bishop Susan for her ongoing support of the members of FAC, for the competence of the Finance Department under the leadership of Treasurer Jody Beck, and for the dedication and abilities of each FAC member.

Respectively submitted on behalf of the Finance Advisory Committee,

Andrew Clinkard
Chair

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The Finance/Budget Subcommittee

In the early months of 2019, using the 2018 data, the process for developing the 2020 proposed budget began. The Diocesan staff and stakeholders were requested to submit "asks" in terms of what was needed to run their ministries/programs. The first draft of the proposed budget was presented to and received by Synod Council in June of 2019 and was developed based on the year to date March 2019 data and the 2018 year-end.

This first draft was a "best guess" and did not reflect an accurate assessment of the finished document but in fact represented a starting point with which to lay the ground work for developing the budget, setting the stage for Synod Council and presenting issues that remained to be addressed in the final draft.

Through the spring and summer months, Diocesan staff and the Bishop's office along with the Finance department worked to make the necessary adjustments in the hope that a balanced budget could be achieved. The challenge of increased costs and flat revenues was the focus for decision making. Several budget line items including Palermo, reclaimed &/or subsidized salaries, Diocesan held buildings, Cathedral Place, replacement of retiring staff, reallocation of current staff time and Parish Ministry Support Grants were reviewed by the Bishop for cost savings. The treasurer effectively used bequests, NCD funds, and funds available from disestablished parishes to cover the remaining shortfalls.

The final proposed budget for 2020 outlines a Net Deficit of \$10,860 excluding depreciation and recovery of long-term debt. A cash surplus is expected as a result of the repayment of prior year parish debts. Receipts are projected to be \$3,353,500 (\$3,150,000 from DMM). Sundry receipts have been increased slightly based on general stewardship activity predicted.

The budget was again presented to and received by Synod Council in October and subsequently received the Bishop's approval.

The proposed budget continues to be prepared using a narrative budget approach that is compatible with the line item budget. The categories include mission, mission support, congregational support and development, youth and children, education, outreach and social justice, and lastly Diocesan held properties. The Synod presentation will match this new format.

A special thank you goes to Bishop Susan for her valuable input, to the Diocesan Treasurer, Canon Jody Beck for her unwavering and thorough guidance, to the staff of the Finance Department and the DON staff for their amazing talents and dedication and to the FBSC members and FAC for their ongoing support.

Canon Patricia Davis
Chair

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The Insurance/Risk Management Subcommittee

The Insurance Broker continues to be Jones Brown Inc. and the insurance carrier remains Ecclesiastical Insurance Office PLC.

Claims History

The Loss Ratio (total claims divided by total premium) for the period was 29%. The average loss ratio for the last five years was 26%. The Diocese qualified for the Profit Sharing on the property portion of the premium. \$32,959 was returned to the Parishes who qualified for the rebate with a pro-rated share. Total premiums for the year, net of the Profit Sharing was \$927,766 including the broker fee.

Policy Changes

Overall premium increase for the new year is 1.9%. Deductibles and coverage limits are unchanged. Cyber Insurance was added for a limit of \$2,000,000. Functional Replacement Cost continues to be available provided that calculations are in line with insurer's underwriting requirements, written confirmation is provided from the church and a signed statement is provided from the diocese.

The Subcommittee continues to work to ensure coverage meets the Diocese and parish needs and is cost effective.

Respectfully submitted,

Robert Taylor
Chair

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The Audit Committee

The purpose of this committee is to review the annual audited consolidated financial statements of The Synod of the Diocese of Niagara and discuss concerns or irregularities (if any) with the auditors and management, and to recommend to management appropriate changes thereto.

These financial statements are the responsibility of management. However, should the audit committee make a recommendation to management which is not implemented, the Chair shall report same to the Bishop first, and subsequently may report same to Synod Council.

In the past year, the Audit Committee has undertaken the following responsibilities:

- We met on June 6 this year with the Treasurer, Joanna Beck, and the auditors (KPMG) to review the 2018 consolidated financial statements and the auditors' report;
- The committee reviewed the Audit Findings Report and had no questions or concerns;
- We approved the 2018 audited consolidated financial statements for presentation to the Bishop and Members of The Synod of the Diocese of Niagara;
- We recommended the appointment of KPMG as auditors for the following year.

We would like to commend the Treasurer and her staff for the significant amount of time and effort involved in preparing the statements and thank them for the assistance they provided to us during the audit.

One member reached his maximum term on the audit committee and stepped down at the end of the meeting. I would like to take this opportunity, on behalf of the committee, to thank Mike Mansfield for his many years of dedicated service. I would also like to welcome Tony Denning to the committee. He graciously offered to sit as an official member of the committee, and his offer was quickly accepted.

Respectfully submitted,

Kelly Roloson, BAdmin, CPA, CGA
Chair

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The Investment Subcommittee

On behalf of Synod Council of the Diocese of Niagara, the Investment Sub-Committee monitors the investment funds of The Synod of the Diocese of Niagara and the Anglican Church Ministries Foundation (ACMF), Niagara Investment Fund. The Investment policy can be found on the Diocese website.

A system of participation units is employed (a system similar to individually purchasing units in a mutual fund). Monies that the Diocese or parishes invest are used to purchase participation units. Originally valued at \$10 per unit, participation units at August 2019 were worth \$29.69201. The Investment Funds totalled \$42,428,080 as of August 31, 2019. These funds are made up of funds deposited by the ACMF, the Synod, Parishes and other associated organizations. The Investment Funds are invested by Russell Investments, the Investment Manager since 2002.

Annual calendar year rates of return of the Diocese of Niagara Investment Fund were:

2004	7.962	2005	11.112	2006	12.094	2007	0.728
2008	-20.839	2009	17.993	2010	9.390	2011	-2.789
2012	7.880	2013	16.016	2014	8.998	2015	4.953
2016	7.511	2017	8.023	2018	-2.099		

The year to date return as at August 31, 2019 is 2.488% with a value of \$42,428,080.

The value of the investment portfolio at Dec 31, 2018 was \$39,342,564 and total investment loss for the year ending Dec 31, 2018 was \$832,979

The current breakdown of funds held is:

Canadian Equity	20%
Canadian Fixed Income Fund	35%
ESG Global Equity Fund	45%

Within these categories, the fund is invested in a diversified portfolio of fixed income and equity investments.

Current members of the Investment Sub-Committee are. Andrew Bucknall, Steve Fricker, Robert Radich, Mark Young, Brock Mason and Fred Roach. The Committee receives information and support from Ms. Joanna Beck, Diocesan Treasurer and Kim Waltmann, Administrator of Investments.

Kim Waltmann for
Fred Roach,
Chair (Resigned)

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Human Resources for Ministry Committee

The Human Resources for Ministry Committee advises the Bishop and Synod Council with respect to policy and best practices pertaining to a wide range of human resources matters referred to them. In the past year (2018/19) the Committee, diocesan directors and staff in this area have accomplished the following:

- Our Housing Allowances Working Group, reported to Bishop Susan Bell and the Committee, on housing allowances policy and practices across the diocese. The Working Group had conducted an extensive survey of the value of house sales in communities across our diocese as a foundation for its recommendations for minimum targeted housing allowance levels for new appointments and assistant clergy. The result has been more equitable practices.
- Delivered human rights, workplace safety, accessibility and discrimination, and anti-harassment training modules to all diocesan staff and clergy holding a bishop's license or permission to minister in the diocese.
- Presented at two Clergy, Wardens and Treasurers workshops updating templates for offers of employment and employment guidelines.
- Acquired and tested software which will enable the creation of a database for clergy available for Sunday and vacation supply.
- Recommended to Synod Council:
 - An update of our Terms of Reference;
 - a mandatory cost of living increase to the minimum stipend scale and the implications of that increase for housing allowances; and,
 - annual cost of living and year of experience increases for:
 - those clergy and licensed lay-workers receiving compensation in excess of minimum stipends; and,
 - all (non-licensed) lay employees.
- Planned for the update of the employment manual for Cathedral Place staff.
- In light of the temporary secondment of the Director of Human Resources to interim, half-time leadership at Christ's Church Cathedral, as of October 1, 2019, significant changes were made to episcopal area staff job descriptions. A number of the Director's tasks and responsibilities have been either reduced or referred to others. Better use of staff time will help us to adapt to this change.
- Started recruiting new members for the Committee in light of the resignations of the Reverend Canon David Long and Ms. Maureen Robinson and the fact that many members are reaching their term limits,

We express our thanks to David and Maureen for their dedication to this work. As ever, the Committee is indebted to the ongoing support of the Reverend Canon Terry DeForest, Director of Human Resources, and to Ms. Mary Anne Grant, Administrative Assistant, who, in partnership with many other staff, attend to various human resources needs of our diocesan family.

Respectfully submitted,

Sharon L.C. White
Chair