

# REPORTS OF SYNOD COUNCIL COMMITTEES

## THE FINANCIAL ADVISORY COMMITTEE

The primary work of the Financial Advisory Committee (FAC) shall be to provide advice and recommendations to Synod Council on the financial management, stewardship, and administration of funds or assets held by or under control of The Synod of the Diocese of Niagara.

The committee monitors the implementation of the diocesan budget and provides input into its development through the Treasurer.

The committee may be consulted by the Synod and its officers regarding financial policies, procedures, and guidelines which may be prudent to enact from time to time for the good stewardship of the diocese and its parishes.

The committee advises the Bishop of Niagara on the financial capacity of parishes contemplating projects falling within the scope of Canon 4.6.

The committee also works in collaboration with the Investment Advisory Committee (IAC) in its work to monitor the investment performance of the funds held by the diocese (synod, parishes, affiliated entities, and foundation), and the performance of the investment manager or managers.

In the past year, FAC has undertaken the following activities:

- reviewed approximately 30 parish building projects;
- reviewed audit materials for the diocese;
- reviewed the updated diocesan Investment Policy and investments for the diocese;
- reviewed insurance risk for the diocese;
- reviewed budget and financial statements for the Diocese; and
- assessed budget expenditures with diocesan mission goals.

FAC advised the Bishop on several matters of risk, including a downward trend in Diocesan Mission & Ministry (DMM) assessments, parish cashflow difficulties, membership aging and reduced giving, and parish financial viability risk.

FAC will continue to focus on financial risk to the diocese, based on emerging trends in revenue and the factors impacting those trends, will continue to monitor mission delivery against expenditures to identify effective allocation of financial resources, and diocesan risk management budget and investment policies and practices.

Respectfully submitted,

The Reverend Dr. Eleanor Clitheroe  
Chair

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## THE MISSIONAL BUDGET PLANNING COMMITTEE

The theme of this year's Synod, as chosen by the Bishop, comes from the First Letter of Peter. In that letter we read that we are protected by the power of God. Peter goes on to say, "In this you rejoice, even if now for a little while you have had to suffer various trials". My prayer is that we continue to rejoice in the power of God through this difficult time. Bishop Susan indicated that many of this year's priorities will carry into 2023, as we live into, as the bishop says, "the already and the not yet" concerning the pandemic - a phrase often used when describing the Kingdom of God. As each month passes by, we are getting a better idea of what coming out of COVID-19 looks like and we continue to wrestle with the societal changes that are underway. In a phrase, 2023's budget will be a consolidation and a deepening of our 2022 priorities as we continue to live out our diocesan mission statement.

The missional priorities for our 2023 budget are as follows: continuing enhanced mental health supports for clergy & lay workers; resourcing parish Mission Action Plans; investing in differentiated curacies; enhancing funding for clergy coaching; bolstering resources for Climate Justice Niagara, and supporting the Niagara School for Missional Leadership. In our continuing discussions we noted the following: that our mission of proclaiming the good news of Jesus Christ did not stop during the pandemic, has not stopped and will not stop in the future, whatever it brings. We also believe that this budget will speak to the issues of our day.

The budget reflects a conservative approach as we have aimed to keep expenditures to a minimum while at the same time not negatively impacting our mission. Bishop Susan, the committee and all of us are very aware of the financial stress on our ministry and mission. At the same time, many parishes are welcoming newcomers and we are planting new faith communities. We are adapting to the changing world with COVID-19, an uncertain economy, and high inflation, as we endeavour to plan carefully and prayerfully for what lies ahead.

The year ahead will bring challenges and opportunities. We are projecting that the DM&M budget for 2023 will decrease by more than 10% compared to 2022 budget. The budget for most expense lines is being maintained at 2022 levels. Through an intentional and mission-oriented realignment of the diocesan staff, the budget reduces staffing by more than \$100,000 year over year. This has been due to a great deal of work by the diocesan leadership who have streamlined and reimaged diocesan operations. We have budgeted for a 4% increase for staffing costs as directed by Synod Council. At the time of writing, revenue is forecast at \$2.93 million versus \$3.80 million in 2022. This represents a significant shift in our budget – in part because no properties are forecast to be sold in 2023.

The proposed budget includes a net operating deficit on the order of 680K, with draws from various diocesan investment accounts to fund the majority of this deficit. Thanks to the generosity of Anglicans in Niagara over the generations, we are blessed by a rich heritage of funds from which we can draw on to sustain our mission and ministry at levels over and above what our operating revenues would normally permit. Our prudent investment strategy over the years has also meant we can draw on some additional rainy-day funds, as needed. Thanks be to God that we have these investments. We are in this together, and together we will carry on as we read from the 1st Letter of Peter: "Like good stewards of the manifold grace of God, serve one another with whatever gift each of you has received".

The Venerable Peter Scott  
Chair

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## INSURANCE/RISK MANAGEMENT SUBCOMMITTEE

The Insurance Broker continues to be The 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 period was 4% which is an excellent year for losses. The Loss Ratio for the last five years was 22%. Total premiums for the year, net of broker fees, was \$1,024,786.

### **Policy Changes**

Total premiums increased 10% for the 2022/2023 period which in the current continuing hard market for property insurance and certain liability coverages, is a good result and is reflective of the excellent claims record and the long relationship with both the broker and the insurer.

Deductibles and coverage limits are essentially the same.

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

Robert Taylor  
Chair

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## 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 the same to Synod Council.

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

- we met via Zoom on June 9, 2022 with the Treasurer and Director of Finance, Kemi Okwelum, and the Executive Officer and Secretary of Synod, Archdeacon Bill Mous, to review the 2021 consolidated financial statements and the auditors' report;
- the committee reviewed the Audit Findings Report and had no questions or concerns;
- we approved the 2021 audited consolidated financial statements for presentation to Synod Council and members of The Synod of the Diocese of Niagara; and
- we recommended the appointment of KPMG as auditors for the 2022 year.

We would like to commend the treasurer and her staff for the significant amount of time and effort involved in preparing the statements. We especially want to recognize the diligence of our new treasurer and director of finance, Kemi Okwelum, who took over her duties in December 2021.

Respectfully submitted,

Kelly Roloson, CPA, CGA  
Chair

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## REPORT OF THE INVESTMENT ADVISORY COMMITTEE

On behalf of Synod Council of the Diocese of Niagara, the Investment Advisory 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 diocesan 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 as at August 2022 were worth \$33.94. The Investment Funds totalled \$48,027,353 as of August 31, 2022. 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	2019	13.266
2020	7.952	2021	14.259				

Year to date returns as at August 31, 2022 is -8.44%.

This year, investments were impacted by market volatility due to recession fears, rising inflation (rising energy and food prices), rising interest rates as well as rising geopolitical tensions from the Ukraine/Russia Conflict. Developments in the housing markets also weighed heavily on the performance of investments.

Three main contributors to our performance to date are:

- Well diversified portfolio (See breakdown below)
- Top notch Investment Managers - The Russell Group
- Close monitoring of our investment by the Committee

The current breakdown of funds held is:

Canadian Equity	12%
ESG Global Equity Fund	45%
Global Infrastructure Fund	9%
Global Real Estate Fund	9%
Canadian Fixed Income Fund	17%
Global Unconstrained Bond Fund	4%
Global Credit Fund	4%
	<u>100%</u>

Within these categories, the fund is invested in a diversified portfolio of fixed income and equity investments. It is our belief that the change to incorporate a specific ESG into our holdings will generate enduring benefits for all of our stakeholders over the long-term period.

Brock Mason  
Chair

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## HUMAN RESOURCES FOR MINISTRY COMMITTEE

The Human Resources for Ministry (HRfM) Committee of the Diocese of Niagara is an advisory body who 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.

Over the past year the HRfM Committee has been mostly inactive, due in part to the impact of the COVID-19 pandemic on operations within the diocese, and in part due to the transition in the human resources role in the diocesan office, from Canon Terry DeForest, who formally served as director of human resources, to Carrie McFarland, who currently serves as personnel coordinator.

The most recent work of the HRfM Committee undertook was to research and propose compensation recommendations to Synod Council for stipend and housing allowance increases for 2023. The committee undertook this responsibility with the utmost care, being mindful to, and feeling the tension of, providing recommendations that would be both affordable by the parishes and fair to the clergy, licensed lay workers, and lay staff across the diocese. This work took place in August and early September of this year and recommendations were provided by the HRfM Committee to Synod Council at their September meeting. Synod Council unanimously voted to accept the recommendations as proposed and the motion was passed.

Over the coming year, the HRfM Committee will seek to consider and recommend ways in how human resources practices, policies, and postures can be developed and aligned to support the diocesan office, clergy and parishes, as all parties seek to live into and out of the diocesan Mission Action Plan and the Lambeth Calls.

Some immediate ways in which the HRfM Committee will seek to do so are through:

- the creation, review and revision of new and existing HR resources for use at the parish level;
- developing the annual compensation increase recommendations to Synod Council for 2024; and
- identifying opportunities where the development or provision of resources may be helpful for clergy in times of transition (e.g., retirement resources).

The committee looks forward to growing our membership, so that we are best positioned for reengaging with our mandate in support of Bishop Susan Bell and the diocesan vision. We ask that anyone within our parishes who have experience and expertise in human resources, to prayerfully consider putting your name forward for participation on this committee. Your time and service would be a gift of grace to the committee and the diocese.

We would like to thank at this time, the faithful and fruitful service of Canon Terry DeForest as he served the diocese and provided leadership to this committee in his role of director of human resources.

Respectfully submitted,

Sharon White  
Chair