

REPORT OF THE FINANCIAL ADVISORY COMMITTEE (FAC)

The task of the Financial Advisory Committee (FAC) is to advise and report to Synod Council and the Bishop on the management and administration of funds and assets held by or under control of the Synod. In addition, the FAC provides advice and recommendations to Synod Council and the Bishop on all financial matters that are to come before council for resolution. The FAC works through both its committee and various sub-committees, a number of which have separate reports included in the Convening Circular, in advising and working with the Diocesan Treasurer and his financial staff and reporting to Synod Council and working with the Bishop.

This past year has been particularly challenging both internally and externally. Internally we said goodbye to our much beloved Bishop of the past 10 years, Ralph Spence and with anticipation welcomed Michael Bird to his new ministry. This change in leadership, while anticipated, has meant that as a committee we needed to learn to work with a new leadership team led by Michael. Bishop Michael is eager to focus on visioning work for the Diocese and this will be an important presentation at this year's fall Synod. It is yet unclear what impact this will have the 2009 budget presentation. Another internal challenge revolves around the ongoing debate over the blessing of same gender unions. To date this has resulted in the loss of many parishioners from three identifiable parishes. In addition, \$133,000 of annual Diocesan Mission & Ministry funds from these parishes has simply disappeared. We continue to have challenges around the cost of funding our Cathedral ministry and this is something that the FAC, along with Synod Council and the Diocesan Executive have worked towards resolving. This continues to have a potential financial impact on the Diocesan budget. The final internal area of concern has been in the area of severance and transition which continues to be significantly over budget. This is of a concern both to us and to the Bishop and it is our understanding that resolving this issue is high on the Bishop's list of priorities. While externally, as most are no doubt aware, we live in uncertain economic times. This began with the sub-prime mortgage crisis and continues till today with uncertainties in the stock market where the diocesan investments are placed. Practically this means that parishes along with the Diocese have not realized any revenue from investments and in some cases have realized a loss on principle.

The result of all of this uncertainty has led to diocesan operating deficits. For 2007 we saw around a \$400,000 shortfall and for 2008 the best estimate is that we will be short \$600,000. This is certainly not a desired state of affairs and has led to unique challenges, when combined with the historic debt amongst many of our parishes, especially in terms of cash flow. The FAC would like to assure the members of Synod that it is working with Synod Council, the Bishop and the Diocesan Executive to address this situation in both the short and the long term. The goal of this work is to respond in two ways. First, to address the cash flow issue that has been accentuated this past year. Second, to make sure we have solid financial fundamentals in place so that we have more flexibility in the future to deal with the uncertainties that are inherent when dealing with finances at this level.

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The members of the FAC for 2008 are:

The Reverend Darcey Lazerte, Chair

The Reverend Owen Ash

Mrs. Judy Conning

Dr. Stan Hatcher

Mr. Tom Poirier

Mr. David Ricketts

Mr. Fred Roach

Mr. Peter Swire, Synod Council Rep

Mr. Dave Watson

Mr. Robert McKinnell, Diocesan Treasurer

The Venerable Michael Patterson, ex-officio

Ms. Wendy Duncan, ex-officio

Ms. Heather Sinclair, recorder

Respectfully submitted,

The Reverend Canon Darcey Lazerte, Chair