



THE DIOCESAN SYNOD OF EASTERN NEWFOUNDLAND AND LABRADOR

The Anglican Church of Canada

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Update to the Diocese from the Diocesan Finance Committee

October 5, 2020

Dear Friends in Christ,

BACKGROUND

The Diocesan Finance Committee wish to provide a financial update to the Diocese since the COVID-19 pandemic caused a six-month shutdown of all in-person public worship and other activities in our Church buildings. This closure has had a devastating effect on the revenue of many of our parishes and on the Diocesan budget. While a number of our parishes continued to receive offerings and donations via drop-off collections and electronic means, it is clear that COVID-19 has negatively impacted our stewardship.

ACTION TAKEN

In response to this, on March 23, 2020 the Diocesan Executive Committee passed a new Policy on Anglican Joint Investments (AJI) withdrawals for parishes facing emergency financial situations. In such an emergency financial circumstances, a parish could apply to withdraw from its AJI account up to a maximum of the lesser of 50% of capital gains from non-restricted funds in its AJI account or three months parish operating expenses. Further to this, a new Anglican East NL Payroll Support Plan was also created to assist parishes which were unable to pay their clergy or lay employees from April 1 to August 31, 2020.

The Federal Government's Canada Emergency Wage Subsidy program (CEWS), that was announced in March and extended until December, has helped our parishes and the Diocese immensely. Since April, the parishes and the Diocese have received in excess of \$663,000 from this program with 88% of the funds for parishes. In order to

access these funds, the Finance Officer has reviewed almost 200 parish documents and filed 115 applications.

FINANCIAL UPDATE

On September 30, 2020, the Diocesan Finance Committee met with the Diocesan Administrator and Chancellor to discuss the current financial situation the Diocese is facing. The Committee received an update from the Finance Officer, Mr. Fred Dinham, that the Diocese is facing a significant cash deficit in the 2020 Diocesan Budget of approximately \$790,000 (over \$65,000.00 per month). For 2020, the Diocesan budget projected an income of \$1,405,000, including assessment. We are now projecting a 2020 income deficit of almost 48%, \$670,000.

In preparing for a Diocesan Budget for 2021, which has to reflect the fiscal reality of where the majority of our parishes are in this time of recovery, we are projecting another deficit of approximately the same amount next year. If this income deficit continues as projected in 2021 and/or Diocesan expenses are not significantly decreased, the Diocese will run out of operating cash in the middle of 2021.

The Diocese receives 93% of its income to meet the budget from the parishes through Assessments. Before COVID-19, there were five parishes unable to meet their Assessment commitments to the Diocese. Since March and continuing throughout the pandemic, there are now 15 parishes that are unable to meet their Assessment commitments. Some parishes are unable to meet Payroll obligations for their clergy. The total amount of unpaid Assessments and unpaid Payroll benefits will total approximately \$643,000 by the end of this year.

SALE OF PROPERTY

Another way the Diocese can obtain revenue is through the sale of Diocesan property. This revenue however is one-time revenue which cannot be used to fund the long-term operations of the Diocese. The process of exposing Diocesan property to the real estate market for possible sale has begun. This includes both vacant lands owned by the Diocese and Synod Office at 19 King's Bridge Road. The Executive Committee must approve all sales of Diocesan property and may seek the recommendation of the Finance Committee to assist it in this work. Should an offer be made, the Executive Committee will seek such advice as is required from the Finance Committee and real estate professionals to make the decision as to whether an offer should be accepted or another response to an offer be made. The Executive Officer, Archdeacon Sam Rose, has informed the Synod staff of the possible sale of Synod Office as well informing the other Synod Office building users which include Home Again Furniture Bank, Roots of Empathy, and St. John's Status of Women. Time will be needed to find space to house a new Synod Office and to allow for a transition should we receive a purchase offer.

We must stress that the sale of property to provide operating revenue is an emergency response and must not be considered lightly as it only provides a band-aid solution to a hemorrhage situation.

NEXT STEPS

A strategic plan for the financial recovery and stability of our Diocese and parishes is to be developed by the Finance Committee and the Executive Committee over the coming months. In addition, the Finance Committee will not consider applications for capital projects that are not deemed absolutely necessary and can be deferred to a later date.

This strategic plan will identify significant changes which will affect many parishes who are currently unable to meet their own expenses and their obligation to the Diocese and may include building closures and staff lay-offs. Our way of being the Church may look very different in the months to come.

We are pleased to see over 30 of our parishes are reopening for public worship, albeit with COVID-19 restrictions in place. It is vital that to maintain financial health, parishioners are encouraged to continue to give financially to support their parish and Diocese and that convenient opportunities to give (e.g. electronically, pre-authorized giving, etc.) be made known and easily available.

At this most critical time for our Church, we ask for your continued prayers and support for your Diocese and your parish. We seek the guidance of the Spirit to lead us forward **together** to build a new framework on which to grow a sustainable, viable church.

Yours in Christ,

Members of the Diocesan Finance Committee

Canon Elizabeth Barnes, Honorary Treasurer
Mr. Fred Dinham, Finance Officer
Mr. Peter Honeygold
The Rev. Jolene Peters
The Ven. Sam Rose, Diocesan Administrator
The Ven. Charlene Taylor, Chair
Mr. Bruce Tilley
Mr. Jerry White
Canon Bradford Wicks, Chancellor