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CONVENING CIRCULAR

SECTION C

FINANCIAL REPORT FOR 2020

CONSTITUTION & CANONS COMMITTEE'S REPORT

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Background

The 2020 year-end statements were prepared mainly by two new staff members assisted by myself and a former (now retired) senior accountant. We were able to improve the process significantly by developing the statements directly from the accounting system rather than via Excel spreadsheets, resulting in greater accuracy and efficiency.

The Incorporated Synod of the Diocese of Toronto

Format of the Financial Statement

No change has been made to the structure of the Financial Statement.

Overview

With the onset of the pandemic, the Diocese made the decision to support parishes with a 3 month stay of payments for both clerical stipends and allotment amounting to \$5.5 million. Further we have received support from the federal CEWS program totaling \$2.7 million, \$1.1 million of which we have passed on to parishes. To support this program financially, Council approved the sale of 3 pieces of real estate which generated \$8.1 million in one-time revenue.

Financial Position

Assets

- Assets increased by \$9.1 million from the prior year to \$184.1 million. This is mainly due to an increase of \$7.3 million in properties held for which sale agreements had been signed but sales had not closed by year-end.

- Our cash position declined from \$2.8 million to a net overdraft of \$1.5 million due to a sharp decline in net revenue for the year.
- Accounts Receivable – Parish receivables decreased by \$230,000 from the prior year due largely to an increase in the provision for uncollectable accounts of \$334,000. Many parishes were challenged financially by the requirement to suspend in-person worship and some have experienced significant pressure. Gross parish receivables are closely monitored and at the end of the year stood at \$1.9 million with 79% over 90 days.
- Consolidated Trust Fund balances recovered from a dismal 1st quarter performance to end the year up 3%.

Liabilities

- Liabilities increased from the prior year by \$6.1 million mainly due to bank indebtedness of \$3.1 million which was not needed in 2019.

Statement of Revenue and Expenses

There was an excess of revenue over expense resulting in a surplus of \$3,647,000, down from \$7.7 million in 2019.

The main drivers are:

- COVID expenses net of CEWS revenue of \$3,902,000
- Revenue from 3 properties held for sale \$8,134,000
- Decrease in Fees & Donations following a large one-time transfer from the Diocese of Toronto Foundation in 2019
- Decrease in income from the Marriott hotel land lease

Significant expense items included;

- Increase in FaithWorks disbursements following a very successful campaign (\$345,000)
- Decreased payouts to OF-OH grant recipients of \$960,000

Finally, capital appreciation declined to \$317,000 (2019 - \$6,197,000) due to Covid market volatility.

The Cemetery Fund of the Incorporated Synod of the Diocese of Toronto

The Cemetery Fund holds parish funds that are restricted for cemetery use, primarily care and maintenance funds. The investments are reviewed on a quarterly basis by the Investment Committee of the Diocese.

Format of the Financial Statement

No change has been made to the structure of the Financial Statement.

Financial Position

Fund assets amounted to \$13.7 million at year-end, an increase of 6.2% from the prior year.

Statement of Revenue and Expenses

The net earnings for the year were \$749,000, down from \$1.372 million in 2019. This decline was due to lower investment appreciation, following uneven financial market performance in 2020.

In compliance with Bereavement Authority of Ontario's requirement, dividend distribution to cemetery operators is limited to investment income (defined as interest and dividends only) earned during the year. The dividend for the year was \$4.28 per unit, representing a 2.6% return on investments on December 31, 2020 (exclusive of capital appreciation), compared with 2.8% in 2019.