162nd Regular Session of Synod

November 17 & 18, 2023

SUPLEMENTARY CONVENING CIRCULAR

SECTION G

UPDATE ON 2022 SYNOD MOTION #11G

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The Synod Council, at its October 19, 2023 meeting, received the following report from the Finance Committee and forwards it to Synod for information.

<u>Background</u>
At the last Regular Session of Synod, the following Motion #11G was approved:

> "**MOVED** by the Rev. Canon Mark Kinghan and **SECONDED** by Gail Browne that given parish allotments cannot meet the primary financial needs of the diocesan budget, this Synod requests that a detailed report be submitted to the next session of Synod from Synod Council outlining that because diocesan staff and ministries are important, how they can be maintained in the future and how past and future budget deficits can be covered using diocesan investments rather than increasing parish assessments. **CARRIED**."

The motion directed Synod Council to report to the next session of Synod on the possibility of funding Diocesan operations using investment income.

This report addresses the following key considerations:
1. Marriott Hotel revenue decline due to COVID-19 pandemic.
2. Operational adjustments made in response to decreased revenue.
3. Sustainability of the Diocesan allotment.
4. Limitations of Diocesan investments.
5. Exploration of new revenue streams.

<u>Marriott Hotel Revenue</u>
The Marriott hotel has historically been a significant revenue source for the Diocese. The challenges brought about by the pandemic led to a considerable loss in income, resulting in the overall revenue decrease experienced by the Diocese. Post-pandemic, there has been a resurgence in revenue from the hotel, and this asset will continue to contribute significant support to the operating budget.

<u>Operational Adjustments</u>
The motion states that diocesan staff and ministries are important and asks how they can be maintained. The ability of parishes to sustain the current operations is being limited by closures and operational challenges. The episcopal leadership had been changed to reflect this and as we grow into a

new strategic plan the Diocese will have to make decisions on what elements are key for growth and what the diocese can afford.

Sustainability of Diocesan Allotment

Despite facing a reduction in overall revenue, increasing the assessment rate for parishes is not seen as an option to support the budget. Over time, the diocese will need to increase alternate sources of revenue or reduce the operating budget.

Limitations of Diocesan Investments

The finance committee reviewed all the Diocesan investments as a part of finding revenue sources for the budget. Investments, held by the Diocese, are primarily designated for specific purposes, and are restricted in use either internally or externally. They also include endowments, the capital portion on which must be maintained perpetually. As a result, leveraging any additional investment funds for Diocesan operations other than the current ones that are already in use, is not possible. All accessible funds are being used to support the budget.

Exploration of New Revenue Streams

To support the ongoing financial health of the Diocese, we continue to explore alternate revenue streams. One promising avenue is the strategic utilization of vacant and closed churches. The potential to repurpose or lease these spaces offers a sustainable strengthening of our financial resources. Any use of real estate needs to be balanced with the strategic mission of the Church, and previous Synods have indicated a strong need for affordable housing.