

## **REPORT OF THE DIOCESAN TREASURER**

This marks the end of my eighth year as your Diocesan Treasurer.

The year end results for 2006 in the General Fund are positive with a small surplus of \$31,620 before depreciation of \$108,961. This did not provide the necessary funds to make our \$102,500 annual debt repayment to the bank. The difference has come through a decrease in our cash position. At year end, our unrestricted deficit improved significantly as we saw a reduction from (\$1,611,074) to (\$1,263,082). This resulted from the transfer of funds arising from the sale of closed parishes. When parishes are closed the residual proceeds are held for one year as required by our Canons. At the end of that year two-thirds of that residual amount is transferred to the Diocese to restore fund balances and reduce debt.

Our Participation Unit investment with the Russell Investment Group performed extremely well this past year. Unit values rose from \$15.02018 to \$16.83671 during calendar 2006. This increase represents an approximate 12.1% rate of return.

Year-to-date financial operating results for 2007 indicate we could be close to a breakeven position depending on our investment return at year end. The stock market has shown greater volatility than in 2006 and it is difficult to determine where we will end the year at. The unit value has risen from \$16.83671 at the beginning of this year to \$17.00484 at the end of August. This represents an increase in value of only 1.0% for the past eight months. Most expenses are well within budget with the exception of the Personnel Transition & Severance category. This item is much higher than anticipated when the budget was set in early 2006.

As mentioned previously, our Synod long term debt continues to reduce at the rate of \$102,500 per year. We are committed to this repayment plan for quite a few years to come. It is encouraging to note that CIBC, our banker, has been pleased with our overall performance and no changes are expected in the Synod's bank operating line.

The 2008 proposed budget is a balanced budget and contains few changes as we enter into a transition period with Bishop Michael Bird assuming responsibility in March of 2008.

We will be challenged in the years to come as we deal with continued parish closures and the loss of their support and contribution of DM&M dollars. However, we expect the high costs associated with Personnel Transition & Severance will subside as we have responded to pressing transitional needs at a number of parishes. We will need to ensure we have the necessary funds to repay our Synod bank loans and continue to reduce our Fund Balance deficit.

During this next year, we will address financial issues at the Cathedral which may have an impact throughout the Diocese and possibly result in a revised structure at Cathedral Place. Committees are now in place to examine both financial matters as well as structure design.

On a positive note the Financial Advisory Committee, the various Sub-Committees of the FAC and the Audit Committee deserve our thanks for their diligent work over the past year. Their efforts have proved invaluable to me in the carrying out of my responsibilities as Diocesan Treasurer. My personal thanks to the chairs and members of these various committees for the time they have given to the diocese and for their collective insight. Also a heartfelt thank you to everyone that has stepped

forward and helped whenever a need arose.

**REPORT OF THE DIOCESAN TREASURER (continued)**

Special thanks to Kirk Boyd, Chair of the FAC; Judy Conning, Chair of the Finance/Budget Sub-Committee; David Pady, Chair of the Investment Sub-Committee; and Murray Rathbone, Chair of the Insurance & Risk Management Sub-Committee, all whom are leaving as respective Chairs this year, for their many years of dedicated and selfless service.

My personal thanks to everyone, at the Synod office, for joining in and helping each other when there was a need. This type of cooperation encourages a team environment and makes for a pleasant workplace.

I would like to give special thanks to the great staff in the Finance area for their hard work, exceptional performance, loyalty and dedication. Thank you to Wendy Duncan, Debbie Young, Nancy Clause and Kim Waltmann.

Respectfully submitted,  
Mr. Robert L. McKinnell  
Diocesan Treasurer & CFO