

RESIDENTIAL SCHOOL SETTLEMENT FUND

Background:

The Government of Canada, the Anglican Church of Canada resolution Corporation and certain Anglican Entities entered into a Settlement Agreement (the Anglican Settlement Agreement) on March 11, 2003, and the Government and other Anglican Entities entered into Contribution and Cooperation Agreements and General Synod Support Agreements on or about the same date.

The total original commitment by the Anglican Entities and the General Synod of the Anglican Church of Canada was to place \$25,726,518 into the Anglican Church of Canada Resolution Corporation over a five year period to cover their share of the Indian Residential Schools Abuse Claims.

The Diocese of Niagara committed to provide \$1,885,000 of this total amount and signed a promissory note to the Anglican Church of Canada Resolution Corporation to that effect as of February 25, 2003.

Section 8.1 of the Anglican Settlement Agreement provided that the Government would have to renegotiate with the Anglican Entities where it was concluded that a settlement agreement came into force with another denomination or church entity was more favourable than those terms contained in the Anglican Settlement Agreement.

Accordingly, when the Catholic Settlement Agreement was entered into in 2006, it became necessary for the Government of Canada to review the original Anglican Settlement Agreement and adjust it proportionately to the Catholic Agreement. The parties agreed that the total amount that the Anglican Entities were now required to pay to IRS Abuse Claims and healing & reconciliation would be \$15,687,188 (\$79,000,000 x 19.9572%), which is the Anglican proportionate equivalent of the maximum amounts required to be contributed by the Catholic Entities for healing & reconciliation, in-kind services and through a Canada-wide Catholic fundraising campaign.

As a result of this renegotiation, the Diocese of Niagara would only be required to commit a total of \$1,143,648, a reduction in commitment of \$741,352 or 39.3%. This \$1,143,648 in fact is the exact amount of funds that the Diocese has forwarded to the Anglican Church of Canada Resolution Corporation by September 19, 2007, which is the effective implementation date of the renegotiated Indian Residential Schools Settlement Agreement. Accordingly, the Diocese of Niagara has paid its required revised commitment in total, but has not overpaid and therefore will not be receiving any refund at this time, as a result of the renegotiations.

Over the next seven years, should the Catholic Entities fail to raise the required amount under their Government agreement through their fundraising, then the Anglican Entities will be eligible for a further refund. The Diocese of Niagara would be eligible to receive a proportionate share of this potential refund.

RESIDENTIAL SCHOOL SETTLEMENT FUND (continued)

Parish Commitments:

In 2003, the Diocese of Niagara began making payments to the National Church to meet our five year commitment, totalling \$1,885,000, to the Residential School Settlement Fund. Covenant agreements were sent to all parishes in the Diocese and parishes were asked to covenant for a specific target or a stretch target. These targets were arrived at using a percentage formula based on the DM&M (parish assessment) at that time. There were 110 parishes but only 102 signed the covenant agreement to contribute to the settlement fund. Based on those committed dollars, it was expected, that, we would barely have enough funds to cover the \$1.88 million diocesan commitment after allowing for anticipated slippage and some very modest annual fundraising/education expenses over the five year pledge period.

As indicated above, our commitment has been reduced to slightly less than 61% of the original amount. Our commitment has dropped from \$1,885,000 to \$1,143,648 and this latter amount has been forwarded to the National Church. At last year's Synod, we reported that Niagara has received \$1,359,849.53 from the parishes resulting in a \$216,201.53 excess. A number of parishes had contributed their full covenant amount, while others have fallen behind in making their payments. There were 8 parishes that did not sign a covenant agreement and 2 of them have disestablished. However, some of these parishes have made payments to the diocese.

At the 2007 fall Synod, I was instructed to follow up with all parishes that had not met the 61% level, regardless of signing a covenant, and report back to the 2008 Synod.

At the end of September 2008, there remain 11 parishes, compared to 24 in 2007, that have not reached the 61% level. The combined amount they owe is \$32,743.99. To date, we have received \$1,382,138.90 leaving an excess over the required National Church amount of \$238,490.90. These funds are to be forwarded to the National Church for the Healing and Reconciliation Fund.

Respectfully submitted,
Mr. Robert L. McKinnell
Diocesan Treasurer & CFO
October 16, 2008