

Commentary on the 2012 Budget and 2013- 2014 Forecast

Overview

General Synod's 2012 budget continues a path that is both fiscally conservative and focused on the future. As was the case last year, the 2012 budget is balanced. It enables General Synod to continue implementing Vision 2019 and to live out the Marks of Mission as an example to the rest of the church.

This budget fulfills two major requests from the Council of General Synod (COGS).

First, Management Team has honoured COGS's request to eliminate deficit budgeting by 2012. The background to this decision is that after revenue began dropping in the 1990s and expenses continued to rise with inflation, the church began to generate financial deficits, then drifted into an unsustainable practice of budgeting for deficits. In 2008, COGS directed General Synod to eliminate deficit budgeting by 2012—a goal that General Synod achieved a year early, with a balanced budget in 2011.

Second, the format of this budget addresses a request from COGS that Management Team develop a budget for 2012, a forecast for 2013 and 2014, and a two-year trend (2015 and 2016). This new format and process allows COGS to be more proactive in establishing General Synod priorities.

The current stability is something to give thanks for. At this point, with current revenue projections, 2012 and 2013 project balanced budgets. But it is important to understand that the 2012 budget and initiatives would not be possible without support from the Ministry Investment Fund.

The Ministry Investment Fund (MIF) was established in 2010 and is funded by 90 per cent (60 to 80 per cent in 2009 to 2011) of unrestricted bequests to the national church. Up to \$250,000 a year is available to General Synod ministries as seed funding for new programs; funding for single-purpose, time-limited projects; or funding for specific transition initiatives that support Vision 2019. This funding has enabled General Synod to pursue new and exciting initiatives in line with Vision 2019 that would otherwise have been impossible.

Applications to MIF are reviewed and approved by a committee of the Primate, the Prolocutor and General Secretary in consultation with the Treasurer.

General Synod's Management Team is committed to maintaining budget equilibrium. In 2010, it restructured staff and programs in light of our fiscal reality, and it is aware that future financial sustainability depends on stabilizing revenues. In this context, the work of Resources for Mission (formerly the Department of Philanthropy), in partnership with dioceses, is critical.

Budgeting background

The restructuring of programs allowed General Synod to reduce costs significantly between 2008 and 2010. In April 2010, Management Team, assisted by a consultant, established guiding principles from a variety of governing documents. Management Team then identified work that matched its mission priorities and that could only be done at a national level.

The new structure, implemented in Nov. 2010, touched all ministries. Cuts included many grants to overseas partners and ministry work, including Volunteers in Mission and the

Theological Students International Internship Program. Management Team decided to wind down the library and streamline support staff and travel and event planning.

Management Team described 2011 as a year of transition, during which the new structure was tested and reviewed while leadership continued to focus on maintaining a balanced budget. This review has resulted in small adjustments to some ministries.

Long-Term Trends

Heading into 2012, General Synod continues to face financial pressures on several fronts. Proportional giving from dioceses accounts for 67 per cent of our budgeted revenue and this has been decreasing at a rate of 3 per cent annually (adjusted for inflation) since the early 1990s. This trend parallels the overall decline in Anglican church attendance across Canada. There is no indication that this will turn around.

If revenues continue to decline and the inflationary push on expenses continues at today's rates, General Synod will be running a deficit again in 2014. By 2016, that deficit will have reached about \$1 million.

2012 to 2014 Planning process

Management Team approached 2012 budgeting work through the lens of Vision 2019, guided by the Marks of Mission.

Each ministry director or coordinator provided a three-year work plan aligned with Vision 2019 priorities and practices as well as relevant COGS and General Synod resolutions. A Management Team roundtable provided an opportunity for each ministry head to discuss their hopes and priorities for the next three years.

As a second step, directors met individually with the Primate and Treasurer to review work plans which established measurable outcomes for which the ministry will be held accountable each year. The work plans identified

- What must be done
- What could be deferred if funding were not available
- Contingency plans, were funding not available
- Possible alternate funding being explored

During these meetings, directors also forecast budget numbers, including staff requirements and ministry costs.

Resources for Mission and the Treasurer also assessed revenues and projected a five-year forward trend. This work not only charted plans for the next several years but also provided some groundwork for contingency plans that General Synod could use if revenues are not realized.

The projected costs were compared with revenues and after several iterations, this final draft budget was prepared for your consideration.

Ministry commitments

This budget reflects ministries that General Synod has committed to supporting. The total cost of these commitments in 2012 is \$12.2 million.

Council of the North

The most significant cost commitment is yearly grants to the Council of the North, the church's 10 northern dioceses. This commitment reflects the Anglican Church of Canada's long-standing determination to provide sacramental and pastoral ministry to remote and sparsely populated regions of the country, especially in northern Canada.

In 2007, General Synod committed to maintaining \$2.4 million in yearly grants to the Council of the North until the end 2011. This commitment was honoured.

In 2011, the Council of the North proposed to COGS that the budget process consider a reduction in grants of 5 per cent per year for five years, to be reviewed in three years. Incorporating this proposal, the 2012 budget includes \$2.26 million for the council.

The Council of the North has approved new criteria for allocating grants among member dioceses which will establish a high level of accountability and transparency. This process also aligns its ministry with Vision 2019.

General Synod ministries

General Synod funds the fixed costs of ministry from Church House, including the infrastructure of maintaining the offices and operations. Also included are the governance requirements of the national church, the triennial gathering of General Synod and annual meetings of all standing committees, councils, and boards.

General Synod also devotes resources to program and support ministries. Details of these ministries and their work plans are included in standing committee reports, but here are some highlights:

- Our commitment to Ecumenical and Interfaith Relations work is primarily reflected in our support for various councils. A report suggesting a way forward for this ministry and seeking direction from COGS will determine future resource requirements. This ministry also supports the Truth and Reconciliation Commission (especially events).
- Anglican Global Relations is strategically refocusing our commitment to the global Anglican community. Similar to Ecumenical and Interfaith Relations, the Global Relations' budget provides a level of financial commitment, subject to direction from COGS regarding this ministry's work plan and resource needs.
- A key focus of Indigenous Ministries in 2012 and 2013 is the governance work of the Anglican Council of Indigenous Peoples moving toward Indigenous self-determination. The 2012 Sacred Circle will focus on the discernment process.
- Faith, Worship, and Ministry's areas of focus include the Liturgy Task Force, theological education, ecumenical and interfaith dialogues, congregational life and leadership, ethics, and the Anglican Communion Working Group. The Ministry Investment Fund supports some elements of this work.
- The General Secretary's Office tends to the governance requirement of the national church, including the legal, archival, and healing work associated with Indian Residential Schools. This office also manages the youth secretariat mandated by General Synod 2010, and the government relations work mandated by Vision 2019.

- The Primate's Office supports the Primate as leader of the church in Canada and its representative in the worldwide Anglican Communion. The office supports the House of Bishops, the Metropolitan Council of Cuba, and the Bishop Ordinary to the Canadian Forces. The Primate also champions full communion with the Evangelical Lutheran Church in Canada.
- General Synod is investing in a commitment to improve and enliven communications through the Communications and Information Resources Ministry. The web team is breaking new ground in social media work; the Anglican Journal is pursuing a plan to improve capacity and ensure sustainability, and Anglican Video has launched a Marks of Mission educational campaign. The Ministry Investment Fund has funded some of these important initiatives.
- Financial Management and Administration focuses on securing and improving stable, reliable reporting systems and building capacity through efficiencies to better support General Synod ministries. Two important initiatives are the statistical project, mandated by Vision 2019, and a review of proportional giving, mandated by General Synod 2010.
- General Synod is investing in a commitment to gather financial resources to equip ministry across Canada through the work of Resources for Mission. A key work plan component is *Together in Mission*, a diocesan-based, mission-focused national campaign. (More detail is provided below.)

Stabilizing revenues

The budget relies primarily on an analysis of past and future trends in an attempt to provide an understanding of where the church stands financially. But that is only part of the story.

The other part of the story that is not open to the same kind of analysis, lies in significant, visionary, and exciting initiatives undertaken on the church's behalf by the Resources for Mission ministry. This ministry is working to enhance existing appeals and, in partnership with dioceses, to stabilize revenues and find new sources of funding that will decrease General Synod's reliance on proportional giving.

Resources for Mission is responsible for the other two revenue streams, which have recently reorganized and reinvigorated:

- Traditional fundraising initiatives—annual giving, planned giving, major gifts—have been rethought and reinvigorated. An analysis of annual giving trends demonstrates that with careful management, this source of revenue can grow. Planned giving and major gifts are areas that are harder to predict, but there were very significant successes in 2011.
- *Together in Mission* is a new, diocesan-based, mission-focused national campaign that aims to address the financial needs of the whole church—parishes, dioceses and the General Synod. *Together in Mission* recognizes that healthy parishes mean healthy dioceses and a healthy national church. While the campaign and the way dioceses have received it thus far offers considerable hope, it is clearly not a quick fix.

Conclusion

General Synod has a balanced budget for 2012, with the help of grants from MIF, but as the long-term forecast shows, significant work is needed to maintain sustainability. General Synod has restructured and trimmed expenses to address the current reality. With the help of grants from MIF, we continue to meet our commitments to Vision 2019 and General Synod 2010. The focus now is on stabilizing and increasing revenues through Resources for Mission, in partnership with dioceses.

As General Synod moves into an uncertain future, COGS's governance role is key. After reviewing information from the longer term budget, this budget narrative, and committee reports, COGS members will be well positioned to assess and provide guidance on work plans and budget priorities in spring 2012, and help chart the next stage of General Synod's road to financial sustainability.