

THE ASSETS AND FUNDING TASK GROUP

TORONTO CONFERENCE

THE UNITED CHURCH OF CANADA

A Status Report

A) Introduction

In January 2008, the Steering Group established to provide oversight for the Toronto Conference restructuring process created the Assets and Funding Task Group ('the Task Group'), to work with the Conference and the current nine Presbyteries and existing Corporations in determining the disposition of assets currently held by the Presbyteries and Corporations. (See Appendix A for Members of the Task Group).

In February, the Task Group distributed a discussion paper to assist Presbyteries, Corporations and the Task Group in the consultation process ahead. It contained a summary of the Task Group's role and mandate, an outline of important principles and considerations that the Task Group had identified to guide its work, and some questions and suggestions to facilitate the discussions and decisions that lie ahead.

The Task Group invited the nine Presbyteries in the Conference to send representatives to meet with the Task Group at one of several meetings held throughout the months of March, April and May. The Task Group also met with the Tri-Presbytery Corporation, the Toronto West Presbytery Corporation, the Toronto United Church Council, the Conference's Mission Support Committee, the Executive of the Toronto Conference and the United Church Foundation. A meeting with the Cedar Glen Committee is scheduled.

At these consultation meetings, the Task Group stated that it would consult with Presbytery representatives, the Corporations and the Toronto United Church Council again, before making its final recommendations to the Steering Group.

The purpose of this status report, therefore, is to provide the current Presbyteries and Corporations with a summary of what the Task Group has heard, some preliminary conclusions on some aspects of its mandate, and a summary of the asset management and distribution options it is now looking at. The Task Group has not yet developed its recommendations on funding priorities, but does provide some comments in this report on this important part of its mandate.

Following distribution of this status report, the Task Group will convene a consultation meeting in September to seek further discussion and advice before finalizing its recommendations to the Steering Group.

B) General Observations

The Task Group wishes to thank all those who have made time available to meet with us, and who have been very forthcoming in providing important background and financial information. In every instance, our meetings with them were helpful, productive and instructive, reflecting the strong commitment and hard work of dedicated volunteers and staff serving the ministries of their Presbytery and the broader work of the Conference.

Not surprisingly, there is no consensus on how the current assets should be distributed in the new Conference structure, and on how these assets are to be managed, once the new structure is in place. The Task Group has received well-thought-out suggestions on both these questions. All these suggestions have merit and are being looked at carefully by the Task Group.

These suggestions reflect different needs and commitments in the current Presbyteries and the Corporations. Any redistribution of available funding must enable Presbyteries to access funding for these needs; however, this does not mean that there are unlimited funds available to address them.

Arriving at recommendations that have unanimous support throughout the current Presbyteries will be very difficult, if not impossible. One submission stated that any decision taken on the key issues must be supported by all the governance bodies currently in place. The Task Group knows this will be highly unlikely, in view of the many different and conflicting suggestions it has received. Attempting to achieve unanimity will not be used by the Task Group as a reason to delay making its final recommendations to the Steering Group.

C) What We Heard

The following is a summary of what the Task Group heard in these consultation meetings, beginning with what we believe are points of agreement.

i) Points of Agreement

In the Task Group's view, the following are 'must haves' in any asset distribution and management recommendations made by the Task group:

- ✓ While there are strong and differing views on how current assets should be managed and redistributed, everyone believes decisions on funding support and asset management must be brought closer to the congregations. Those advocating for one structure or another all support this very basic principle. But there are many different views on how this principle should be translated into new structures and decision-making.
- ✓ Transparency and timeliness is paramount – in how funding decisions are made, who makes them, how quickly they are made and what priorities are guiding them.
- ✓ Whatever governance and management structures are created Presbytery representation must be dominant.
- ✓ Presbyteries are looking for a review process at reasonable intervals (five years has been suggested), for whatever new asset governance and investment management structure(s) are adopted. This review should be done using clear guidelines and criteria. Following

such a review, any Presbytery who determines to withdraw their funds from any pooled investment or fund should be entitled to withdraw the amount of their original transfer.

- ✓ Everyone agrees that the term “one stop shopping” generates confusion and misunderstanding as to what this actually means! Many feel the term is simply a mask for centralizing all funding decision-making, rather than what is intended – a transparent and user-friendly way for congregations to access required funding support using a simplified application process.
- ✓ Current commitments and ministries (see Appendix B) must be honoured in the future, but more clarity is needed in how we define and recognize current commitments, and over what timeframe. The Task Group will make recommendations on those commitments and ministries that must be guaranteed funding, and believes that a 5-year guarantee of funding for these priorities, without encroaching capital, is reasonable.
- ✓ Establishing clear funding priorities for the new Presbyteries and Conference structure, and acting on these priorities, is both welcomed and very much needed.
- ✓ Low administrative costs and fees, both for the management of invested assets and for the distribution of funding, is a virtue all advocate and support.
- ✓ There appears to be reluctance by the current Presbyteries to have their assets pooled in an investment fund managed by the Toronto United Church Council (TUCC). Even though most of TUCC’s Director’s are nominated by current Presbyteries, there still appears to be resistance from the current Presbyteries and their Corporations to the idea of having TUCC taking on this function, which seems to stem in part from historical experience.

ii) General Conclusions

The Task Group is now focusing its attention on examining specific options (see Section D below), and will also be examining and making recommendations on funding issues. However, at this stage, it is able to offer some general conclusions on the direction of its thinking:

- The status quo – more or less maintaining the Presbytery Corporations in their present form in the new structure, with some redistribution of assets - is not an option, in the Task Group’s view. It would create serious inequities between the Presbyteries, and undermine one of the most basic objectives of the new Conference structure. Some consolidation and redistribution is necessary. The challenge is how to accomplish this and bring funding support closer to our congregations.

There is a huge difference in the amount of funding available to individual presbyteries at present. This will continue into the new structure unless a new funding arrangement is implemented. More equitable access to funding resources for all four Presbyteries is a fundamental principle that will guide the Task Group in finalizing its recommendations.

- The issue of equity raises the question of need. Are all needs equal? Should we not address need before we insist on equity? And where are the needs the greatest: in community ministries? Aging, underutilized buildings? New church development? Other areas?

The amalgamation and consolidation of shrinking congregations, and the closing of aging, under-utilized buildings, difficult and painful as both these realities are, represent significant savings as well as sources of new funding. Future funding policies and priorities in the Conference must recognize this.

In the Task Group's view, these imperatives are not being discussed and debated enough, in all courts of our Conference. There is no consensus on funding priorities. Furthermore, one court is not content or prepared to trust another court: congregations are suspicious of presbytery, (to the extent that they even know what transpires there) and few of our congregations even know about Toronto Conference and the work they do. Even fewer have heard of the work of Toronto United Church Council.

All of this makes the task of asset distribution in the new Conference structure even more difficult. But in the Task Group's view, it underscores the importance of not only bringing access to funding as close to the congregations as possible, but also establishing funding distribution policies that reflect the future needs and realities of our congregations, young or old.

- In the Task Group's view, there are presently too many committees, too much 'busywork', and too many decision-making bodies administering and distributing various pots of money in the present Conference structure, at a time when all courts have challenges populating their own committees and finding presbyters willing to participate on Conference committees, often requiring long distance travel.

This is bad stewardship.

It results in duplication, overlap and unnecessary administrative costs. We cannot find enough people now to populate existing committees. We have witnessed a 30%+ decline in Toronto Conference membership in the past 10 years. This will get only worse because of our aging population base and increased travel costs. These realities must and will guide the Task Group in its recommendations.

- No matter what asset/funding governance and management structures are put in place, there must be some form of periodic review in place that will enable the Presbyteries to evaluate and make adjustments if necessary to how funds are managed and distributed. Some have advocated against this requirement, but in the Task Group's view, it is an important part of a new, transparent and flexible approach to funding distribution in any new structure.
- There is a need to review how the proceeds from the sale of church properties are distributed. We will be making recommendations on this very important topic in our final Report.
- The Task Group is recommending to the Steering Group at this time that all Presbytery and Corporation investments maturing within the next twelve months preceding the restructured Conference should be put into shorter term investments pending the decision of the Toronto Conference Executive on the final recommendations of the Task Group.

D) Asset Distribution and Management Options

After receiving and evaluating comments and recommendations on what asset redistribution , if any, should take place and on what management structure should be created to administer and redistribute funds, the Task Group is now looking at the following options and will evaluate each against the 'must haves' and conclusions outlined above, in developing its final recommendations. It should be noted that the Toronto United Church Council (TUCC) option outlined below is a summary of a proposal that TUCC submitted to the AFTG in May

i) A Centralized Model

Pool all existing assets held within the Toronto Conference. Establish a governance and administrative structure consisting of a majority of Presbytery reps.

Designated pools of funds would be established, reflecting funding priorities. A simplified application process would be created and communicated to each congregation in the Conference. The United Church of Canada Foundation or TUCC would be asked to manage the investment fund.

ii) The Four Presbyteries Model

Reallocate the existing assets of the Presbyteries, Corporations, and the Conference among the four Presbyteries. Each Presbytery would then assume direct control over their own assets and would be able to establish their own priorities and focus funding according to their priorities:

- Each Presbytery would have their own Account at the United Church of Canada Foundation
- Each Presbytery would transfer their balances to their UCCF Account before June 30, 2009
- Toronto West Presbytery Corporation would be invited transfer its assets to the new TWP Account at the UCCF
- Toronto West Presbytery would then be invited to transfer to the other new presbyteries some of its assets in order to introduce a greater degree of equality
- The Tri-Presbytery Corporation would be invited to transfer its assets to the SE Presbytery Account.
- The assets of three new Presbyteries would be comparable, while the new Toronto SW Presbytery would retain a larger amount in order to deal with its more extensive existing commitments.

A variation of this model would be that the current assets available from the current nine Presbyteries and the Toronto Conference would be redistributed equally among the four new Presbyteries. Presbyteries would establish their own designated funds/endowments and governance structure for the distribution of these funds. A pooled investment fund would be created and managed by the United Church of Canada Foundation.

iii) The Toronto United Church Council (TUCC) Funding Proposal

The Toronto United Church Council has submitted a proposal to provide (1) an adequate and expanding funding source and (2) a single and uncomplicated application, assessment, funding and evaluation process for five ministry areas: social ministries, congregational development, leadership development, camping, and capital support.

In their proposal, this would be accomplished by:

- establishing an independent governance structure for each ministry area that gives all partners (Conference, Presbyteries and Council) the option to fully participate together in the establishment of funding priorities, the development of policy, the determination and administration of grants, and the ongoing consideration of ways and means to improve the process.
- establishing a suite of five Endowments within Council's restricted funds to provide an ongoing and growing source of income to finance the five ministry areas.

The Endowments would be formed by integrating available ministry funds from the current Presbyteries, the Conference, and Council and be grown through the inclusion of property sale proceeds, annual grants from donor restricted funds, and an ongoing fundraising endeavour. If these Endowments are established, legal restrictions would require the principal of the Endowments to be maintained intact and the interest/investment revenue of each to be used for the general or specific purposes attached to each endowment. If potential partners chose to participate financially through the Endowments, then the transfer of funds would be an irrevocable act. In addition, and as set out in the Trustee Act of Ontario, investment decisions must be made by TUCC's Board of Directors.

If requested, TUCC would be willing to give assistance as appropriate in fundraising, in the staffing of the multilateral group(s), and in the administration of grants and mentoring of grant receiving projects.

E) Next Steps and Timelines

This status report will be distributed to Presbytery, Corporations and Toronto Conference representatives in June. On September 12th, the Task Group will convene a meeting of these representatives to discuss the issues and options outlined in this report. Following this meeting, the Task Group will determine if there is a need for any additional consultation sessions.

In advance of September, the Task Group would appreciate feedback on the options outlined in this report, and requests that any comments and reflections be emailed to Carol Paniccia, Project Manager, and Toronto Conference Restructuring Project cpaniccia@torontoconference.ca. These will then be circulated to the members of the Task Group as they are received.

Appendices

A) Task Group members

B) Summary of Current Assets and Commitments

C) Restructured Conference Assets and Commitments

Appendix A - Members of the Funding and Assets Task Group

Michael Scott (Chair) - Royal York Road United Church, Toronto, Ont

Suzanne Abbot – Anna-Woodford Pastoral Charge, Annan, Ont

Bruce Curtis – St Matthew's United Church, Richmond Hill, Ont

Kay Johnstone – Aurora United Church, Aurora, Ont

Don MacInnes – Kingsway-Lambton United Church, Toronto, Ont

Carol Paniccia – Project Manager, Toronto Conference Restructuring Project

Appendix B - Summary of Current Assets and Commitments

Please note that the commitments shown below are based on 2007 funding/grants and represent a one-year commitment in each case. Commitments going forward will need to be determined based on presbytery priorities.

	Assets		Commitments		
Simcoe	Balance on Hand (12/07)	10,644	Staynor	4,250	
	Student Fund	2,600	Camp Simpresca	4,250	
			Development and Redevelopment	31,000	
			Sierra Leone	350	
			Students	2,616	
			Non-Profit Housing	500	
			Lay Training	2,226	
		13,244		45,192	
Dufferin Peel	Net Income for 2007	5,200	New Church Development	7,000	
(as of 12/07)	Emergency Fund	38,000	Northstar	45,000	(commitment amount declines each year)
		43,200		52,000	
Grey	Security Fund	2,558	Mission & Service Fund	\$845.00	
(as of 12/07)	Security Fund GICs	10,970	Grey Presbytery Resource Centre	\$4,400.00	
	Small Rural Church Support	18,807	Queen's Bush Rural Ministries	\$1,000.00	
	Investment Fund	6,556	Regional Health Centre Chaplaincy	\$1,300.00	
	Investment Fund GICs	102,505	Grey-Bruce Women's Centre	\$1,200.00	
	Student Fund	2,260			
	Student Fund GICs	1,424			
	Operating Budget (General Account)	10,304			
	Grey Presbytery Fund (with TUCC)	20,000			
		175,383		8,745	
Toronto Don Valley	Special Interest Income Fund (2007)	13,950	Ina Grafton Gage Long-term Care Facility - Chaplain	4,800	

Please note that the commitments shown below are based on 2007 funding/grants and represent a one-year commitment in each case. Commitments going forward will need to be determined based on presbytery priorities.

	Assets		Commitments		
		13,950		4,800	
Toronto Scarborough	GICs	51,635	Malvern Outreach Ministry	40,000	
	Legal Reserve	30,011	Vacation Bible Adventure	3,500	
	Malvern Outreach Ministry Fund	2,605			
	Spirit Work	6,096			
	TRI Presbytery Interest Received	15,214			
	Student Aid Coventing (Designated)	12,651			
		118,212		43,500	
Toronto South	St. Enoch's fund (with TUCC)	285,000	Lake Scugog Camp	1,800	All of these commitments have been made against the interest from the St. Enoch's fund for 2008)
	Received from Tri-Presbytery Corp	21,000	Fred Victor Centre	2,000	
	Bursary Fund	800	Regent Park United Church	1,500	
	GIC	72,250	Toronto Christian Resource Centre	4,500	
			TUNM	4,500	
		379,050		14,300	
Tri-Presbytery Corporation	Fund	1,092,000	Toronto South, Toronto Don Valley and Scarborough Presbytery for Ministry	45,000	
		1,092,000		45,000	
Toronto West	Bursary Fund	5,000			
		5,000			
Toronto West Presbytery Corporation	General Fund	2,050,000	Davenport- Perth Ministry	58,286	
	TWP Ministry Development	1,100,000	Jane - Finch Ministry	74,286	
	Program Fund	700,000	TWP Congregations	43,000	

Please note that the commitments shown below are based on 2007 funding/grants and represent a one-year commitment in each case. Commitments going forward will need to be determined based on presbytery priorities.

	Assets		Commitments	
	Community Ministry Trust	60,000	TWP	43,143
	Comart Fund	70,000	Other TWP Projects	14,143
		3,980,000		232,857
Muskoka	Fund	40,000		0
York	Cash	90,000	Georgina Island Native Ministry	10,000
(based on 2007 budget, not actual)			Camp Big Canoe	10,000
			Emergency Fund	10,000
			Evangelism Fund	2,500
			Pathways	?
		90,000		22,500
Toronto Conference	Cedar Glen Fund	1,502,000	Camps	40,000
	Conference Social Ministries Fund	72,000	Five Oaks	5,000
	Experimental Ministries Fund	108,000	Restructuring (one-time commitment)	500,000
	Woodgreen Trust	1,000,000	Call on the Woodgreen trust for the Toronto Christian Resource Center - amount not determined	
		2,682,000		545,000

Appendix C - Restructured Conference Assets and Commitments

		New Presbytery			
Presbytery		NW	NE	SW	SE
Dufferin Peel	Assets Moving	19,613		23,587	
	Commitments Moving	23,608		28,392	
Grey	Assets Moving	175,383			
	Commitments Moving	8,745			
Muskoka	Assets Moving		40,000		
	Commitments Moving				
Simcoe	Assets Moving	6,927	6,317		
	Commitments Moving	23,635	21,557		
Tor. Don Valley	Assets Moving			145,570	206,900
	Commitments Moving			1,982	2,818
Tor. Scarborough	Assets Moving				325,692
	Commitments Moving				43,500
Tor. South	Assets Moving			18,501	906,549
	Commitments Moving			286	14,014
Tor. West	Assets Moving			3,985,000	
	Commitments Moving			232,857	
York	Assets Moving	5,400	84,600		
	Commitments Moving	1,350	21,150		

Assets and Commitments for New Presbyteries*

	<u>Assets</u>	<u>Commitments</u>
Northwest	207,323	33,703
Northeast	130,917	42,707
Southwest	4,172,658	263,518
Southeast	1,439,141	60,332

*** This is based on all assets and commitments moving into the new presbyteries for those existing presbyteries that are moving "whole". Where an existing presbytery is moving into more than one new presbytery, their assets and commitments are moving proportionately based on the resident membership pastoral charges. Assets held by the Tri-presbytery and Toronto West Presbytery corporations of have been included in these totals.**

Toronto Conference assets are not included in these totals.