

Aurora United Church

Finance Committee Report

June, 2020

On behalf of the AUC Finance Committee, I wanted to provide you with a brief financial update on AUC's general operating budget. The 2020 Operating Budget we are working with has been approved by both the Finance Committee and AUC Council, but will still need to be approved by the congregation when we are able to have our AGM.

As we have been without regular services for some time now, this is obviously having an impact on AUC's financial position that was not anticipated in our 2020 Operating Budget. There have been many discussions and meetings on how best to maintain stability in our financial position, and I wanted to review some key actions that have been taken to protect AUC's financial health.

Let's start on the revenue side. First, a huge thank you to all of you who continue to support AUC through your ongoing PAR donations, mailing in your donations and the new e-transfer option. Given the circumstances, our congregational giving's have held up quite well over the past few months. We should be proud of the support the AUC family continues to deliver. One important action we have taken is to bring forward some of the insurance interest payments that were in the budget to ensure we have a healthy ongoing cash flow position. Our hope is that we will not require any extra funds from this insurance interest that is not already budgeted in 2020, but that remains a question mark. Another action we have taken is to apply for the Canada Emergency Wage Subsidy for AUC's employees, as AUC meets all the qualification criteria. This subsidy is retroactive to all wages paid since March 15th, so AUC received a significant sum from the CEWS in May that helps our financial position a great deal. Combine all these items, and AUC heads into the summer season with a solid bank balance to see us through to the Fall. My thanks go out to our AUC Treasurer, Carmen Harany for sorting out how to navigate the maze of Federal programs and successfully apply for the relevant subsidies on behalf of AUC.

On the spending side, we have implemented spending restrictions on all expenditures until further notice, spending only on mandatory or emergency operating items. As previously announced, we had to make the very difficult decision to lay off some of the AUC staff to conserve our resources, but the intention is for this to be temporary and to be back to normal staffing soon. In addition, our partners at Trinity Anglican have agreed to a significant temporary reduction in one of our biggest expenses, rent.

We have also temporarily suspended payment of the interest on a loan we have with the Board of Trustees, which will be repaid very shortly as part of the recent lease payment from Succession Development. Finally, we have temporarily deferred payments for the United Church of Canada's monthly assessment payments.

I want to assure everyone that AUC continues to meet all of its obligations to our Mission & Service fund payments. This program is critical to our mandate as a church and will not be interrupted. The Finance Committee believes we have responsibly managed all of our spending options in order to maintain near term and long-term financial stability for AUC.

As you heard last week, AUC has successfully signed the final agreement with Succession Developments to start physical work on our building site. Congratulations to Brian North and the EDGE Property Committee for achieving this important milestone. This great news will impact our financial situation in two ways. First, significant capital payments will begin to flow from our insurance funds later this year. This will reduce the interest available to the Operating Fund as the principal amount is spent, especially in 2021 and beyond. However, the signing of the agreement with Succession also means that the Board of Trustees have received an initial lump sum payment of \$3 million. Most of this amount will be use to pay initial construction costs on the property, meaning it will delay the need to draw on the \$7 million we have from the insurance, at least temporarily. The Finance Committee will be watching very carefully what the timing is for the required capital to start the rebuild and what the impact is on our ongoing insurance interest availability.

For our Operating Budget though, the ongoing generosity of our congregation remains the most important part of the church's financial health, and the many programs our church offers remain strong because of your generosity. Again, on behalf of Finance and all of those that benefit from your ongoing donations, thank you.

In summary, we are blessed to have access to a steady source of operating capital from the insurance interest to cover our shortfalls, especially during this challenging time of Covid-19. We are in a much stronger place than many others due to this and the strength of commitment of our congregation. Know that AUC continues to successfully meet its ongoing financial obligations, and numerous measures have been taken to protect revenue and manage costs that will allow AUC to emerge from this challenging period on a strong financial footing.

Thank you.

Stephen Crawley
Chair, Finance Committee
Aurora United Church