

Financial Policies & Procedures for Committee Discussion

In recent Finance Committee meetings and conversations, there have been several policies and related procedures that have been noted as needing attention. This briefing document intends to highlight these areas to facilitate intentional discussion and address any underlying issues.

Church Loans

In Dean Cooper's tenure as Interim Director of Finance, he uncovered due diligence issues with loan agreements and arrangements with churches. It is suggested that the Church Loan Policy be revised, with the policy to cover items including standard loan terms and conditions, documentation requirements, conditions and/or requirements when churches are not able to pay interest and/or principal, monitoring and reporting to the Finance Committee and DEXCOM, and other matters as appropriate.

Liquidity

In reviewing the CPD's financial situation, it has been noted that there is a mismatch between the district's financial assets in the form of loans to churches, which are paid over 15 years or more, and financial liabilities in the form of deposits from churches and individuals, which are repayable on demand. It has been suggested that there is a need for a policy on liquidity supported by some analysis on how much cash or other forms of liquidity, such as a secured line of credit (LOC) with RBC of which access is reasonably assured (the currently available LOC with RBC appears to essentially be a demand loan).

The current large cash position of \$1.65 million substantially mitigates/eliminates this risk but is very inefficient as the district is paying a higher interest rate on the deposits than are being received on the cash held with the bank. If there is comfort in managing the liquidity risk, the district could consider loaning some of the available funds to Burnaby Alliance Church for their current building project rather than the church borrowing the full amount through RBC.

District Operating Budget (DOB)

The committee has discussed the potential of seeking an increase to the current DOB rate of 2.5% at District Conference 2025. Regardless of whether an increase is sought, it would be helpful to have a policy for managing DOB contributions from CPD churches that speaks to communication and follow-up/verification to ensure that churches pay the required amount. There is no standard currently for determining the amount owing for DOB, nor what happens if churches cannot pay for a period of time.

