

## District Superintendent Monitoring Report In-Depth Review

### October 2023

#### Definitions

**ADS** – Assistant District Superintendent – Executive Administration & Governance

**CPD** – Canadian Pacific District

**CRA** – Canada Revenue Agency

**DEXCOM** – District Executive Committee

**DF** – CPD Director of Finance

**DS** – District Superintendent

**LDF** – Loan Development Fund

**OM** – Office Manager

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#### Policy

#### 4.3 Financial Planning and Budgeting

The District Superintendent shall not cause or allow financial planning for any fiscal year or the remaining part of any fiscal year to deviate materially from DEXCOM's Ends priorities, risk financial jeopardy, or fail to be derived from the strategic plan.

#### Interpretation

The policy prohibits three scenarios:

1. The DS to cause or allow financial planning for any fiscal year/part of the year to deviate materially from DEXCOM's Ends priorities.
2. The DS to risk financial jeopardy.
3. The DS fail to deliver to DEXCOM and District Conference multi-year budgets and proposed budgets. In other words, financial planning is never done in a one-year vacuum but always from the context of a multi-year projection.

#### Compliance

The DS will consider compliance to have been achieved through the following means:

1. Since the DEXCOM approves both the annual budget and the audited financial statements, the DS will consider compliance to have been achieved through successful motions to adopt the same.



2. The DS will consider compliance to have been achieved through compliance to the totality of Executive Limitations in Policies 4.3, 4.4, 4.6, and 4.7.
3. The DS will consider compliance to have been achieved through the annual presentation to DEXCOM, and approval by DEXCOM, of a multi-year budget.

The DS hereby certifies that the CPD is in compliance with this policy.

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## **Policy**

The District Superintendent will not allow budgeting to:

- 4.3.1 Risk incurring those situations or conditions described as unacceptable in the DEXCOM policy "Financial Condition and Activities."

## **Interpretation/Compliance**

See DS Interpretation under Policy 4.4.

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## **Policy**

The District Superintendent will not allow budgeting to:

- 4.3.2 Omit credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

## **Interpretation**

In this policy, the DS is responsible for not allowing four scenarios:

1. Financial planning that omits credible projections of revenues and expenses
2. Financial planning that fails to separate capital from operational items
3. Financial planning that fails to project cash flows
4. Financial planning that fails to disclose planning assumptions

Each multi-year budget proposed by the DS to DEXCOM will contain credible projections of revenues and expenses. The DS defines credible as:

- 1) derived from historical patterns of income and expense,
- 2) influenced by reflection upon potential future events and conditions of an economic, financial, denominational, or church growth/health nature, etc., and



- 3) influenced by assumptions that are reported in the budget notes and transparent to members of DEXCOM.

Each multi-year budget will clearly separate capital from operational items and include cash flow projections.

## **Compliance**

The DS will consider compliance to have been achieved by:

1. The annual production of budget documents containing each of the four required elements.
2. The provision of financial reports for the three previous fiscal years to DEXCOM highlighting income/expense trajectories to demonstrate credibility of projections.

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## **Policy**

The District Superintendent will not allow budgeting to:

- 4.3.3 Be presented to District Conference without receiving prior approval of budgets from DEXCOM.

## **Interpretation**

DEXCOM requires that budgets to be presented to District Conference (DC) must first be submitted to DEXCOM for approval. They must also be submitted early enough for unrushed reflection and the ability to flag, discuss, and correct any concerns.

Since the District Office team distributes the DC report approximately 14 days before DC begins, and requires all reports be in their possession approximately 21 days before the opening of DC, the DS shall present the proposed budgets to DEXCOM either at the fall (face-to-face) meeting of DEXCOM that precedes DC or no later than 28 days before DC at a virtual meeting or through an email discussion and ballot.

## **Compliance**

The DS will consider compliance to have been achieved through the inclusion of the budgets on the fall DEXCOM meeting agenda or completion of the virtual meeting or email ballot as stipulated above.

The modified 2023 and 2024-2025 budgets were approved by DEXCOM at the October 2022 meeting. The modified budget for 2024 is on the agenda for the October 2023 DEXCOM meeting.



## Policy

### 4.4 Financial Condition and Activities

With respect to the actual, ongoing financial condition and activities, the District Superintendent shall not cause or allow the development of financial jeopardy or material deviation of actual expenditures from DEXCOM priorities established in Ends policies.

### Interpretation/Compliance

See under Policy 4.4.1.

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## Policy

The District Superintendent will not:

- 4.4.1 Allow circumstances that would result in the loss of charitable status with the Canada Revenue Agency (CRA) or any other situation that would undermine the fiduciary obligations of the Board.

### Interpretation

The policy statement prohibits two scenarios, firstly, the loss of charitable status with the CRA, and secondly, any other situation that would undermine the fiduciary obligations of the board. Regarding the first scenario, the DS concludes that there are three primary risk scenarios for losing charitable status with CRA:

1. Failure to post annually the T3010 Registered Charity Information Return, the federally mandated report posted online by all Canadian charities.
2. Mission Drift: when the charity's financial records indicate expenditures for activities unrelated to its constitution and Ends.
3. Evidence of mismanagement of charity funds: fraud, incompetence, etc.

### Compliance

The DS will consider compliance to have been achieved as follows:

1. Inclusion of a dated screenshot of the posted T3010 in the DS Monitoring Report to DEXCOM at the meeting following its required posting, namely six (6) months after the conclusion of the charity's fiscal year. This is included below:



## CHRISTIAN AND MISSIONARY ALLIANCE- CANADIAN PACIFIC DISTRICT – Quick View

[Charity's detail page](#)

Registration no.: **130565963 RR 0001**  
 Status: **Registered**  
 Effective date of status: **1979-09-26**  
 Type of qualified donee: **Charity**  
 Designation: **Charitable organization** ⓘ  
 Website: [WWW.PACIFICDISTRICT.CA](http://WWW.PACIFICDISTRICT.CA) ↗

### Reporting period views

Quick View	Full View
<a href="#">2022-12-31</a>	<a href="#">2022-12-31</a>
<a href="#">2021-12-31</a>	<a href="#">2021-12-31</a>
<a href="#">2020-12-31</a>	<a href="#">2020-12-31</a>
<a href="#">2019-12-31</a>	<a href="#">2019-12-31</a>
<a href="#">2018-12-31</a>	<a href="#">2018-12-31</a>

2. See compliance statement for Policy 4.3.
3. See the totality of policies and compliance statements under 4.3, 4.4, 4.6, and 4.7.

The DS hereby certifies that the CPD is in compliance with this policy.

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## Policy

The District Superintendent will not:

- 4.4.2 Expend more funds than budgeted, or have been received if less than budget, or are reasonably expected to be received without appropriate DEXCOM authorization.

## Interpretation

DEXCOM expects that the DS will manage CPD financial resources to ensure that the CPD spends no more than it receives in income in each fiscal year. If, for reasons beyond foresight and control, the DS predicts a negative position in the Profit and Loss report at year-end, then DEXCOM expects the DS to communicate such a possibility at the earliest possible date and to present to DEXCOM a revised budget that curtails expenditures for DEXCOM's approval.

## Compliance

The DS will consider compliance to have been achieved through either:



1. The submission of audited financial statements to DEXCOM at its spring meeting showing a positive cash balance in the Operating Fund as of the last day of the previous fiscal year (December 31<sup>st</sup>),
2. Alerting DEXCOM after three consecutive months of a negative balance in the monthly profit and loss reports, indicating that ending the year in a surplus situation is endangered, and
3. Further submitting a revised budget to DEXCOM for approval, or
4. Alerting DEXCOM within five (5) business days of the DS being persuaded that for any reason ending the year in a surplus situation is endangered.

The DS hereby certifies that the CPD is in compliance with this policy.

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## Policy

The District Superintendent will not:

- 4.4.3 Expend designated donated funds for any purpose other than designated except according to policy.

## Interpretation

As a matter of both law and ethics, the DS is responsible to ensure that designated donated funds are only used according to their designation except according to policy. The DS interprets the latter phrase to refer to a situation where a designated fund has become over-subscribed, or the original need no longer exists and thus the monies either *should not* or *cannot* be used according to their designation.

## Compliance

The DS will consider compliance to have been achieved via:

1. Written confirmation from the DF:
  - a) that all designated donated funds have been used according to their designation under Canadian accounting procedures, and
  - b) that also reports on the use of any over-subscribed designated funds (see below).
2. An appropriate operations policy on designated funds is in place, titled *Restricted Gifts Policy*, and it governs the CPD's use of restricted gifts, including the circumstance of an over-subscribed designated fund.



The DF has certified to the DS that the CPD is in compliance with this policy.

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## Policy

The District Superintendent will not:

4.4.4 Fail to settle payroll and debts in a timely manner.

## Interpretation

The policy is focused on maintaining financial health by timely payment of two obligations: payroll and debts. The CPD payroll is administered by ADP Canada based upon data prepared twice monthly by the Benefits Assistant and double-checked and posted in our financial records by the DF. The DS considers an error that is rectified within one pay period to have been settled in a 'timely' manner.

Accounts Payable are paid by the Bookkeeper, usually within 3-5 days of receiving an invoice and very often on the same day they are received. The DS interprets 'timely' to mean no more than 30 days after receipt of the invoice, an industry standard. Capital Assets are acquired (and disposed of) according to the operational policy titled *Fixed Asset Acquisition and Disposal Policy* and purchased with a CPD credit card so there is no invoice.

## Compliance

Compliance will be considered to have been achieved as follows:

1. All employees are requested in the *CPD Employee Handbook* to immediately report any perceived error or delay in their payroll deposit to the Benefits Assistant by email, copying the DF and DS. Proven errors will be rectified within one pay period or sooner and successful resolution will be reported by the employee by email to the Benefits Assistant, copying the DF and DS, within three (3) business days. The DS will report any error and its resolution to DEXCOM at the meeting following its occurrence.
2. Annually, the DS will ensure that all employees are reminded of their rights, privileges, procedures, and recourse as contained in the *CPD Employee Handbook*. A signed statement from all employees will be collected acknowledging their awareness thereof.
3. The DS shall request and receive from the DF a monthly Balance Sheet Summary statement which shows the status of Accounts Payable, indicating any lack of compliance.

The *CPD Employee Handbook* was reviewed with all staff on April 25, 2023, and signed statements were collected.



The DS hereby certifies that the CPD is in compliance with this policy.

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## Policy

The District Superintendent will not:

- 4.4.5 Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.

## Interpretation

The policy requires the DS to ensure that such payments and filings are *on-time* and *accurate*. At present, the CPD is responsible to file the following tax payments and other government-required filings:

### Tax Payments

1. Property tax
2. Payroll taxes (and also CPP & EI)

### Filing/Other Payments

1. Year-end T4, T4A, T5 (for interests paid on Loan Development Fund)
2. Annual report filed with BC Registry (to comply with BC Societies Act) and fee
3. File Society Annual Report with BC Registry for any changes in bylaws and fee
4. Annual business license renewal filed with the City of Surrey and fee
5. File a Record of Employment (ROE) with Service Canada whenever there are employment changes (employee on Employment Insurance, maternity leave, termination, or retirement)

Each payment and filing, of course, has its own required due date. The DS interprets 'overdue' to mean that the payment/filing must be made by the relevant agency's due date and 'inaccurately' means not accurate or truthful or complete in relation to the facts and/or in the opinion of the relevant agency.

## Compliance

The DF and ADS will prepare and submit to the DS an annual listing of each required filing, its due date, and actual date of filing:





Agency	Item	Filing/Issue Due Date	Filing/Issue Date
CRA	T4	February 28, 2023	January 31, 2023
CRA	T4A	February 28, 2023	January 31, 2023
CRA	T5	February 28, 2023	January 31, 2023
BC Registry	Annual Report	June 16, 2023	June 14, 2023
City of Surrey	Business License	May 1, 2023	March 28, 2023
Service Canada	Record of Employment (ROE)	See note below	See note below

**Note:** ROEs were prepared for Aaron Chan, Dean Cooper, Stacy Dryfhout, Rebecca Knott, and Kim Olynyk. The ROEs for Aaron and Stacy were filed prior to their deadlines, and the ROEs for Dean, Rebecca, and Kim were filed October 3, 2023 after the deadline.

Due to transition in the Director of Finance role, it was not caught that the ROEs for temporary workers were not issued on time. The process for issuing ROEs has since been corrected.

The DS hereby certifies that the CPD is not in compliance with this policy.

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## Policy

The District Superintendent will not:

- 4.4.6 Fail to retain a minimum of three months operating costs plus one year of average interest costs on the Loan Development Fund Loan Program (minimum \$500,000) in cash reserves.

## Interpretation

DEXCOM requires that the CPD have sufficient financial reserves to satisfy its financial obligations throughout a season of reduced revenues, financial crisis, downturn, etc. DEXCOM has specified two areas where reserves are required:

1. Operating Fund: reserves equal to three (3) months' operating costs
2. LDF reserves equal to one year of interest payments to all creditors who have funds on loan with the CPD, or a minimum of \$500,000



## Compliance

The DS will report current reserves in the financial reports submitted to the DEXCOM *biannually* with the reserves confirmed *annually* by third party reports to DEXCOM from the Finance Committee, the Audit Review Committee, and the external auditor.

The DS hereby certifies that the CPD is in compliance with this policy.

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## Policy

The District Superintendent will not:

- 4.4.7 Fail to maintain the total indebtedness of the District at less than or equal to 20% of the building and land asset base of the District and its churches. The evaluation of the building and land value will be through the most recent BC Assessment Authority valuation.

## Interpretation

DEXCOM requires that the financial and organizational health of the CPD not be undermined by excessive indebtedness. The DS interprets 'indebtedness' to include mortgages, other loans and operating lines of credit, but not credit card debt.

Utilizing the most recent BC Assessment documents for the CPD and all its churches, the DS is responsible to ensure that indebtedness never exceeds 20% of the total combined value of the property and building assets of the CPD office and all district churches.

## Compliance

Compliance will be considered to be achieved when the DS reports total CPD indebtedness fulfilling the above parameters annually to the DEXCOM at its fall meeting, after the CPD has received copies of the BC Assessment documents from our churches and statements of church indebtedness from the Local Church Annual Report.

### From the Director of Finance:

*The total value of properties owned by the CPD is **\$386,103,300**, which is the total sum of the amounts appearing on the 2023 BC Property Assessment Notices. The Crossroads Community Church, Sicamous Alliance Bible Church, Tenth Church, and Vancouver Chinese Alliance Church buildings are owned by the churches and their values are therefore not included in this number.*



*The total amount of credit facilities the CPD and its churches have with the Royal Bank of Canada as of September 26, 2023, was a \$1M Revolving Demand Loan and \$8M Revolving Term Loan.*

*As for the eight separately incorporated churches, I've checked their latest T3010 on the CRA website, and all their financial statements showed very small liabilities (except Lake Country Church, which has a LDF loan), and therefore I am confident that they also do not have any outstanding loans.*

*20% of above = **\$77M***

The DS hereby certifies that the CPD is in compliance with this policy.

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## **Policy**

The District Superintendent will not:

4.4.8 Fail to ensure that the auditor is given access to all financial records.

## **Interpretation**

For an external audit to be accurate and trustworthy, thus demonstrating financial integrity and competence to stakeholders and government agencies, the external auditor must have full and unimpeded access to all financial records.

## **Compliance**

The DS will consider compliance to have been achieved through the auditor's letter to management, in which any difficulty or resistance encountered in conducting the audit would be noted.

The DS hereby certifies that the CPD is in compliance with this policy.

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## **Policy**

The District Superintendent will not:

4.4.9. Fail to maintain complete and accurate financial records by funds and accounts in accordance with law and the *Accounting Standards for Not-for-Profit Organizations*.



## Interpretation

To preserve both the effectiveness and reputation of the CPD and its ministry, the wise and responsible use of financial resources is paramount. The policy requires that financial records be complete and accurate, conforming both to legal requirements and generally accepted accounting standards.

## Compliance

The DS will consider compliance to have been achieved by means of a positive assessment of the CPD's finances by the Finance Committee, the District Conference Audit Review Committee, and the Auditor. Any deficiencies reported in the Auditor's Report shall be rectified immediately by the DF and reported to the Finance Committee and DEXCOM.

The DS hereby certifies that the CPD is in compliance with this policy.

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## Policy

The District Superintendent will not:

- 4.4.10 Knowingly allow anyone with a conflict of interest to participate in any decision in which a personal, financial benefit might accrue to them.

## Interpretation

Conflicts of interest are not allowed for reasons of law, ethics, fairness, and team health and morale. All DEXCOM, Finance Committee, Bylaws Committee, and Licensing and Ordination Committee complete and sign an annual document disavowing any conflict of interest and promising to declare and excuse themselves from any decision in which they may have such a conflict or may appear to have such a conflict. Opportunity for declaring a conflict of interest will be afforded to all DEXCOM, Finance Committee, Bylaws Committee, and Licensing and Ordination Committee members at the outset of all official meetings.

## Compliance

The CPD *Conflict of Interest* Policy is implemented as follows:

1. Each DEXCOM, Bylaws Committee, Finance Committee, and Licensing and Ordination Committee will begin with a declaration of any conflict of interest.
2. DEXCOM, Bylaws Committee, Finance Committee, Licensing and Ordination Committee, and all CPD employees will annually sign a Declaration of Conflict of Interest.



The DS will consider compliance to have been achieved when the implementation of the policy is verified annually by the DEXCOM AGO, the ADS for the Bylaws Committee, the District Treasurer for the Finance Committee, by the OM for the Licensing and Ordination Committee.

All meetings have begun with a declaration of conflict of interest. The minutes of each of these meetings note when members indicate a conflict of interest and their consequent action of not participating in discussion or voting on that item. The DS is not aware of any unspoken or unaddressed conflict of interest issues.

An annual signing of a declaration of conflict of interest has been completed for the Bylaws Committee and the Finance Committee, and will be requested of DEXCOM members at the October 2023 meeting. The annual signing for the Licensing and Ordination Committee will take place at its November 2023 meeting.

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## Policy

The District Superintendent will not:

- 4.4.11 Fail to bring any recommended changes to the District Operating Fund assessment rate to DEXCOM prior to District Conference for preliminary approval before bringing to the District Conference for final approval.

## Interpretation

DEXCOM must approve any DS proposal to change the District Operating Budget (DOB) assessment rate.

## Compliance

The DS will consider compliance to have been achieved when a DEXCOM approval accompanies any proposal to change the DOB assessment brought to District Conference.

A change to the DOB has not been requested by the DS.

The DS hereby certifies that the CPD is in compliance with this policy.

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## Policy

The District Superintendent will not:

- 4.4.12 Fail to remain within stated approval limits regarding church loans.



#### 4.4.12.1 The limits are as follows:

4.4.12.1.1 For a general-use church loan or line of credit from a financial institution, the Finance Committee may approve a maximum amount of \$250,000.

4.4.12.1.2 For a church building expansion or improvement project, a loan of up to 100% of the total project cost or 75% of the total equity of the existing church properties plus the project cost, whichever is lower. The Finance Committee may approve a maximum amortization period of 15 years.

4.4.12.1.3 For a church that does not own any real property at the time of a church building loan application, a loan of up to 75% of the proposed project cost.

4.4.12.1.4 The Finance Committee may approve a maximum church building loan amount of \$1,000,000.

4.4.12.2 Loans exceeding any of the abovementioned approval limits must be brought to DEXCOM for approval.

### **Interpretation**

Borrowing limits established by policy are a protection to our churches and CPD assets and must be respected operationally. Furthermore, it is imperative that the LDF be managed prudently. Loans to churches are approved by the Finance Committee and recorded in the Finance Committee minutes.

### **Compliance**

The DS will consider compliance to have been achieved by means of an annual certification from the DF.

Any loans that have exceeded \$1,000,000 or amortization periods exceeding 15 years have been approved by DEXCOM.

The DS hereby certifies that the CPD is in compliance with this policy.

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### **Policy**

4.4.12.3 If the actual cost of a building project exceeds what was originally planned for and a higher loan amount is required, the District Superintendent may approve an incremental loan of up to 10% of the loan amount originally applied for. Any amount exceeding that must be brought to DEXCOM.



## Interpretation

Construction and development costs sometimes exceed original projections and budgets. DEXCOM empowers the DS to approve an increase in the original loan amount by up to 10%. Any request for an increase in excess of 10% must be approved by DEXCOM.

## Compliance

The DS is notified by the DF of all church requests to increase loan approvals. The DS will consider compliance to have been achieved upon certification by the DF.

The DS hereby certifies that the CPD is in compliance with this policy.

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## Policy

The District Superintendent will not:

- 4.4.12.4 Approval of a loan application means approval of the indebtedness; it does not automatically guarantee the availability of the loan funds. For a LDF Loan, the availability of funds is dependent on the cash flow situation of the District at the time the loan funds are required.

## Interpretation

DEXCOM requires that the LDF be carefully managed so as not to endanger the CPD's assets or financial health. Issues of timing, cash flow, and necessary reserve funds may influence the CPD's ability to provide a loan.

## Compliance

Operationally, the DF makes recommendations on the granting of a loan from the LDF to the Finance Committee, who decides the matter. The DS will consider compliance to have been achieved by means of a monthly report from the DF showing current church loans and the amount owing for each. Each LDF loan approved will also be included in the Finance Committee meeting minutes.

The DS hereby certifies that the CPD is in compliance with this policy.



## Policy

The District Superintendent will not:

- 4.4.13 Fail to obtain prior approval from DEXCOM before the purchase of real estate or buildings for District Office use or disposal of any real estate and buildings.

## Interpretation

All transactions focused on acquiring or disposing of land and buildings are accompanied by inherent financial risks. DEXCOM approval for such transactions is an expression of its responsibility to protect the CPD and its assets.

## Compliance

The DF has confirmed to the DS that any purchase or disposal of any real estate or buildings have been referred to DEXCOM. The DS hereby certifies that the CPD is in compliance with this policy.

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## Policy

The District Superintendent will not:

- 4.4.14 Fail to bring any proposed substantive changes to the benefits of District and church staff to DEXCOM for approval.

## Interpretation

Operationally, any proposed changes to benefits are brought to the Finance Committee, which decides the matter. Any substantive changes such as an increase in premiums or a decrease in the quality of benefits would be referred to DEXCOM for a decision.

## Compliance

There have been no changes to benefits premium rates or the benefits plan in 2023, nor any changes proposed at a Finance Committee meeting. The DS hereby certifies that the CPD is in compliance with this policy.





## Policy

The District Superintendent will not:

- 4.4.15 Fail to bring to DEXCOM, at least every two years, a list of proposed authorized signatories for the District. Authorized signatories will be determined and approved by DEXCOM.

## Interpretation

Every authorized signatory must be approved by DEXCOM. A list of DEXCOM signatories is brought to each fall DEXCOM meeting.

## Compliance

The list of authorized signatories was approved at the June 15, 2023 virtual DEXCOM meeting.

The DS hereby certifies that the CPD is in compliance with this policy.

## Policy

### 4.5 Emergency District Superintendent Succession

In order to protect DEXCOM from sudden loss of District Superintendent services, the District Superintendent shall not permit there to be less than one other executive sufficiently familiar with DEXCOM and District Superintendent issues and processes to enable them to take over with reasonable proficiency as an interim successor.

## Interpretation

DEXCOM requires that an internal, temporary succession plan is in place in the event that the DS is unable to fulfill the role for whatever reason. The plan is temporary because the President has the constituted authority to appoint a DS to fill the position until the next District Conference elects a new DS. The policy requires two elements:

1. Named successors
2. The successors are sufficiently familiar with the district and the DS role that they could take over the role and function with reasonable proficiency

## Compliance

The DS will consider compliance to have been achieved through:



1. The drafting and communication to DEXCOM of a letter stipulating DS successors by name.
2. An annual orientation of said successors to the job description, processes, systems, partners, support, and specialist services, and major issues of a financial, church health, denominational nature.

The letter of emergency succession is included in the permanent DEXCOM record, electronically on StaffShare, and on myCPD in the DEXCOM documents list.

The annual orientation for successors to the DS role took place on April 25, 2023.

The DS hereby certifies that the CPD is in compliance with this policy.

