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## District Finance Committee Virtual Meeting Minutes June 6, 2024

**Present:** Brad Boyd, Wes Drewlo, Erin Knott, Nicholas Lai, Mark Peters, Paul Townsend

**Absent:** Mark Hutchinson

Brad opened the meeting in prayer at 2:05pm.

1. Adoption of Agenda (**TAB B**)

**Moved (W. Drewlo) and seconded (N. Lai) to adopt the Agenda as amended.**

**CARRIED**

2. Declaration of Conflict of Interest

Erin and Paul expressed a potential conflict of interest with the conversation on the CPD staff salary review as they are CPD employees.

3. Approval of Previous Minutes (**TAB C**)

**Moved (W. Drewlo) and seconded (M. Peters) that the minutes from the meeting on March 19, 2024 and that the two email minutes from April 16, 2024 be approved.**

**CARRIED**

4. Financial Reports (**TAB D**)

Paul noted that Michelle Mosey resigned from her position and is only working one day per week until the end of June. The CPD has contracted a bookkeeping business that is moving the district to QuickBooks Online and also hired Justin Greenway part-time to fill the gap.

Paul reviewed the financial statements as of April 30, 2024, and noted that there is a profit year-to-date, mostly due to changes in the approach with the Loan Development Fund (LDF) and communication with churches regarding District Operating Budget (DOB) amounts owed.

There was a conversation on separating the benefits insurance income and expenses on the budget to show it as a separate reserve. Paul noted that the benefits reserve is growing.

The change in the requirement for the cash reserve to be \$500K was approved by DEXCOM at the April 2024 meeting, and Paul noted that liquidity was the same as at the previous Finance Committee meeting in March.



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Paul reviewed the loans to churches as of April 30, 2024, and noted that the situation continues to improve. Several churches have indicated they will be making increased payments or paying off loans. It is expected that an LDF loan to Yarrow Alliance Church may be needed in the late summer or fall and that Burnaby Alliance Church has taken a temporary LDF loan until the church is able to sell its excess property.

Clarification was provided regarding the Kawkawa mortgage and its impact on income given the \$1.7M note receivable.

**Moved (M. Peters) and seconded (N. Lai) to accept the financial reports and recommend them to DEXCOM.**

**CARRIED**

The Global Advance Fund monthly report was received without comment.

5. Review of Operating Reserve, Budget Process, and Related Policies (**TAB E**)

Paul shared that the plan is to bring a draft budget to the September 2024 meeting for recommendation for DEXCOM approval at their October 2024 meeting. Beyond that, the plan is to have a rolling 12-month budget forecast. Paul intends to have both the 2025 budget and the rolling forecast ready for the September meeting.

It was noted that the *Budget Process Policy* will need to be revised and will come to the committee in September for recommendation to DEXCOM for approval.

It was identified that there has been confusion between the operating reserve and surplus funds. There was a discussion regarding the history of using surplus funds and there is currently a desire by DEXCOM and CPD staff to align any use of such funds to unbudgeted strategic priorities, with ongoing district expenses included in the budget.

Paul commented that he plans to remove the internally restricted Operating Reserve Fund and Development Loan Fund as they don't make sense and suggested instead having two reserves for insurance and LSI. Paul also intends to change the financial statements to better reflect the CPD's equity position.

**Action Item** – Erin Knott to ensure that a discussion on the Westbow investment opportunity be added to a Finance Committee meeting Agenda by the end of 2024.

Nicholas suggested using church property sale funds for strategic purposes. There was agreement that the Lead Team and committee would make recommendations to DEXCOM on the use of funds for such sales.



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It was agreed to bring the *DRAFT Operational Surpluses and Undesignated Income Policy* as previously recommended to DEXCOM for approval at the October 2024 meeting.

6. District Operating Budget Review and Analysis (**TAB F**)

Paul reviewed his analysis of 2023 church offerings versus what was received for DOB. He noted that in 2023, the difference in what was owed versus received was 39% and that this has decreased in 2024 to 23%.

Paul commented that some churches believe that DOB is too high and refuse to increase their payments or to pay it at all. There are some churches owing significant amounts (over \$10K). He noted that it may not be easy to determine missions giving from donations if giving has been to the general fund.

**Action Item** – Paul Townsend and Mark Peters to discuss District Operating Budget amounts owed with churches paying nothing and with those with a discrepancy of \$10K or more and bring a proposed action plan to deal with delinquent payments to the September Finance Committee meeting.

Mark Peters noted that the DOB rate is 3% in all other districts and that it has not been raised in the CPD since 2003. He acknowledged that time for communication and feedback is needed but also noted that raising the DOB rate can only take place at District Conference, meaning that if a decision on the recommendation does not come to DEXCOM in October, it will be two and a half years before it can be increased.

A comment was made that there needs to be a good process and healthy relationship for this change and that the committee needs to be satisfied that significant non or undergivers have started contributing appropriately. Mark noted that the committee will need to determine what level of compliance is needed before making the decision to recommend a DOB rate increase to DEXCOM in October.

It was agreed that a further discussion on whether to recommend an increase to the DOB rate at District Conference 2025 would take place at the September 2024 meeting.

Brad left the meeting at 3:05pm and passed the chair to Erin.

There was a discussion on the consequences of not paying DOB, and Mark Peters responded that there have not been requests for compliance in a long time, and while the CPD does not want to be heavy-handed, we do want to call people to meet their obligations.

Brad rejoined the meeting at 3:09pm and Erin returned the chair to him.



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Mark Peters shared that the Lead Team would want the full endorsement of the Finance Committee regarding this matter and would live in submission to their decision.

Thanks were expressed to Paul for his work on following up with LDF loans and DOB amounts owed.

#### 7. CPD Insurance Coverage Primer (**TAB G**)

Paul reviewed insurance coverages for churches and the CPD. The CPD pays the full invoice and then each church and camp is invoiced based on attendance numbers. This ensures that each entity is covered. Churches have some control and receive confirmation of coverage from Hub Insurance.

The CPD has crime and fidelity coverage as this is a requirement of DEXCOM and it is optionally available to churches as well. The CPD also has cyber insurance coverage, and it is optional for churches but not many choose it.

It was asked how coverages were determined, and Paul responded that Ecclesiastical (the insurer) specializes in insuring churches and he believes the existing coverage is what has been recommended.

There is a long-term plan to move to partial self-insurance for property insurance while addressing risk management. Paul noted that the average claims in the past 10 years are approximately \$150K, with no year above \$250K. Premiums are approximately \$1.5M per year so there are potential savings with a self-insurance plan. The Alliance Canada is also looking at options for denomination-wide insurance coverage.

#### 8. CPD Staff Salary Review

Mark Peters noted that Paul will be working on an updated Salary Guide for churches. Nicholas suggested that there be a link between district staff salaries and those for church staff in the Salary Guide. It was also noted that regionalization is a factor to consider.

**Action Item** – Paul Townsend to bring a proposed Salary Guide to the Finance Committee when complete.

#### 9. South Hazelton Property Transfer Update

Wes updated the committee and noted that the Kitimat Stikine Region does not have the funds to purchase, operate, and maintain the facility. He also learned that the Crown prefers not to receive land back, especially where there are ongoing maintenance or operating costs.



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Wes intends to go back to the BC Ministry of Forests to speak about the reversion of the land as this is an ongoing financial liability for the CPD.

**Action Item** – Wes Drewlo to reach out to the BC Ministry of Forests to request that they take the South Hazelton property back or failing that, request the terms under which the CPD would be able to sell the property.

10. Information Items (**TAB H**)

Erin noted that the updated *DEXCOM Standing Committee on Finance Terms of Reference* was included for awareness.

Brad noted that he will work with Erin to determine a revised December 2024 meeting date.

Mark Peters closed the meeting in prayer and the meeting adjourned at 3:35pm. The next meeting is on September 4, 2024 at 2:00pm on Zoom.

