
Appendix F**Finance & Extension Board Annual Report 2019**

FINANCE AND EXTENSION BOARD

Purpose

The Finance and Extension Board, commonly referred to as the F and E Board, is one of the best-kept secrets of the Region. Many have heard the name but not so many know the important roles it plays in supporting and furthering ministry in our Region. Incorporated under the United Church of Canada Act in 1926 immediately following the creation of the United Church of Canada, the F and E Board was a principal financing means for the development of congregations and other UCC ministries in our Region and remains so today.

As a separate corporation within the purview of the Conseil Régional Nakonha:ka Regional Council and under the governance of its Officers and Members representing the Region, the principal functions of the F & E Board are:

- overseeing the investment management of the Region's investment portfolio carried out by professional investment management firms, presently FIERA Capital Investment Management. This includes the General Investment portfolio and also investments held as restricted funds which together provide funding support for the Region by meeting various ministry needs;
- being a principal provider of funding for the Regional Council activities including for Mission Support and other mission and ministry support; \$530,000 is being provided for 2020 for these purposes;
- providing a lending program to support ministry development and sustainability generally, though not exclusively, for fixed asset projects such as building renovation and/or repair. Currently over \$1 million in loans is approved and outstanding;
- providing building/property repair and development/redevelopment advice and accompaniment;
- management of the Sabbatical Leave Program for Ministry personnel and Bursary Programs for students to further their education.

Over the years funding, in large measure, of operations of the Québec Presbyteries by the F and E Board was a principal reason why Presbytery assessment rates in the Region were among the lowest in Canada. Under the new church structuring arrangements, assessments on Communities of Faith are now levied directly by the National Church. There are, however, provisions for Regional Councils to levy their own assessments in addition to the national assessment if they see fit to meet regional needs in addition to funding provided by the National Church. Funding support by the F and E Board allows for a much greater range of programs, staffing and support for the Region than would otherwise be available without exercising this additional Regional Council assessment levy.

Going forward it is expected that building/property matters will be one area of increasing focus for the Region and for F and E Board advice and financing regarding repair, upkeep and renovation as buildings age and, where potential exists, for repurposing, sale, or redevelopment. As well, reviews of financing policies to meet the needs of a changing church are underway.

We welcome expressions of interest in learning more about the F and E Board and in serving on the Board.

Respectfully submitted,

Frederick (Rick) Sheffer, President, Finance and Extension Board

April 2020

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Finance and Extension Board: Report of the President for 2019

As I write this report in mid-April 2020, we are in the midst of the national, indeed international, lockdown for the COVID-19 virus. This unprecedented shutdown is in marked contrast to what has been a relatively active though mixed economic period and the culmination of the first full year of operations of the new Conseil Régional Nakonha:ka Regional Council of the United Church in Quebec of which the Finance and Extension Board (F&E Board) is an important part. Perhaps this corona virus jolt is yet another portent of fundamental changes afoot in our world, our society and, indeed, our church as we evolve further into the 21st century. It, certainly, is causing pause for reflection on matters we have come to take for

granted as we go forward. Needless to say, the effects on financial markets as well as on our personal lives and financial situations is affected with timing and lasting effects uncertain.

In recognition of the financial strain that this shutdown is having on many of our Communities of Faith, the Board has instituted measures to cancel interest on all outstanding loans for the first six months (two quarters) of 2020 and to forestall capital repayments for this period.

As the Committee Reports in the Annual Report Book of the F&E point out this was, again, a successful year but not without its challenges with the F&E Board continuing to play an important both active and supportive role in furthering the ministries of the Church. As a separate corporation under the purview of the Regional Council, much of its work takes place outside the regular discourse of the Council and Communities of Faith yet is an important foundation to what goes on.

The F&E Board oversees the management of its and the Regional Council's investments which, including funds held in trusts, totaled some \$18.1 million at December 31, 2019. Through its annual grant to the Regional Council, the F&E Board provided some 48 percent of total funding and some 74 percent of funding for mission and ministry including Mission Support in the Region's 2019 budget. F&E is an important funding source for Communities of Faith through the lending program with some \$1.25 million in loans approved and outstanding primarily for building and property projects and is a source of advice for such projects. As well, the Board manages and delivers the important Sabbatical Leave Program, which, in consultation with the Community of Faith, provides financial support to allow Ministry personnel to take a time for reflection, renewal, and new perspectives for ministry and the Bursary programs for eligible students to further their education.

We are a changing church and as with any change there is tension between the natural desire to maintain the known and to be open to the yet unknown even if this risks upsetting our comfort zones. Going forward, many of our pastoral charges are struggling with both finances and membership. Some are experimenting with new ways of straddling the known with introducing new forms of ministry and reaching out to the wider community.

In the emerging church new ministries will take many forms. Some will evolve from existing ministries and others will be new 'start-ups'. New forms of financing may well be required including, likely, forms of venture funding some likely through the F&E Board.

With aging buildings and diminishing congregations the property and buildings file is assuming growing importance as a number of congregations do not have the requisite resources to deal with the demands of repair and upkeep, needed renovation or rebuilding with the resultant need for financial assistance and professional advice. It can be expected that amalgamations and sale of properties will increase and, where possible, repurposing and property redevelopment will become more common. With this, there is a growing role for the F&E Board. Initial

discussions have taken place for collaboration with the Property Development Group of the National Church's consulting group, EDGE, to complement the resources of the F&E Board and it is expected that other relationships including those with selected developers will be established as this role evolves.

The Committee Reports and that of the Secretary of the Board which follow in this Annual Report Book detail the work of the past year, 2019. In addition to what is touched on above, brief highlights include:

- the \$530,000 grant to the Regional Council;
- the investment portfolio, which totaled \$18.1 million in changing markets. The market value of the Board's investment portfolio on December 31 was \$12.64 million and restricted trust funds \$5.42 million. The latter includes, among others, Erskine and American-Mountainside Trust, Kelley Trust, Bhal-Yun Fund, bursary funds, Quebec-Sherbrooke Area Support fund, French ministry and other funds all of which fund Regional financial support programs in addition to Mission Support;
- further progress in the rebalancing of the investment portfolio and completion of the change in investment management of the portfolio with transfer of remaining investments with Letko Brosseau and Associates to Fiera Capital. With the present instability in financial markets as a consequence of the COVID-19 measures, the Board continues its vigilance and focus on the portfolio together with Fiera;
- another busy year with the property file both with financing and advice with loans approved including those outstanding totaling \$1.25 million;
- the granting of Sabbatical Leave support to Rev. Samuel Vauvert Dansokho in 2020;
- the granting of bursaries to 18 worthy students to further their education in 2020.

This work depends on the contributions of the dedicated members of the F&E Board to whom I express my gratitude: Peter Bisset, Fred Braman, Diane Campbell, Marc Grenon, Rev. Mark Hammond, Jan Langelier, Rev. Paula Kline, David McCormack, Monique Moser, Peter Mundie, Ted Rutherford, Paul Stanfield, Renate Sutherland and Bruce Walsh. We give thanks to Mark Hammond who is retiring from the Board. We welcome Tom Kent and Craig McAlpine, both with broad business and financial experience, who are joining the Board. I thank as well John Meaker, Secretary to the Board, and Brian Ruse, Finance and Administration Manager of the Regional Council Office for their invaluable guidance and assistance. In addition, thank you to Rev. Rosemarie Lambie, Executive Minister for her counsel, support, and assistance.

I am pleased to "pass the torch" as President to my very capable successor Peter Bisset who will provide strong leadership into the future. I give thanks for the privilege of serving as President from 2012 to the present.

Respectfully,
Frederick (Rick) Sheffer