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Appendix L

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2020 Annual Report

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THE FINANCE AND EXTENSION BOARD  
of conseil régional NAKONHA:KA Regional Council



Le Conseil des finances et de l'expansion  
du conseil régional NAKONHA:KA Regional Council

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**RAPPORT ANNUEL 2020**

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## PURPOSE

The Finance and Extension Board of the Conseil régionale *Nakhonha:ka* Regional Council was duly Incorporated under the United Church of Canada Act in 1926 immediately following the creation of the United Church of Canada. The F&E Board is the principal financing means for the development of congregations and other UCC ministries in the Region.

As a separate corporation within the purview of the Conseil régionale *Nakhonha: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.
- 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.
- providing technical and project management advice for building projects
- management of the Sabbatical Leave Program for Ministry personnel and Bursary Programs for students to further their education.

We welcome expressions of interest in learning more about the F&E Board

Respectfully submitted,

Peter Bisset, President, Finance and Extension Board

April 2021

## PRESIDENT'S REPORT

As I write this report in mid-April 2021, we remain in the midst of a worldwide pandemic crisis. This unprecedented situation has caused the closure of our church buildings, created Zoom and YouTube worship, unprecedented government lending, severe unemployment. There is hardship in our communities and an unprecedented reliance on our health care system that has left the brave front-line workers risking their own lives to help those in need. Our communities of faith have attempted new ideas to reach out to those alone, have kept critical daycares and food services in place, and have worked diligently to keep finances in order as we hope for a post-vaccination reopening. The Finance and Extension Board continues to meet regularly on Zoom to conduct its business.

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The Board operates in close cooperation with the Conseil régionale *Nakonha:ka* Regional Council. In 2020 the President of the Finance and Extension Board was afforded full voting privileges on the Regional Council Executive.

The Constitution and Bylaws of the corporation were updated and approved by General Council in 2020. I would like to thank Fred Braman for leading this effort.

You will find the updated **RESTATEMENT OF THE CONSTITUTION** and the Appendix of the report.

The F&E Board oversees the management of its and the Regional Council's investments which, including funds held in trusts, totaled \$18.7 million at December 31, 2020. Through its annual grant to the Regional Council, the F&E Board provided significant funding for Mission Support and Governance for the *Nakonha:ka* Region. I would like to thank Paul Stanfield and the Investment committee for diligently managing the portfolio during these difficult up-and-down market conditions.

The audited financial statements for 2020 are included in this annual report.

In recognition of the financial strain that the pandemic 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.

Repurposing and property redevelopment will become more common and necessitate the involvement of F&E for financial assistance. I would like to thank Tom Kent, the Finance Committee and the accounting staff for their diligent work and oversight of the F&E accounts. Brian Ruse, Finance and Administration Manager of the Regional Council Office, provides invaluable guidance and accounting and administrative services to the Board.

F&E remains an important funding source for Communities of Faith requiring assistance for building and property projects. I would like to thank the Property and Building committee for overseeing loan activity related to the construction projects detailed later in the annual report.

This year F&E supported once again the important Sabbatical Leave Program. I would like to thank Renate Sutherland who managed this effort resulting in leave for one Minister to take a time for study, reflection, and renewal. A big thank-you to Jan Langelier for overseeing the Bursary program for eligible students to further their education. Seventeen bursaries were provided to CEGEP and University level students in 2020.

This past year John Meaker retired as Secretary to the Board. John worked diligently in keeping the business of the Board organized and moving forward. Blessings to John as he moves into this retirement. We welcome Susan Kaye who now assumes the role of Secretary to the Board. Thanks to Diane Campbell and the ad hoc hiring committee who worked through job applications and interviewed candidates for this position.

The Finance and Extension Board members for 2020: Fred Braman, Diane Campbell, Marc Grenon, Tom Kent, Jan Langelier, Rev. Paula Kline, Rev. Rosemary Lambie, Craig McAlpine, David McCormack, Monique Moser, Peter Mundie, Ted Rutherford, Rick Sheffer, Paul Stanfield, Renate Sutherland, Bruce Walsh, and John Meaker.

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The Committee Reports and that of the Secretary of the Board which follow in this Annual Report detail the work of the past year, 2020.

Respectfully,

Peter Bisset

## SECRETARY'S REPORT

John Meaker retired at the end of 2020 after 20 years of service. In November and December 2020, as the incoming secretary, I was in training with John Meaker, whose kind, knowledgeable guidance was greatly appreciated.

There is now secretary's manual for the F&E Board, which I drafted during the training period.

Respectfully submitted,

Susan Kaye

## INVESTMENTS COMMITTEE REPORT

The Investment Committee is comprised of Messrs. Paul Stanfield (Chair), Peter Bisset, Fred Braman, Thomas Kent, Craig McAlpine, Peter Mundie, Edward Rutherford, Rick Sheffer, and Brian Ruse and Susan Kaye (ex-officio).

The Committee oversees on behalf of the Board the management of the general (unrestricted) funds of the Finance & Extension Board and nine restricted funds of Conseil régional Nakonha:ka Regional Council ("Nakonha:ka"). Its objective is to provide ongoing protection of the value of these assets while at the same time have them produce enough income and gains in market value to cover the needs of the F&E Board and Nakonha:ka and its missions along with the administration costs.

The investment manager of the portfolio is Fiera Capital Inc. who provides the committee detailed portfolio statements, and during the year meets with the F&E Board to discuss the investments and the manager's investing outlook.

### Investment Strategy History

In 2008, the Board engaged Letko Brosseau and Associates ("LBA") to manage its investments through its Balanced ESG (Environment, Social and Governance) Fund with a target asset mix of 55% equities for growth and 45% bonds for stability. Over the years, LBA moved to a greater portion of equities, to the point in 2015 that the Board decided to rebalance the portfolio to bring the income portion back closer to target. Since LBA could only offer bonds with a relatively low return, and after some research, the Board moved 20% of its assets to Fiera Capital to invest in non-traditional income or real assets

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funds (infrastructure, real estate and diversified lending) that have provided a higher return of 6% or better (after 1% management fees) with lower volatility than equities.

From inception in 2008 to 2017, the LBA Balanced ESG Fund provided very good returns (annualized performance of over 9% after management fees). However, in latter years, the Board had been reviewing the performance of the Fiera Capital Balanced EFT (Endowment, Foundation & Trust) Fund used by the United Church of Canada Foundation, and found by the beginning of 2018 that the performance of the Fiera Fund had become consistently better than that of the LBA Fund. When the LBA Fund hit a bad year in 2018 and lost 5%, it was time to move.

During 2019, all the restricted funds at LBA (Erskine & American-Mountaininside, F.W. Kelley Trust, Ste. Thérèse, Institut Français Évangélique and St. John's Hall Funds) were transferred to Fiera Capital. As well, the restricted funds previously held by the Montreal & Ottawa Conference (Bhal Jun, Trois Rivières, and Grand Mère Funds) and transferred to Nakonha:ka were invested in the Fiera Capital Balanced EFT Fund. The final transfer, in November 2019, was the \$10 million of the F&E unrestricted (general) fund. At the end of 2019, the F&E had \$18 million invested with Fiera Capital, \$15 million in the Balanced EFT Fund and \$3 million in real assets.

Over the past year and a half, Fiera Capital began to change its approach to providing fixed income in its EFT Balanced Fund by reducing bonds and adding real assets (mainly infrastructure and agriculture funds). Given this approach, and since the EFT Balanced Fund was performing well, towards the end of 2020 the investment committee sold the real asset funds and bought units of the Balanced Fund. Currently, all \$18.7 million of F&E holdings are invested in the Fiera Capital Balanced EFT Fund. The management fee is only 0.3%.

Starting in 2015, the F&E Board also included in the asset mix, performance and funding formula calculations for the general fund the value of loans made to congregations and missions in the Québec Presbytery (now Communities of Faith of Nakonha:ka Regional Council). Since these loans now account for approximately 8% of the Fund, the Board felt this was a useful way of showing how the Regional Council supports communities of faith in need of temporary financial assistance, while at the same time generating a competitive level of income to provide for the overall grant needs of the Region.

## Performance

The asset mix and performance figures reflect the investment strategies employed over the past few years, moving from a mix of LBA and Fiera Balanced Funds, to the addition of Real Asset Funds, to finally sole investment in the Fiera Capital Balanced EFT Fund, all with the inclusion of loans in the unrestricted (general) fund.

**Table 1: Unrestricted (General) Fund and Loans**

	<u>Balanced EFT Fund</u>	<u>Loans</u>	<u>Total</u>
Asset Values (31 Dec 2020)	\$13,264,000	\$1,109,000	\$14,373,000
<u>Asset Mix (%)</u>			
Income – Target 45%	37	100	41.8
Equities – Target 55%	63	0	58.2
<u>Performance (% Return)</u>			
1 year	9.3	5.0	9.0
3 years (annualized)	6.6	5.0	6.5
5 years (annualized)	7.3	5.0	7.2

**Table 2: Restricted Funds under F&E Administration**

Asset Values (Dec. 31/20)	\$5,604,000
<u>Performance (% return before management fees)</u>	
1 year	9.1
3 years (annualized)	6.0
5 years (annualized)	6.9

## Economic Outlook

### Fiera Capital Investment Outlook Q1 2021

While 2020 was the year of the pandemic, the stage is being set for 2021 to be the year of the vaccine and the imminent recovery. The global economy has regained some notable traction, with the sheer abundance of policy support acting as a critical cushion even as COVID-19 continues to circulate across the globe.

That being said, momentum is fading and the outlook has been clouded by the worrisome virus trends and newly reinstated restrictions to stem the outbreak. However, there is reason for optimism. The unrelenting backstop from both central banks and governments will be instrumental in guiding the economy back to health.

After months of discord, US lawmakers finally agreed on a \$900 billion fiscal aid package, adding to the unprecedented arsenal of stimulus measures already in place.

Moreover, multiple vaccine candidates have proven safe and effective in quashing the virus, suggesting that there is light at the end of the tunnel. As such, while the recovery may be restrained in the coming months, it should not be derailed; a profound economic revival is likely to unfold in 2021. As people are inoculated and larger parts of the economy reopen, the powerful revitalization in confidence should

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unleash massive amounts of pent-up demand, particularly as savings remain extraordinarily elevated around the world.

While the manufacturing sector has demonstrated a growing resilience during the pandemic, the resumption of services sector activity should make way for more sweeping economic gains, emboldening our call for a rapid recovery in 2021.

Respectfully submitted,

Paul Stanfield, on behalf of the F&E Board

## FINANCE COMMITTEE REPORT

The mandate of the Finance Committee is to oversee i) the financial accounts, ii) the preparation of the annual budget, and iii) the development of guidelines related to applications for financial assistance, as well as reviewing any such applications and oversight of same.

### 2020 Finance Committee Activity

The Finance Committee met at various times throughout 2020 to review the quarterly financial statements of the F&E Board, to enquire into budget variances and to present the quarterly statements to the F&E Board. The Finance Committee prepared a draft 2021 budget and presented it to the F&E Board for approval.

The Finance Committee continuously monitors the status of the outstanding loans to churches with a view of managing such loans. No new loans to churches were approved in 2020 although the line of credit to St. James United Church was converted into a term loan due September 2030, with principal and interest payable in quarterly installments of \$13,275.

On April 29, 2021, the Finance Committee met with Helen Holowka of Tretiak Holowka Inc., and reviewed the 2020 financial statements produced in the review engagement. The draft reviewed financial statements for 2020 were presented to the F&E Board for approval at its April 29, 2021, meeting.

### Financial Review

As at December 31, 2020, net assets of the F&E Board totaled \$20,013,338, which is an increase of \$667,752 or 3.45%, over the net assets of \$19,345,586 as at December 31, 2019. This increase reflects the excess of fiscal 2020 revenues over expenses.

The 2020 current assets of \$222,783 were substantially lower than the 2019 current assets of \$686,462. This difference was primarily the result of changes in the timing of the need for available cash, collection of certain interest receivable and a reduction in the current portion of loans to churches. The latter difference is the result in converting the line of credit loan to St. James United Church previously shown as a current asset to an installment loan primarily shown as a long-term asset. The scheduled 2020 payments on the St. James Church installment loan are shown as a current asset.



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The 2020 investment in funds of \$18,868,023 was an increase of \$795,259 or 4.40% from the 2019 investment in funds of \$18,072,764. This increase was the result of the reinvestment of the 2020 excess of revenue over expenses and changes in working capital.

The 2020 loans to churches of \$941,078, shown as a long-term asset, increased by \$316,809 from the 2019 loans to churches of \$624,269. This increase was the result of the change in the St. James Church loan from a line of credit to an installment loan, which increase was offset by receipt of regular loan payments from certain churches.

The 2020 total revenues of \$1,629,828 were essentially the same as the 2019 total revenues of \$1,632,602. The 2020 revenues from investments of \$1,599,916 were slightly higher than the 2019 revenues from investments of \$1,575,649. While the Finance Committee believes both years reflect excellent investment returns, because investments are subject to market changes, there can be no assurance that investment returns in future years will match recent experience.

The 2020 interest on loans of \$17,635 was lower than the 2019 interest on loans of \$43,053. The change was the result of the economic uncertainty and financial impact of the COVID-19 pandemic, which resulted in the F&E Board decision to assist churches with loans by forgiving certain interest and deferring certain principal payments. The amount of forgiven interest in 2020 was \$25,004 (\$0 in 2019).

The 2020 operation expenses of \$147,430 decreased by \$19,877 or 11.88% from the 2019 operation expenses of \$167,307. The change was mainly the result of reductions in salaries and benefits, reduced legal, accounting and review expenses, as well as no rebate expenses.

The 2020 assistance and grants of \$ 814,646 were substantially the same as the 2019 assistance and grants of \$822,670.

The Finance Committee

April 29, 2021

## PROPERTY AND BUILDINGS COMMITTEE REPORT

The Property Committee is comprised of Messrs. Peter Mundie (Chair), Marc Grenon, Paul Stanfield, Rick Sheffer, Bruce Walsh, Peter Bisset, Brian Ruse and Susan Kaye (ex-officio). The Committee oversees on behalf of the Board the management of property matters coming to the F&E Board from the Conseil Regionale Nakonha:ka regional Council. Its objective is to provide technical assistance and accompaniment for any loan granted for renovation, major maintenance or new construction. In addition, the committee will handle the sale of church properties in instances where the Community of Faith Trustees require assistance.

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## Technical Support

The committee provides technical and project management assistance to those communities of faith seeking financial assistance for construction and maintenance projects involving their properties and buildings. The following projects were supported by the committee.

### Union United Church

The City of Montreal withheld payment of ninety- nine thousand dollars owed to Union United Church for a settlement of damages from water infiltration into their premises. The cause was determined to be inadequate land drainage resulting from the construction of the Lionel Groulx Metro station. The payment was held up due to bureaucratic wrangling over the sufficiency of documentation and as- built drawings. The issue was resolved and the cheque issued.

### St James United Church

A loan was granted to St. James for restoration of the boiler room. The committee provided technical oversight and contractual and project management support for the re- construction of the new boiler room. The project scope included the dismantling of the old boiler room equipment, reconstruction of the boiler room including walls and ceilings, access doors to meet fire code. the addition of a back-up boiler, new controls for zoning the church to improve energy efficiency, new chemical treatment, and start-up and training for the operations personnel. The project is now complete.

### Cote St. Charles Church, Saint Lazarre

A loan was granted to the Wyman Pastoral Charge to in order to provide some bridge financing for design work for the Cote St Charles church reconstruction. The committee provided some design review during the preparation of construction drawings and specifications. The project has been delayed due to the permit review process at City Hall. Construction is scheduled to start the summer of 2021 pending permit resolution.

## Sale of Properties

The committee supports communities of faith who are in need of assistance to sell church property once approval has been obtained from the Nakonha:ka Regional Council. Services include arranging for property surveys, market evaluations, real estate listings, and finalizing sales through a notary. The committee provided the following church with these services:

### Wesley United Church, Bedford

The property was transferred to the F&E Board in October 2020 and listed with Century 21 Realtor. Multiple offers were received in November and the offer from Le Syndicat d'Initiatives de la Pommerie was accepted. After the Promise to Purchase was finalized, the Bedford Fire Department completed an inspection of the building resulting in a report, that due to its content, required a minor sale price adjustment and a subsequent delay in the sale closure. The sale closed in Feb 2021 for a price of \$176,000 .

The Committee, working in collaboration with the Property and Finance Leadership Group of the Region, is engaged in looking to the future and in developing a Property Strategy for the Region. The reviews of church properties indicates that many properties are either underutilized or not utilized, with the likelihood that a number of properties will need to be repurposed or sold in the reasonably short-

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term future. As well, contact has been made with the Property Development Corp of the National Church with a view to collaborating and identifying those properties with particular development potential.

Respectfully submitted,

Peter Bisset

## NOMINATIONS COMMITTEE REPORT

As of November 28, 2013 the Board's By-Laws of the Finance and Extension Board were amended to provide that its membership would consist of not less than 11 and not more than 17 members.

The following persons are nominated as members of the Finance and Extension Board.

### Terms ending May 31, 2021

Peter Bisset	St. Lambert
Fred Braman	Montreal West
Jan Langelier	Merging Waters
Peter Mundie	Wyman Memorial (Hudson)
Edward (Ted) Rutherford	St. John's (Pointe Claire)
Frederick (Rick) Sheffer	Cedar Park
Paul Stanfield	Mount Royal
Renate Sutherland	Cedar Park
Bruce Walsh	Cedar Park
Susan Kaye	Beaconsfield

### Terms ending May 31, 2022

Diane Campbell	Roxboro
Marc Grenon	Bedford
Thomas Kent	Creek-Waterloo
Rev. Paula Kline	Montreal City Mission
Craig McAlpine	St. Andrews-Chateauguay
Dave McCormack	Lennoxville
Monique Moser	Église St. Jean (Montréal)

Note that terms as indicated are renewable.

Respectfully submitted,

Paul Stanfield

Chair, Finance & Extension Board Nominations Committee

April 23, 2020

## BURSARY COMMITTEE REPORT

The Bursary Committee members for 2020 were:

- Jan Langelier – Chair
- Renate Sutherland
- Monique Mosher
- Libby Monaco
- Dave MacCormack
- John Meaker – Staff
- Brian Ruse – Staff

The Bursary committee met in June 2020 to review the applications for the Hugh Duncan Bursary, the St. John's Hall Bursary, and the I.F.E Bursary. We discussed the applications and seeing that there were fewer than usual given the Covid pandemic situation, we decided to extend the application deadline to September 15, 2020 and reach out again to the Pastoral charges across the province, encouraging further applications, which could also be used for distance learning needs. After the September 15, 2020 deadline, there was only one further application so the committee agreed to allocate bursaries to the following applicants.

Hugh Duncan Bursary (\$2500 each)

- Sarah Bergeron
- Jane Weber
- Christian Rowsell
- Suzannah Clinker
- Matthew Bergeron
- Andrea Bobbitt
- Dumaresque Roberts
- Jean Baptiste Houenou

St. John's Hall Bursary (\$930 each)

- Christian Rowsell
- Andrea Bobbitt
- Dumaresque Roberts
- Callie Evans

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I.F.E Bursary (\$1000 each)

- Michael Weber
- Callie Evans
- Morgan PierrePoint

## SABBATICAL LEAVE COMMITTEE REPORT

In 2020, a total amount of \$12,000 from the Hugh Duncan Fund of the Finance and Extension Board was made available for the Sabbatical Leave 2021 program. The committee had received one application for a Sabbatical Leave in 2021.

After several virtual meetings with the applicant, an up-to-three-months Sabbatical Leave 2021 (July, August, September 2021) was granted to Rev. Paula Kline, Director of Montreal City Mission. The sabbatical leave is to be a time of reflection, renewal and new perspective for ministry.

This Sabbatical Leave 2021 and an allocated budget of \$12,000 was duly approved by the Nakonha:ka Regional Council Executive at their meeting on November 5, 2020. The \$12,000 budget will cover replacement costs for staff supply and some personal expenses.

In accordance with the established Guidelines for the Sabbatical Leave process, the committee also met in October with Rev. Paula Kline, the representatives of the employing unit, and the Pastoral Relations Committee of the Nakonha:ka Regional Council, to ensure that the necessary administrative and pulpit supply arrangements are in place.

I wish to express sincere appreciation to the members of the committee for their time and special efforts in attending to the task at hand.

Renate Sutherland

### 2020 Committee Members

Mrs. Renate Sutherland	Chair
Diane Campbell	member of the F&E Board
Rev. Maurice Nerny	member of the Quebec Nakonha:ka Regional Council
John Meaker	Secretary of the F&E Board

## GENERAL GUIDELINES FOR FINANCING REQUESTS

### **General Guidelines for Financing Requests from Conseil regional Nakonha:ka Regional Council and the Finance and Extension Board – May 1, 2019**

With a growing number of pastoral charges facing financial challenges it is anticipated that there will be an increasing number of requests to the Region and/or to the Finance & Extension Board for financial

assistance in the form of loans or grants of a short term bridging nature or of longer term duration. These requests can take different forms, such as:

- Operating loans (repayable) or grants to cover deficits, cash flow crises and the like of a short-term nature;
- Operating loans or grants to cover operating deficits into the future which may be secured by a capital asset (such as the church building) or a personal guarantee;
- Loans for capital improvement, acquisition, re-building, or necessary capital expenditures of a planned or emergency nature.

Difficulties include:

- requests/demands often emerge in an emergency situation which places pressure for rapid response without well thought through plans in place as to how to address the situation in the longer term. The short-term consequences without financial assistance can well mean the closure of the congregation which places great “political” pressure on the Region.
- “political” difficulties in remedying delayed repayment. When “best intentions” and accepted plans for repayment are not met the one real option can well be the sale of the church building. This option is most often strongly resisted by the congregation.
- realistically judging and facing long term viability of a community of faith.
- decision by the Region to financially support a particular request for financing then forwarding to the Finance & Extension Board to arrange the financing without prior involvement of the Finance & Extension Board in the decision process; thus, lack of coordination between assessment of need and availability and terms of financing.

#### **Guidelines for Financial Assistance:**

1. As a general rule financing should **not** be provided to cover operating deficits of a short or longer term nature and other short term cash flow needs.

It is, however, recognized that short term emergencies can arise when it may make sense that short term bridge financing be provided but these should be in only exceptional cases. Such cases could include:

- major unforeseen capital expenditures (water damage, structural problem, heating system in mid-winter, etc.),
- short term bridging when financing has been confirmed, as with an approved grant or bank loan, to be repaid from the grant or loan when received.
- a real short-term emergency of an operating nature. Not being able to “meet the payroll” because of running deficits is **not** a short-term emergency but a management and/or viability problem.

In such circumstances the ability to repay the short-term bridge financing, generally **within the year**, must be demonstrated and an agreed on realistic plan with monitoring and agreed repayment provisions must be provided.

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2. Proposals for financing must be considered by both the Region Property and Finance Leadership Group and the Finance & Extension Board **before** being presented to the Region for decision.  
A joint working group of the Region Property and Finance Leadership Group and the Finance & Extension Board **before** being presented to the Region and the Finance Committee of the Finance & Extension Board will consider such requests and provide for a “one wicket” coordinated approach. The Region Council will be informed through the Chair of the F&E or the Secretary of the F&E.
  3. As a pre-condition of any assistance, approved requests will provide for active engagement of the Region in working with the Community of Faith or mission unit in assessing options going forward and in monitoring progress.
  4. In all cases, including for financing of capital projects, a well-considered plan going forward must be provided and agreed on which demonstrates the longer term viability of the community of faith or mission unit and which provides for repayment and agreed-on repayment remedying provisions in the event that the plan cannot be met.

When considering assistance, the overall financial condition of the Community of Faith or mission unit will be reviewed including the assets and reserves held by Trustees and any liabilities including loans, assessments, etc. outstanding. Due diligence should also ensure that, for example, buildings are properly insured.

The plans will:

- (a) provide for regular monitoring and formal review of progress in meeting the plan's goals.
- (b) include agreed-on provisions in the case of default of repayment obligations. Although the goal of financial assistance is to assist in creating a viable/self-sustaining ministry, this is not always possible. The covenant agreed to with the Community of Faith **will** include a financing agreement, mission goals, and plan of action with provisions that, in the event of default of repayment after warning for a year and a day, the Community of Faith will merge or disband the congregation and sell the church building. Region / Finance & Extension Board will have first call on the proceeds for full re-imbursement of financing provided.

In this regard, it should be noted that, per Guideline 3 above, the Region is engaged with the Community of Faith /mission unit throughout the process to arrive at viable solutions. When such solutions are not possible and, in the case of default:

The Region reserves the right to act as set out above as per Sections C-3.1.2 (c), C-3.1.3, and G-1.5.2 of the UCC Manual (2013). (The reference in the 2019 UCC Manual will be updated).

- (c) provide for the repayment of interest at least equal to Finance and Extension Board's minimum investment return with, as appropriate, additional provision according to the risk.

The plan must be reviewed with a view of long-term viability taking into account the context of the geographic area and address options such as possible amalgamations, shared ministry or other arrangements, the sale of the church building, and shared use/lease of alternative buildings.

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The review should assess the life of the congregation or mission unit. This would include its intentional presence and engagement/reaching out with the wider community within and outside the church building, its sense of mission within and beyond the congregation, the health of its worship and congregational life and its plans going forward in making itself more relevant and viable.

#### F&E Property Committee Guidelines for Churches requesting a Loan

Category: Major Construction, Renovation, Repairs or Equipment Replacement

Property Committee Process for Project Planning, Design, Construction:

To facilitate the F&E loan process for funding of projects related to construction, renovation, or major maintenance, communities of faith that are contemplating a loan request are asked to follow the guidelines established for this purpose.

The Board of Trustees of the community of faith are requested to forward a project statement to the F&E Board and the Region Property and Finance Leadership Group. The project statement should include a description of the project, why it is being proposed and when project completion is required.

The Property Committee of the F&E Board will work with the Board of Trustees to include the necessary information and documentation to accompany the loan application.

Recommendations from the F&E may include the hiring of professionals such as surveyors, appraisers and architect and engineering firms to complete this part of the process. The F&E Property Committee will review and approve the technical information and make the recommendation to support the loan application. Once a loan has been granted, the Property Committee of the F&E Board will accompany the community of faith in the design, project management, construction and completion phases of the project as necessary.

Please refer to the process chart that accompanies this Guideline to understand the roles of F&E and the community of faith. (Attachment).

Attachment: FE Property Guidelines (R2) the detailed process chart. F&E Board May 1, 2019

## BURSARY ASSISTANCE - POLICIES

DRAFT BASED ON 2019 VERSION

As a result of a bequest by Dr. Hugh Duncan to the Finance and Extension Board in his Last Will and Testament, financial assistance is available to full-time university students. A second fund provides financial assistance for college studies and part-time university studies by way of the Institut Français Évangélique (Fondation I.F.E). Bursaries are available to active members of United Church congregations in the Region.

Main considerations of granting a bursary are:

- academic success – applicant has strong record and thus potential to complete studies



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- rationale for studies – applicant articulates personal goal, possibly links to future goals
  - well-rounded lifestyle – applicant is engaged in extra-curricular activities (citizenship and leadership) as well as academic pursuits
  - financial initiative – applicant demonstrates efforts to support self financially.

Priority is given to those applying for a second time.

## SABBATICAL LEAVE GRANTS - POLICIES

### DRAFT BASED ON 2019 VERSION

Financial assistance is available to ministry personnel and their employing units to support sabbatical leave for full and part-time ministry personnel in pastoral relationships in the Québec Region. A sabbatical is a period of at least three consecutive months intentionally set aside as an occasion for reflection, recreation and revitalization, unencumbered by customary responsibilities, and yet receiving their usual remuneration and benefits. Sabbatical leave finds expression in renewal, new perspectives in ministry, rest, spiritual retreat and prayer.

Main considerations of granting a Sabbatical Leave are:

- submission of a complete proposal including a description of the intended sabbatical period, reasons for the request and time line.
- communication and coordination with the employing unit.
- preparation and submission of a detailed budget.

The Joint Sabbatical Leave Committee affirms the spirit of the United Church sabbatical leave policy.

## RESTATEMENT OF THE CONSTITUTION

Separate document to be scanned into final PDF

## BYLAWS

Separate document to be scanned into final PDF

## BUDGET

Separate document to be scanned into final PDF.

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## DRAFT FINANCIAL STATEMENTS – 31 DEC 2020

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## REPRESENTATION LETTER FROM THE INDEPENDENT ACCOUNTANT

To come

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*Financial statements of*

**THE FINANCE AND EXTENSION BOARD  
OF CONSEIL RÉGIONAL  
NAKONHA:KA REGIONAL COUNCIL**

*December 31, 2020*

DRAFT

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**THE FINANCE AND EXTENSION BOARD  
OF CONSEIL RÉGIONAL  
NAKONHA:KA REGIONAL COUNCIL**

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December 31, 2020

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**Review engagement report**

To the Members of the  
The Finance and Extension Board of Conseil régional Nakonha:ka Regional Council

We have reviewed the accompanying financial statements of The Finance and Extension Board Conseil régional Nakonha:ka Regional Council that comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of The Finance and Extension Board Conseil régional Nakonha:ka Regional Council as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for Not-for-Profit Organizations.

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Montreal, Québec  
April XX, 2021

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<sup>1</sup> CPA auditor, CA, public accountancy permit No. A111686

# THE FINANCE AND EXTENSION BOARD OF CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Statement of financial position  
as at December 31, 2020  
(unaudited)

	Accounts of the Treasurer	Restricted Funds Schedule 1	2020	2019
	\$	\$	\$	\$
<b>Assets</b>				
<b>Current</b>				
Cash	41,180	-	41,180	160,448
Interest receivable (Note 3)	7,768	-	7,768	89,507
Other receivable	5,506	-	5,506	720
Government rebates receivable	423	-	423	1,365
Current portion of loans to churches	167,906	-	167,906	434,422
	222,783		222,783	686,462
Investments in funds (Note 4)	13,264,295	5,603,728	18,868,023	18,072,764
Loans to churches (Note 3)	941,078	-	941,078	624,269
	14,428,156	5,603,728	20,031,884	19,383,495
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable & accrued liabilities	18,546	-	18,546	37,909
<b>Net assets</b>				
Endowment Fund	-	53,000	53,000	53,000
Externally Restricted Funds	-	5,550,728	5,550,728	5,375,924
Unrestricted Fund	14,409,610	-	14,409,610	13,916,662
	14,409,610	5,603,728	20,103,338	19,345,586
	14,428,156	5,603,728	20,031,884	19,383,495

Approved by the Board

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**THE FINANCE AND EXTENSION BOARD  
OF CONSEIL RÉGIONAL  
NAKONHA:KA REGIONAL COUNCIL**

Statement of changes in net assets  
as at December 31, 2020  
(unaudited)

	Accounts of the Treasurer	Restricted Funds Schedule 1	2020	2019
	\$	\$	\$	\$
Net assets, beginning of year	13,916,662	5,428,924	19,345,586	18,200,314
Excess of revenue over expenses	492,948	174,804	667,752	642,625
Contributions during the year	-	-	-	502,647
Net assets, end of year	14,409,610	5,603,728	20,013,338	19,345,586

# THE FINANCE AND EXTENSION BOARD OF CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Statement of operations  
as at December 31, 2020  
(unaudited)

	Accounts of the Treasurer	Restricted Funds Schedule I	2020	2019
	\$	\$	\$	\$
<b>Revenue</b>				
Income from investment in funds	682,318	234,501	916,819	3,662,518
Change in fair value of investments	467,380	215,717	683,097	(2,086,869)
	1,149,698	450,218	1,599,916	1,575,649
Interest on loans	17,635	-	17,635	43,053
Other income	12,277	-	12,277	-
Recovery of bad debt	-	-	-	13,900
	1,179,610	450,218	1,629,828	1,632,602
<b>Expenses</b>				
Board operations				
Salaries and benefits	25,000	-	25,000	33,662
Church centre rent	-	-	-	8,325
Office and administrative	1,558	-	1,558	2,952
Legal, accounting and review	29,889	-	29,889	32,148
Investment counsel fees, safekeeping and transaction charges	62,912	22,768	85,680	80,220
Rebate on loan	-	-	-	10,000
Contingencies	5,303	-	-	-
	124,662	22,768	147,430	167,307
Assistance and grants				
Grants	530,000	252,646	782,646	794,670
Bursaries	20,000	-	20,000	16,000
Sabbatical leave	12,000	-	12,000	12,000
	562,000	252,646	814,646	822,670
Excess of revenue over expenses	492,948	174,804	667,752	642,625



## THE FINANCE AND EXTENSION BOARD OF CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Statement of cash flows  
year ended December 31, 2020  
(unaudited)

	Accounts of the Treasurer	Restricted Funds	2020	2019
	\$	\$	\$	\$
<b>Operating activities</b>				
Excess of revenue over expenses	492,948	174,804	667,752	642,625
Adjustments for:				
Gains on sale of investments	(266,100)	(64,552)	(330,652)	(2,252,618)
Change in fair value of investments	(467,380)	(215,717)	(683,097)	2,086,869
	(240,532)	(105,465)	(345,997)	476,876
Changes in non-cash operating working capital items				
Interest receivable	81,739	-	81,739	1,303
Other assets	(4,786)	-	(4,786)	(720)
Government rebates receivable	942	-	942	1,951
Accounts payable and accrued liabilities	(19,364)	-	(19,364)	18,773
Due from Québec Presbytery	-	-	-	95,892
	(182,001)	(105,465)	(287,466)	594,075
<b>Investing activities</b>				
Purchase of investments	(5,267,476)	(1,337,237)	(6,604,713)	(15,716,100)
Proceeds from sale of investments	5,380,500	1,442,702	6,823,202	14,626,231
Contribution to funds	-	-	-	502,647
Increases in loans to churches	(138,321)	-	(138,321)	(268,526)
Repayments of loans from churches	88,030	-	88,030	242,180
Reversal of loan impairment	-	-	-	(13,900)
	62,733	105,465	168,198	(627,468)
Net decrease in cash	(119,268)	-	(119,268)	(33,393)
Cash position, beginning of year	160,448	-	160,448	193,841
Cash position, end of year	41,180	-	41,180	160,448

## THE FINANCE AND EXTENSION BOARD OF CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Notes to the financial statements  
December 31, 2020  
(unaudited)

### 1. Purpose

The Finance and Extension Board of Conseil régional Nakonha:ka Regional Council (the "Board"), a registered charity, manages the funds entrusted to it, acquires and helps maintain buildings within the Conseil régional Nakonha:ka Regional Council (the "Regional Council") (note 6) and provides sabbatical and bursary funds. The Board is also empowered to promote and carry on mission work with a concern for the spiritual and temporal welfare of the church, which is accomplished through its programs and annual grants transferred to the Regional Council.

In order to maintain its registered charity status, the Board must meet certain spending requirements ("disbursement quota") according to the *Income Tax Act*. The disbursement quota is a minimum amount that the registered charity must spend on charitable programs or as gifts to qualified donees in order to maintain its registered charity status. As at December 31, 2020, the Board complies with the requirement.

### 2. Accounting policies

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

#### *Fund Accounting*

The General Unrestricted Fund accounts for current operations and programs of the Board. Unrestricted contributions to be used for operating activities and programs are reported in this fund.

The Restricted Funds account for and report all activities of the following externally imposed restrictions:

- a) The F.W. Kelley Fund was established as a bequest under the will of the late F.W. Kelley, educator and member of the Montreal West United Church, to be used for the purposes of education, church extension and social service in the Regional Council.
- b) The Erskine & American - Mountainside Trust Fund was established by the Regional Council and the St. Andrews Dominion Douglas Pastoral Charge out of a portion of the proceeds of real property previously held by the trustees of Erskine and American Pastoral Charge (then amalgamated with St. Andrews Dominion Douglas to become Mountainside United Church Pastoral Charge). The income of the Fund is to be devoted equally to the outreach ministry of the Erskine and American tradition, including any new ventures and needs yet to be determined, and to transformation ministries identified by the Presbytery. The name of the Fund was changed from Erskine and American Fund to Erskine & American - Mountainside Trust Fund as a result of a significant contribution from Mountainside United Church.
- c) The Ste Thérèse Fund was established by the Regional Council from the proceeds of the net assets, excluding the Cemetery Fund of the Ste Thérèse United Church (then amalgamated with Rosemère Memorial United Church). The Fund is to be used to provide for the expansion of French ministries in the lower Laurentian area under the supervision of the Regional Council.

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## THE FINANCE AND EXTENSION BOARD OF CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Notes to the financial statements  
December 31, 2020  
(unaudited)

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### 2. Accounting policies (continued)

#### *Fund Accounting (continued)*

- d) The St. John's Hall Bursary Fund accounts for activities restricted for the furthering of education.
- e) The St. John's Hall Endowment Fund reports resources contributed for endowment. The net income of the resources of the Endowment fund is reported in the St. John's Hall Bursary Fund.
- f) The Bhal-Yun Fund was established from the proceeds of the Central Korean United Church for the purpose of benefiting many projects of the Regional Council.
- g) The Institut Français Évangélique Fund originated in the Consistoire Laurentien. Approximately 5% of the market value is used annually to fund bursaries for students. The grants to bursary recipients are managed by the Bursary Committee of the Finance & Extension Board as per the 1999 agreement.
- h) The Trois-Rivières French Ministry Fund was established in 2007 from the proceeds of the sale of St. Andrews United Church in Trois-Rivières. A portion of the fund is to offer training, resources and support for French or bilingual (E/F) ministry special projects or events within the area of the Nakonha:ka Regional Council. It is not intended for the purpose of supporting staff salary or the work of an already ongoing ministry.
- i) The Trois-Rivières Québec Sherbrooke Area Support Fund was established in 2007 from the proceeds of the sale of St. Andrews United Church in Trois-Rivières. A portion of the fund is designated for the areas of the former Québec-Sherbrooke Presbytery to support work in French Ministry, the Eastern Region, Youth Camp, Internship and Lay Worship Leadership.
- j) The Grand-Mère Fund was established from the sale of church property in Grand-Mère and is to support ministry within the former Consistoire Laurentien area. This money was subsequently earmarked specifically to support the annual Camino de Emaus family summer camp.

#### *Recognition of contributions*

The Board follows the restricted fund method whereby externally or internally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenues in the General Fund.

#### *Recognition of other revenues*

The Board recognizes investment income, gains and losses using the accrual basis of accounting. Other revenue is recognized on the accrual basis and when collection is reasonably assured.

#### *Financial instruments*

##### *Measurement of financial instruments*

The Board initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions that are measured at the carrying amount or exchange amount, as appropriate.

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## THE FINANCE AND EXTENSION BOARD OF CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Notes to the financial statements  
December 31, 2020  
(unaudited)

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### 2. Accounting policies (continued)

#### *Financial instruments (continued)*

The Board subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments, bonds and funds that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, interest receivable, other receivables, and loans to churches.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Board's financial assets measured at fair value include the Board's investment in various funds, and the funds held in trust.

The Board's financial liabilities measured at fair value include the various funds and the funds held in trust.

#### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

#### *Transaction costs*

The Board recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

#### *Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions also affect revenues and expenses reported during the period. Actual results could differ from these estimates.

## THE FINANCE AND EXTENSION BOARD OF CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Notes to the financial statements  
December 31, 2020  
(unaudited)

### 3. Loans to churches

	Interest Receivable	Current Capital Portion	2020	2019
	\$	\$	\$	\$
Saint Lambert United Church 5 % loan, interest payable annually, principal repayable over 2 years commencing June 2020, due June 2021.	-	-	-	21,738
St. James United Church 5 % line of credit (unused credit available \$109,296).	-	-	-	290,704
St. James United Church 5% loan, principal and interest payable in quarterly installments of \$13,275; due September 2030	-	32,917	415,872	-
Valois United Church 5 % loan, principal and interest payable in quarterly installments of \$16,818, due December 2021.	-	34,811	34,811	64,048
Wesley United Church 5 % loan, principal and interest payable in semi-annual installments of \$8,706, due June 2021.	-	8,386	8,598	24,866
Union United Church Montreal 5 % loan principal and interest payable in quarterly installments of \$11,593, due 2038.	6,912	25,725	554,694	557,593
Ste. Genevieve United Church. interest free loan, due June 2021.	-	13,900	13,900	13,900
Roxboro United Church 5 % loan, principal and interest payable in quarterly installments of \$6,100, due March 2027.	-	17,926	46,868	58,843
Hudson Pastoral charge 5 % loan, principal and interest due May 2021, early repayment permitted (unused credit available \$523,000).	856	34,241	34,241	27,000
	7,768	167,906	1,108,984	1,058,692
Less current portion			167,906	434,423
			941,078	624,269

## THE FINANCE AND EXTENSION BOARD OF CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Notes to the financial statements  
December 31, 2020  
(unaudited)

### 4. Investment in funds

	Unrestricted Fund	Restricted Funds	Total 2020	Total 2019
	\$	\$	\$	\$
Fiera Short Term Investment Fund	-	-	-	3,699
Fiera Diversified Lending Fund	-	-	-	671,098
Fiera Infrastructure Fund	-	-	-	1,815,277
Fiera Real Estate Fund	-	-	-	595,896
Fiera Balanced EFT Endowment Fund	13,264,295	5,603,728	18,868,023	14,986,795
	13,264,295	5,603,728	18,868,023	18,072,765

### 5. Financial instruments

#### *Risks and concentrations*

The Board is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Board's risk exposure at the statement of financial position date, December 31, 2020.

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Board's main credit risks relate to its interest receivable and loans to churches. The Board provides credit in the normal course of its operations.

#### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Board is mainly exposed to interest rate risk and other price risk.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Board is exposed to interest rate risk on its fixed rate financial instruments. Fixed-interest instruments subject the Board to a fair value risk.

#### *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Board is exposed to other price risk through its investments in the balanced funds, balanced funds held in trust and restricted funds.

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**THE FINANCE AND EXTENSION BOARD  
OF CONSEIL RÉGIONAL  
NAKONHA:KA REGIONAL COUNCIL**

Notes to the financial statements  
December 31, 2020  
(unaudited)

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**6. Related party transactions**

The following transactions and balances included in the financial statements are with the Regional Council, a registered charity that controls the Board.

	2020	2019
	\$	\$
Grants to The Regional Council	530,000	530,000

The transactions have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**7. Bare Trusteeship**

During the year, the Board became the registered owner of Church property located at 53 rue Rivière in Bedford, Québec. This property is held by The Board as bare trustee for Wesley United Church in Bedford in order to facilitate the sale of the church property for Wesley United Church in Bedford. Subsequent to the year end, the property was sold for \$176,000. After the sale, The Board will be reimbursed for expenses incurred on behalf of Wesley United Church in Bedford and the net proceeds of the sale transferred back to the Community of Faith as per Regional Council policy.

**8. Financial impact of COVID-19**

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remain unclear at this time.

As a result, during 2020, the Board assisted churches with loans by forgiving certain interest and deferring principal payments. The amount of forgiven interest in 2020 was \$ 25,004. While no decisions have been made respecting 2021, the Board may, after consultation with Regional Council, further assist churches with loans which experience major financial difficulties.

The overall impact of these events on the organization and its activities is too uncertain to be estimated at present. The financial impact will be accounted for when they are known and can be evaluated.

**THE FINANCE AND EXTENSION BOARD  
OF CONSEIL RÉGIONAL  
NAKONHA:KA REGIONAL COUNCIL**
**Schedule 2**

 Uncollectible loans to churches  
 December 31, 2020  
 (unaudited)

	Year of loan	Original Amount \$	2020 \$	2019 \$	Year of latest payment
Rosemount – Central	1926	17,500	17,500	17,500	1926
Trinity “Old”	1927	25,000	25,000	25,000	1927
			42,500	42,500	
Provision for uncollectible loans to churches			42,500	42,500	
			-	-	