

REPORT – REGIONAL COUNCIL TREASURER

Valerie Beckingham
Treasurer

The audited financial statements for 2020, Prairie to Pine Region's second year of operation, are included in this Workbook. As in 2019 the auditors have given an unqualified opinion that the statements fairly represent the Region's financial position at the end of the year, and its financial performance and cash flows during 2020. The *Statement of Operations* shows revenues exceeded expenditures by \$211,036, and the *Statement of Changes in Net Assets* an increase of that amount.

Included in my report is a statement *Departmental Income at December 31, 2020 (see Appendix III)*. This statement is unaudited and does not form part of the audited report. It shows separately the income and spending associated with the Governance grant, the Mission and Ministry Grant, and Restricted Funds and so highlights where the surplus arose and why there would likely not have been a surplus had the pandemic not curtailed activities.

Approximately 65% of the Governance grants are spent on salaries and benefits, another 25% on expenses that are non-discretionary in the short to medium term. That leaves only 10% of the grant for discretionary spending. The departmental income document shows lines that are underspent compared with amounts budgeted for 2021, which we had hoped would be a somewhat normal year. These are Regional Gathering, staff travel and all other governance costs. This means that our 2020 surplus is the result of work not done because of the pandemic. The fact that only about 10% of our costs are discretionary also highlights the fact that there are very few costs that can be cut in the short term should grants decrease or costs increase.

Spending from the Mission and Ministry grant is about one-third on salaries and benefits, one-third expended in mission support grants and the rest for networks, clusters, activities and events. The 2020 Mission and Ministry surplus is the result of unbudgeted revenue as well as some unspent grant money. General Council has decreased the 2021 Mission and Service grant by 15%. This means less money is available for mission support grants. The 2021 budget shows a slight decrease in these. Notice was given to recipients in 2020 that they should look for alternate sources of funding in 2022.

The audited *Statement of Financial Position* shows financial assets of over a million dollars. Over half of this is money transferred to Prairie to Pine from the former Conference and presbyteries. In 2019 I reported that the Executive had appointed a committee to recommend how best to use these funds. The Strategic Budgeting Committee met throughout the year and prepared a report for presentation to Executive Council at its meeting on January 7, 2021. The report, *Support for Communities of Faith to Share the Good News Widely: Guide for use of funds transferred to Prairie to Pine Region from Conference and Presbyteries*, lays out the Region's priorities for these funds, and the process for allocating them. It recommends that we set aside \$100,000 as a reserve for contingencies, designate \$100,000 to fund operational costs in excess of grants in the short term and invest \$400,000 to provide a yearly income to fund projects and activities that support our priorities. The document is to be reviewed at least every three years to ensure it remains aligned with the work of the Region. The nature of the investments will be determined by the Executive Minister, Financial Administrator and Treasurer and the recommendation brought to the Executive for approval during 2021.

All our money is in cash and GICs at the Conexus Credit Union and Scotia Wealth. There is no great hurry to move them to longer-term investments as rates of return are very low at present and are likely to remain so for at least the rest of the year, so we are unlikely to realize a net return greater than we are currently getting from GICs. Heather Dootoff manages the funds. During 2021 we will develop an investment policy that will frame our decisions about where to invest for the longer term.

I have very much enjoyed my second year as Treasurer and thank staff and Council members for their help, cooperation, patience and great conversation. Special thanks to Heather and Shannon who maintain the administrative structure that allows us to do our work.

Respectfully submitted,
Valerie Beckingham, Treasurer
Prairie to Pine Regional Council
