

Finance Report to FSA Council 21 April 2020

The Finance Committee met by Zoom on April 7, 2020 to discuss the January and February financial statements and several other matters:

1. The financial statements of Jan. and Feb. 2020 do not indicate any problems compared to previous years.
2. The Committee recommends that FSA do without the services of an external accountant to prepare “official” year-end statements of FSA operations for the financial years 2021-24. (The Trust Funds would continue to be reviewed externally, unless the Trustees recommend otherwise.) **Instead:**

It is proposed that the Church Administrator prepare the official year-end documents under the oversight of the Finance Committee. The statements would then be reviewed by a qualified accountant, who is not on the Finance Committee. This accountant would either be a volunteer member of FSA, or a volunteer member of another church congregation as part of a reciprocal arrangement.

Comments:

There would be a cost saving to FSA.

The reviewed statements would be more timely.

The external accountant currently only provides a *review* of the statements we submit – not an audit. This review is only intended to ensure that we are doing our internal accounting in accordance with Canadian generally accepted accounting principles. With two professional accountants on the Finance Committee, and others available in the Congregation, we are well-equipped to comply with those principles.

Even a formal audit is highly unlikely to identify any fraudulent activity. Strictly following internal FSA policies is a more important safeguard.

Each year, the need for a paid external accountant would be reviewed by the Finance Committee and Council.

3. The Committee discussed our financial situation in light of the Covid-19 crisis. FSA is in relatively good shape financially, compared to many church congregations across Canada, although our trust funds have lost value in the short term. The chair of finance and the Administrator having been participating in the weekly finance webinars produced by the UCC. **The United Church** has arranged the largest loan in its history to assist congregations during the crisis. The United Church Foundation has also made a large grant to the national church. FSA is not likely to need assistance from the UCC.

The **Federal Government** is also offering assistance to small businesses through salary support programs and a \$40,000 loan program (\$10,000 forgivable). Last week the government decided to exclude charities and faith communities from the loan program; however, the UCC is lobbying for a change.

There are two available (mutually exclusive) “employee” salary support programs. One offers a 10% salary subsidy to all organizations having a maximum annual payroll of \$1.5 million.

There are no other conditions applicable to the 10% program. Our payroll service, ADP, is facilitating our application for this automatic subsidy. The other salary support program offers a 75% subsidy. This is dependent on an organization experiencing a significant drop in revenue on a month-to-month basis.

The Finance Committee recommends that we apply for the 75% program if we meet the eligibility requirements.

The UCC finance webinars will continue as long as new information is available. The FSA Executive will be kept informed.

4. The chair and another member of the Finance Committee, Barbara Ridgewell , presented their research into **Automatic External Defibrillators**. Thanks to Doug Jones and Stuart Eberhard for their input. The Committee recommends that FSA purchase an AED.
5. The committee also recommends that the payments to contract personnel such as musicians be terminated as of April 30. Payments would continue on a fee for service basis as it normally does in the summer (after about May 15).

Motions to be made at April 21 Council Meeting

1. That First-St. Andrew's not hire an external accountant to review the church annual operating statements for fiscal years 2021-24; that the annual statements be prepared for the Finance Committee by the Church Administrator and then reviewed by a qualified accountant on a volunteer basis; said volunteer being a member of First-St. Andrew's not on the Finance Committee, or, on a reciprocal basis, by a volunteer member of another church; the decision to be reviewed annually.
2. That Council allow the Executive to make a decision concerning a Federal Government loan, should one become available through the Government's Covid-19 emergency programs.
3. That Council, through its Chair, establish a small ad hoc committee to study all aspects of FSA purchasing and implementing the use of an Automatic External Defibrillator and make a presentation to Council at its next meeting.
4. IF AVAILABLE That Council accept the externally reviewed year-end financial statements and make them available to the congregation on the FSA web site.