

Northern Spirit Regional Council

FINANCE POLICY & GUIDELINES

Statement of Intent

To ensure the Council's financial resources are managed effectively and in accordance with the mission, priorities and values of the Northern Spirit Region and The United Church of Canada.

Finance Policy

1. The finances of the Council will be managed in an efficient and accurate manner.
 - 1.1 The fiscal year of the Northern Spirit Regional Council shall be January 1 to December 31, inclusive.
 - 1.2 The Council's financial records shall be maintained in such a way as to ensure the security of those records and the protection of private information included therein.
 - 1.3 The Council Executive shall ensure that the Council's assets are protected and risks to the organization are managed effectively.
 - 1.4 An auditor will be appointed at each annual Regional Gathering.
 - 1.5 The audited financial statements will be approved by the Council Executive no later than the last Executive meeting prior to the Regional Gathering and will be presented to the Regional Gathering as information.
 - 1.6 The budget for each fiscal year will be approved by the Council Executive no later than the final Executive meeting of the preceding fiscal year.
 - 1.7 The budget will reflect:
 - 1.7.1 The mission and priorities of the Northern Spirit Region as expressed at the annual Regional Gatherings and
 - 1.7.2 The governance duties of the Council as laid out by The United Church of Canada.
 - 1.8 The Executive Minister may approve unbudgeted expenditures up to \$1,000. Unbudgeted expenditures in excess of that amount must be approved by the Council Executive and documented in the minutes.
 - 1.9 The Executive Minister, or a designate approved by the Council Executive, is authorized to sign contracts, licenses and agreements.
 - 1.10 The Bank signing officers are the Executive Minister, the Treasurer, the Financial Administrator and one other individual appointed by the Council Executive.
2. The finances are accounted for in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

3. There is a sound basis for long-term financial management of the affairs of the Northern Spirit Regional Council.
 - 3.1 The Council shall strive to maintain sufficient operating reserves to provide for significant unanticipated costs, including, but not limited to, natural disasters or other catastrophic events, lawsuits or other legal or regulatory proceedings, and major changes to the governance and/or funding policies of The United Church of Canada.
 - 3.1.1 These reserves are initially set at \$150,000, but shall be reviewed by the Council Executive a minimum of every 5 years to ensure that the level is appropriate to the needs of the Region.
 - 3.1.2 These reserves should not exceed \$200,000 at the end of any fiscal year.
 - 3.2 The Council Executive may, from time to time, establish internally restricted funds out of the operating surplus. In establishing these funds, the Executive shall clearly define:
 - 3.1.3 The purpose and authorized uses of the fund.
 - 3.1.4 The individual or committee responsible for approving the use of the fund.
 - 3.1.5 If and when the fund should be replenished.
 - 3.1.6 How and when the fund should be wound up.
 - 3.3 Reserves and uncommitted cash shall be invested in such a way as to minimize exposure and risk.
 - 3.4 Annually the Council Executive will consider its Goals, and review a Five-Year Financial Plan.
4. Treatment of Funds Transferred from former Conference and Presbyteries
 - 4.1 The initial undesignated funds received from the former Alberta and Northwest Conference and the former Presbyteries that make up the Northern Spirit shall be placed in a temporary reserve fund, to be used as follows:
 - 4.1.1 Up to \$150,000 will be immediately transferred to operating reserves to bring them to the base level established in paragraph 3.1.1.
 - 4.1.2 The funds remaining at January 1, 2022 will be transferred to the Legacy Fund to support the work of the region including Mission and Ministry and Special Projects as approved by the Council Executive.
 - 4.2 Internally restricted funds received from the former Conference and Presbyteries will be reviewed by the Council Executive, who may choose to maintain the existing restrictions, allocate the funds to any existing internally restricted funds or allocate them to the remaining reserve described in paragraph 3.3.
 - 4.3 Externally restricted funds received from the former Conference and Presbyteries or other organizations shall be maintained in separate reserves and used in accordance with the restrictions placed by the contributors of the funds.
 - 4.4 Existing loans receivable transferred from the former Alberta and Northwest Conference (excluding those issued under the Ann Mazur fund) will be maintained in the operating fund and repayments will be added to the funds available for current expenditures. Any interest received on these loans will be considered income of the operating fund.

Finance Guidelines

1. Audit

- 1.1 The Council Executive shall review the selection of the auditor at least every five years.
- 1.2 Copies of the audited financial statements will be posted to the Council's website and will be provided to members of the Northern Spirit Regional Council on request.
- 1.3 The audited financial statements will be signed by two members of the Council Executive.

2. Banking

- 2.1 Banking services will be monitored by staff and the Treasurer.
- 2.2 If a change in banking service providers is considered desirable, a proposal will be submitted to the Council Executive for approval.

3. Budget

- 3.1 Budgets shall be prepared according to acceptable accounting standards with:
 - 3.1.1 Enough detail to demonstrate accurate projections of revenues and expenses.
 - 3.1.2 Separation of capital and operational items.
 - 3.1.3 Appropriate detail for the annual audit.
 - 3.1.4 Disclosure of planning assumptions.
- 3.2 Budgets shall be based on the priorities identified at the annual Regional Gatherings and on the requirements of The United Church of Canada.
- 3.3 Budgets shall be prepared with conservative estimates i.e. the revenue will be estimated at its minimum level and the expenditures will be estimated at their maximum level.

4. Financial Reporting

- 4.1 The most recent balance sheet and income statement, including budget to actual comparisons and explanations for significant variances, will be presented to the Council Executive quarterly.

5. Investments

- 5.1 Reserves not expected to be needed for at least one year will be invested in any of the following instruments. The choice will be made by the Financial Administrator in consultation with the Treasurer, based on the best available rates at the time of the investment.
 - 5.1.1 Debentures or securities issued or guaranteed by the Government of Canada or of any province of Canada (e.g. treasury bills or similar instruments).
 - 5.1.2 Debentures or securities issued or guaranteed by a chartered bank or credit union (e.g. guaranteed investment certificates or term deposits).
- 5.2 Uncommitted cash (not expected to be needed for at least 90 days) and reserves expected to be needed in less than one year but more than 90 days may, at the discretion of the Financial Administrator and the Treasurer, be invested in high interest savings accounts or money market funds which are covered by the Canadian Investor Protection Fund.

- 5.3 Northern Spirit Region funds available for investment may be combined with funds from the Living Skies Region or the Prairie to Pine Region for investment under the following conditions:
 - 5.3.1 Combining the funds produces a higher return on investment.
 - 5.3.2 Each region's share of the funds can be readily calculated and tracked.
 - 5.3.3 Each region's share of the funds can be withdrawn without adverse effects for the other regions beyond a potential reduction in future return on investment (i.e. no loss of income earned up to the date of withdrawal).

6. Expenditures

- 6.1 Expenses incurred by the Council may be paid by cheque, direct deposit, pre-authorized withdrawal, electronic funds transfer and corporate credit card.
- 6.2 All payments must be authorized by two signing authorities except the following:
 - 6.2.1 Payments made to vendors by corporate credit card.
 - 6.2.2 Payments made by pre-authorized withdrawal arrangements, including payment of corporate credit card balances, which have been established with the approval of the Council Executive.
- 6.3 A signing authority must not authorize a payment to himself/herself or a member of his/her immediate family.
- 6.4 Expenditures must be approved by the Executive Minister or designated substitute except for the items listed below. Approval may be given in email as long as the email clearly describes the bills being approved.
 - 6.4.1 Costs directly related to the work of authorized groups should normally be approved by either the chair of the group or the staff member assigned to that group. (See paragraph 6.5 for guidelines related to individual expense claims.)
 - 6.4.2 Expenditures specifically approved by the Council Executive and documented in the minutes do not need further approval.
 - 6.4.3 Approved Mission Support Grants (see Funding Guidelines).
 - 6.4.4 Payments to the Executive Minister must be approved by either the Chair of the Executive or the Treasurer.
- 6.5 Claims by individuals for reimbursement of expenditures are subject to the following:
 - 6.5.1 The claim must be approved by an appropriate authority - generally either the Chair of the committee (where applicable) or the Executive Minister.
 - 6.5.2 The claim must include a description of the purpose for which the expense was incurred.
 - 6.5.3 All items in excess of \$30 (except mileage and per diem claims) must be supported by a receipt or other documentation. If such documentation is not available, an explanation for its absence must be provided and may be accepted at the discretion of the approver.
 - 6.5.4 The rates for mileage and per diem claims will be set annually by the Council Executive. Where the Executive considers it appropriate, different rates may be used for different purposes.
 - 6.5.5 The Council Executive may, at its discretion, choose to set limits on claims for items such as accommodation, air fare, etc.

6.5.6 The cost of alcoholic beverages will not be reimbursed unless approved in advance for a specific event or purpose.

7. Donations

7.1 Donations will be used for the purpose designated by the donor. If no purpose is designated, they will be used for Mission and Ministry.

8. Five-Year Financial Plan

8.1 The Five-Year Financial Plan's goal is financial stability. For over the next five years, it considers:

8.1.1 whether the purpose of the Council or its priorities will change;

8.1.2 what activities it intends to support and their cost;

8.1.3 what staffing needs will be required to support its activities and their cost;

8.1.4 what overhead expenses will be required;

8.1.5 the revenue sources available and risks and opportunities associated to the sources;
and

8.1.6 the communication plan and cost to support the funding and activities.

Regional Council Executive Annual Financial Tasks

1. Quarterly – review the financial reports prepared by the Financial Administrator.
2. March/April – approve the audited financial statements for the previous fiscal year.
3. May –Regional Gathering
 - a. Present the audited financial statements for the previous fiscal year.
 - b. Present the budget for the current fiscal year.
 - c. Propose budget guidelines for the next fiscal year for approval at the meeting.
4. Mid-year – review investments and investment policy.
5. Mid-year – review a Five-Year Financial Plan
6. Mid year – confirm all regulatory filings are up to date:
 - a. T3010 Charity Information Return
 - b. GST rebate application
 - c. WCB reports (if required)
7. Fall - set the budget for the next fiscal year (see Budget Timeline).
8. Late fall – receive the report of the Mission Support Committee.

Budget Timeline

March/April

- Proposed budget guidelines and priorities prepared for discussion at the Annual Regional Gathering. Possible information to include
 - o The amount of funding that is likely to be available.
 - o What reserves might be drawn on.
 - o Current year's budget.
 - o Funding requests received by Executive over the past year.
 - o Known major expenditures coming up (if any).

May

- Annual Regional Gathering approves final budget guidelines and priorities for the subsequent fiscal year's budget.
- The approved guidelines should include:
 - o A statement of the areas the Region considers to be priorities for the upcoming year.
 - o Staffing requirements in addition to the positions funded by General Council.
 - o Approval to issue additional assessments if needed.
- Other possibilities:
 - o Maximum spending either overall or in each area.
 - o Approval for special projects or committees (either one-time or ongoing). Such approval would include direction as to where the funds are to be obtained (operating surplus, reserve funds, etc.).

September

- All commissions, standing committees and task groups are requested to submit their budget requests for the next fiscal year.
- Mission Support Grant budget is determined.
- The Financial Administrator, in consultation with the Treasurer and the Executive Minister, prepares a draft budget for the governance and shared services and the staffing component of mission and ministry

October/November

- The Council Executive (or a task group) reviews the budget requests in light of the available funding and the priorities and guidelines established at the Annual Regional Gathering.

December

- The Council Executive approves the budget for the following fiscal year.

Northern Spirit Regional Council

FUNDING GUIDELINES