

**Finance Committee Meeting  
October 5, 2020  
Videoconference**



**MINUTES**

**Present:** Bert Blundon, NUPGE Secretary-Treasurer  
Paul Finch, HSABC  
Trudy Thomson, HSAA  
Val Avery, HSABC  
Jason MacLean, NSGEU  
Susie Proulx-Daigle, NBU

**Absent:** Sara Labelle, OPSEU

**1. Agenda**

The October 5, 2020 Finance Committee meeting was called to order by the Chairperson and Secretary-Treasurer, Bert Blundon. The agenda was presented for the Committee's review. The Chairperson asked for a motion to accept the agenda.

**Moved by Susie Proulx-Daigle and seconded by Paul Finch** that the Finance Committee accepts the agenda as presented.

**CARRIED**

**2. Financial Statements**

The Chairperson submitted the unaudited Statement of Earnings and Expenditures as of July 31, 2020. The unaudited Balance Sheet as of July 31, 2020 was also presented. Brother Blundon reviewed the Statement of Earnings and Expenditures with the Committee. He noted that budgeted revenues were essentially on budget with the exception of line item Anticipated Revenue Adjustments. The Budget anticipated \$30,000 in this area. However, OPSEU had submitted its adjusted revenue after last years' audit thus requiring a restatement of last year's audited Financial Statements or alternatively recording this revenue in this fiscal year. It was determined that it was more practical to recognize this additional revenue in this year which resulted in approximately \$200,000 in additional revenue from that budgeted for.

An explanation of what comprises Miscellaneous Revenues was provided by the Chairperson. He explained that it is essentially a rebate flowing from our relationship with Johnston Insurance. Brother Blundon is currently having discussions with Johnston Insurance to better understand how this program works.

Brother Blundon reviewed the line item expenditures impacting the budget. He noted that the budgeted amount of \$146,649 for the CLC Building has been

submitted to the CLC. Our commitment being fully paid off 2 years early has resulted in interest savings and the freeing up \$80,000 per year for other priorities in future years. Because of COVID-19, the CLC Convention, the Women's Conference, the Youth Conference, and Leadership Training have all been cancelled resulting in \$710,000 of expenditures that will not occur in this fiscal year. Additionally, planned work around the Communications budget will not occur. Officers and Staff Travel has been curtailed because of the pandemic. It is anticipated that \$500,000 of budgeted expenditures in the highlighted line items will not occur because of constraints caused by COVID-19. The effect of the pandemic has resulted in an \$809,769 surplus as of July 7, 2020. It is anticipated that the surplus will grow as we approach fiscal year end.

The Secretary-Treasurer also highlighted that the Balance Sheet is extremely strong with \$6.2 million in assets. After recognizing \$1.95 million of short- and long-term liabilities, Members Equity or Retained Earnings stand at \$4.27 million. It was noted that the Balance Sheet shows that all but \$2.43 million is placed in restricted accounts. The Chairperson also explained that \$1 million approved by the NEB for Strike Assistance should properly be allocated to a restricted fund leaving \$1.43 million available for our operations. A proposal to deal with this matter was dealt with latter in the agenda.

### **3. Correction of Budgeting Error**

The Committee was advised of an error in the budget. A new line item for Communications along with a \$500,000 allocation was created and approved for the budget. Unfortunately, the software did not recognize the \$500,000 and failed to add the expenditure resulting in the budget showing a surplus instead of a deficit. This error has now been corrected. As explained earlier, many of the expenditures in the budget are not anticipated to materialize resulting in a strong surplus. With this new knowledge, Brother Blundon suggested that the budget not be recast but that the error be acknowledged that the budget be updated to reflect the correct numbers.

**Moved by Jason MacLean and seconded by Trudy Thomson** that the Finance Committee recommend to the National Executive Board that budget error be recognized and furthermore, that the revised budget be approved.

**CARRIED**

### **4. Staff Benefits**

Brother Blundon reviewed the budget items pertaining to Staff Benefits indicating that those benefits were being expensed as they accrue on the Statement of Revenue and Expenditures and were also being recorded as a liability on the Balance Sheet as they accrue. Notwithstanding that the accrued benefits are properly expensed and accrued, there is nothing on the Balance Sheet to recognize that NUPGE is saving to offset those accruing liabilities. Furthermore, these

liabilities continue to grow after being expensed. To assist with this issue, the Secretary-Treasurer suggested that we set aside an amount to equal to the liabilities as they accrue and invest this money aiming for potential returns to equal or exceed the cost of maintaining all accrued benefits. He noted that accrued staff benefit liabilities hover around \$1.3 million.

**Moved by Val Avery and seconded by Trudy Thomson** that the Finance Committee recommend to the NEB that a Staff Benefits Fund be created that will equal the accrued benefits previously expensed and to maintain this fund by expensing such benefits as they accrue and furthermore, to invest those funds in a way that anticipates potential returns that equal or exceed those required to maintain full funding for those accrued benefits.

**CARRIED**

## **5. Convention Fund**

The Chairperson opened up a discussion regarding the need for a Restricted Convention Fund. He advised that this Fund was created when our Balance Sheet was weak and cash flow was a constant issue requiring a process to save over a 3-year period. Today the Balance Sheet is extremely strong and can withstand the Convention expenditure in the fiscal year that it occurs. The Convention could conceivably create a shortfall in the budget but any deficit would easily be covered by using the strong cash position on the Balance Sheet. Brother Blundon did not anticipate that deficit budgeting would occur simply because of our Convention.

**Motion moved Val Avery and seconded by Susie Proulx-Daigle** that the Finance Committee recommends to the NEB the elimination of the Restricted Convention Fund and the allocation currently in this fund be moved to the Operating Account.

**CARRIED**

## **6. NUPGE Strike Fund**

The Secretary-Treasurer identified earlier that the NEB had previously passed a motion to create a \$1 million Strike Fund that could be accessed by any Component on strike before going directly to Components for assistance. The Balance Sheet does not recognize this Fund and as such Brother Blundon proposed that a restricted NUPGE Strike Fund be created thus ensuring that our commitment would always be available.

**Motion moved by Paul Finch and seconded by Val Avery** that the Finance Committee recommends to the NEB the creation of a \$1 million restricted Strike Fund to be used in accordance with a previous motion of the NEB.

**CARRIED**

## **7. Investment Update**

The Finance Committee received an update on the progress of transitioning surplus funds from strictly GIC's and a high interest savings account to equity and bond investments. In late August NUPGE made an initial placement with RBC Dominion Securities at \$2 million. From that \$2 million, \$1.3 has been allocated to 60% bonds and \$40% equities that match our first market investments with our long-term liabilities. The Secretary-Treasurer worked with RBC to purchase a number of GIC's with rates of return ranging between 2.15% and 2.77%. The book value of those GIC's is \$434,000 leaving another \$264,000 in a high interest savings account.

NUPGE continues to hold 2 GIC's with a local credit union that are yielding more than 3% with a current value of \$660,000. The remaining \$1.6 is invested in GIC's and a high interest savings account. The Committee continues to discuss possible investment strategies for all surplus funds.

## **8. Staff Monthly Allowance**

Brother Blundon alerted the Committee of a decision by both himself and the President, Larry Brown, to provide a \$150/month allowance to all staff while working from home. The allowance is meant to reimburse staff for work related costs that they may incur while working from home. This allowance does not apply to the President or the Secretary-Treasurer.

## **9. Office Equipment**

The Chairperson also provided an update on the purchase of a number of computers and related equipment and software. It was decided to upgrade our resources in this area to better assist staff while working from home with the added advantage of being able to safely install the necessary upgrades at the NUPGE office. This capital expenditure totaled \$18,363 and will be expensed over time as a depreciation expense.

## **10. Donations**

The Finance Committee received and reviewed the donation list covering the January to September time period. No issues of concern were identified.

## **11. Health and Insurance Plan Review**

The Secretary-Treasurer reported that a review of the staff health and insurance plan(s) is underway. The Health Plan and the Long-Term Disability Plan has not been formally reviewed for many years. The intend of the review is to identify whether there are any benefit weaknesses in either plan and determine whether the cost of either plan is similar to that of other service providers.

**12. New Business**

There was no new business.

**Motion moved by Jason MacLean seconded by Paul Finch** that the meeting be adjourned.

**CARRIED**