

# Finance Committee Quarterly Report

## David Cates, Committee Chair

May 25, 2021 EC | June 8, 2021 BD

### PURPOSE

To report on the second quarter meeting of the finance committee

### CONTEXT/RATIONALE

The committee met via videoconference on May 4, 2021 to review and discuss committee matters for the organization. All committee members were in attendance except for S. Fox. Representatives from Management and Governance Solutions Inc. (GSI) were also in attendance.

### Quarterly Results and Forecast

C. St. Germain presented the CFO report on the financial position of the CNA as of March 31, 2021. Committee recommendations on the CNA's 2021 first quarter financial results are reported separately under the consent agenda.

The CFO also reviewed the forecasted results for fiscal 2021, including a projected deficit of \$821,000 as compared to a budgeted deficit of \$645,000. The negative variance is attributed to transitioning the current year annual conference from an in-person event to a virtual event. This change is projected to result in a decreased contribution of \$200,000 as compared to the approved budget. These projections were an improvement of \$40,000 as compared to the previously reported forecast.

The CFO also advised that new information largely related to acceptance / eligibility for government COVID-19 related subsidies materialized after preparation of the report to the finance committee. The impact is expected to be positive for the financial forecast for the balance of the year.

Based on the additional changes identified, the updated forecast includes **a projected deficit of \$573,000** as compared to the approved budget deficit of \$645,000 and an improvement of \$248,000 from what was presented on May 4<sup>th</sup> (deficit of \$821,000). This improvement is significant and is attributed to three main items:

- CNA confirmed that it continues to benefit from the Canada Emergency Wage Subsidy, and it is projected to generate \$218,000 in funding.
- CNA also confirmed that it will continue to benefit from the Canada Emergency Rent Subsidy, which is projected to generate \$42,000.

- A new project that was identified subsequent to budget approval as a requirement for fiscal 2021 was a review of the digital media content. This was determined to be a project that could be deferred to the future resulting in a savings of \$50,000.

The new funding / savings is partially offset by additional investment that was required in consulting services in preparation and follow up from the Federal budget.

The latest forecast does assume there will be a return to travel for conferences and events beginning in the third quarter. Should COVID continue to restrict the resumption of events and travel, additional savings will arise from a reduction in travel and other conference and event costs.

The committee queried the impact of the 2021 financial forecast on the financial position of the organization. Given new information presented at the meeting, it requested that the updated forecast be tabled at the executive committee meeting. The updated forecast is included as **Appendix A**.

Leadership will be undertaking a strategic review over the next month to confirm the efforts needed for the Association to address the direction presented in the Federal budget. This review may result in additional expenditures required to best serve the membership and the nuclear industry.

Management continues to provide the finance committee with updated financial information on a regular basis to ensure they are aware of ongoing activities and projected changes to the financial forecast.

### **External Auditor for 2021**

The committee considered and discussed the effectiveness of KMPG LLP as the external auditor for the CNA for the year ending, Dec. 31, 2020. Committee recommendations regarding KMPG's reappointment are reported separately under the consent agenda.

### **Other Business**

As other business, the finance committee:

- Received and considered Management's update on the status of the CNA's cash and investment portfolio.
- Discussed a forthcoming vacancy in finance committee membership resulting from S. Krishnan's decision to not stand for re-election to the board in 2021. The committee agreed to recommend that the vacancy be filled by the newly elected board, following consulting with the board and GHRC committee chairs. S. Krishnan was thanked for his years of service and valuable contributions to the finance committee.

### **APPENDIX**

- **Appendix A:** Revised 2021 Financial Forecast