

# Finance Committee Quarterly Report

## David Cates, Committee Chair

March 25, 2021

### PURPOSE

To report on the first quarter meeting of the finance committee; and to seek board approval of revised financial policies and the audited financial statements of the CNA for the year ended December 31, 2020.

### CONTEXT/RATIONALE

The committee met via videoconference on Feb. 23, 2021 to review and discuss committee matters for the organization. All committee members were in attendance except for S. Krishnan. Representatives from Management were also in attendance. Representative from KPMG also joined the meeting to review the association's 2020 financial statements and audit findings report, as outlined below.

#### A. Quarterly Results and Forecast

C. St. Germain presented the CFO report on the financial position of the CNA as of Dec. 31, 2020. Committee recommendations on the CNA's 2020 fourth quarter financial results are reported separately under the consent agenda, item 2.2.

The CFO also presented the 2021 financial forecast, which included three notable items:

- Reduction in expected contribution (\$213,000) from the CNA annual conference moving to a virtual only platform;
- Reduction in previously budgeted expenditures (\$112,000) owing to the continued adaptation of activities due to the persistence of the COVID-19 pandemic (e.g., no travel through Q1); and
- Additional planned expenditures for 2021 (\$115,000), not previously budgeted, considered high priority to meet the dynamic and evolving needs of members.

Taken together the net impact of the forecasted changes is an increase to the expected deficit for 2021 of \$216,000.

The committee queried the impact of the 2021 financial forecast on the financial position of the organization and considered compliance with the approved net asset reserve policy. With the surplus generated from last year's operations, the organization's net assets remain at a level sufficient to support the operations and to be in compliance with the approved net asset reserve

policy. The committee was satisfied with the overall fiscal prudence of the proposed adjustments and did not identify any specific concerns with the forecast. Additionally, management has noted that there is potentially further savings (e.g., no travel through Q2-Q3) and/or other funding opportunities (further CEWS / CERS support) that could mitigate the current estimated impact of the changes noted above.

The committee accepted the CFO's report.

## **B. Review of Financial Policies**

The committee reviewed proposed amendments to the cash management, investment and capitalization and amortization financial policies. Directors queried the purpose, objectives and goals of each policy and provided input and direction to Management on potential amendments. Proposed changes are summarized below:

- **Cash management and investment policy:** Changes to combine the previous cash management policy and investment policy into one policy and to accurately reflect the asset allocation based on the risk tolerance of CNA.
- **Capitalization and amortization policy:** Changes to make them consistent with the accounting policy per the audited financial statements.

The committee accepted the revised financial policies.

## **C. External Audit of 2020 Financial Statements**

Rob Clayton from KPMG addressed the committee. He reported that KPMG had completed its audit of the organization's financial statements for the year ended Dec. 31, 2020, held discussions with Management, and had no additional comments with respect to the presentation of the financial statements. The financial statements have a clean unmodified audit opinion.

The committee also met *in camera* with the Auditor.

The committee received the report of the Auditor. The final draft audited financial statements of the CNA for the year ended December 31, 2020 are being presented for board approval.

## **D. Other Business**

The committee reviewed the organization's insurance coverage to ensure that the CNA's assets are appropriately protected. To address gaps in protection against cyber attacks, it considered two quotes from leaders in the cyber insurance industry, and accepted Management's recommendation to purchase a cyber 'crime' insurance policy from Cyberboxx for \$2,085 per annum plus HST (\$2M limit/\$250 000 "Crime" coverage/\$10,000 deductible).

## **MOTIONS**

### **B. Revised Financial Policies**

That the board approve, effective March 25, 2021:

- Amendments to the CNA Capitalization and Amortization of Asset Policy.
- Rescinding the CNA's Cash Management Policy and CNA Investment Policy; and approving the combined new Cash Management and Investment Policy.
- Consequential amendments to the CNA Finance Committee Terms of Reference and CNA Signing Authority Policy to reflect the policy name changes.

### **C. Audited Financial Statements**

That the board approve the audited financial statements of the Canadian Nuclear Association for the year ended December 31, 2020.

## **APPENDICES**

- **Appendix A:** Cash Management and Investment Policy; and Capitalization and Amortization Policy
- **Appendix B:** Audited Financial Statements at December 31, 2020 and Audit Findings and Planning Report.