

TREASURER'S REPORT TO SYNOD of CENTRAL, NORTHEASTERN ONTARIO and BERMUDA

Interim Financial Report to September 30, 2026

The financial statements to September 30, 2026 are attached and reflect the year to date (YTD) and estimated full year results for both the Operating Fund and the Ministries Fund. The estimated full year loss for the operating fund is in line with the 2026 budget provided all outstanding Presbytery Allocations are collectible. All of the 2026 CAIRN grant has been sent as at the end of September. Regional staff expenses and other general expenses (e.g. insurance) are together approximately \$6,000 higher than budget but offset by YTD better investment returns (+\$2,000) and the assumption that a bad debt expense for uncollectible Presbytery Allocations (+\$4,000) is not required assuming that all Presbyteries will contribute their allocations. An amount of \$33,588 was transferred from the Ministries Fund to the Operating Fund representing 5% of the balance of the Ministries Fund on June 30, 2025. This was approved in the 2025 General Synod meeting thus the net reduction in the Operating Fund for 2026 is estimated at \$36,352 leaving a December 31, 2026 estimated Operating Fund balance of \$132,444.

In addition to the above transfer to the Operating Fund, the Ministries Fund also received a specified gift of \$7,000 from the Presbytery of Algoma & North Bay and earned investment income of \$57,127 for the YTD June 30, 2026. The specified gift and the investment income were prudently not included in the 2026 budget thus the Ministries Fund is ahead of budget by \$64,127 at September 30th. It is difficult to predict the investment returns for the second half of 2026 given the current economic and trade uncertainties thus I have estimated a breakeven result for the Ministries Fund for October to December 2026. The Ministries Fund balance of \$725,081 is unchanged from June 30, 2026 thus the amount that is available for disbursement in 2027, pursuant to section 3 of the Ministries Fund Standing Order, is \$36,254 (i.e. 5% x \$725,081). For purposes of 2027 budget discussions, this amount has been included as a means to increase the CAIRN grant without depleting the Operating Fund.

The September 30, 2026 Balance Sheet of the SYNOD of CNOB is also attached.

PCC Consolidated Fund Investment

Historical market returns have been as follows:

- 2023: 11.12%
- 2024: 18.40%
- 2025: 8.9%
- 2026 (Jan-Jun): 8.76%

2025 Unaudited Financial Statements with Review Engagement Report

Similar to prior years, the SYNOD of CNOB engaged Smith, Sykes Leeper & Tunstall LLP ("SSLT") for a review of the 2025 Financial Statements in accordance with the Canadian Accounting Standards for Not-for-Profit Organizations. The final 2025 Financial Statements with Review Engagement Report are attached. The Review Engagement Report from SSLT indicates that nothing has come to their attention that causes them to believe that the Financial Statements do not present fairly, in all material respects, the financial position and financial results of the SYNOD of CNOB as at December 31, 2025 in accordance

with the noted standards. This is a traditional Review Engagement Report. It should be noted that the results are the same as were previously presented in the last meeting.

2027 Budget

The attached budget follows the 2025 Emergent meeting alignment to provide 2027 CAIRN grants to meet the goal of increasing seasonal staff daily wage to \$85/day from \$75/day plus provide a cost-of-living increase for permanent staff. The budget also includes the costs of the CAIRN fundraising working group recommendations as well as various cost increases as recommended by the PCC or estimated increases based on recent trends. Pension expense is lower than 2026 based on the PCC A&P recommendation.

Two options for Presbytery allocations have been shown using a \$10/unit rate and an \$11/unit rate. These rates have been applied to the A&P 2026 Records and Statistics amounts that were recently published. In both options, a 2027 budgeted loss will occur and its funding has been suggested using the following principles:

- Transfer to the Operating Fund from the Ministries Fund, 5% of the June 30, 2026 Ministries Fund balance (the Ministry Fund Standing Order allows the Synod to approve this in regular course)
- Drawdown the Operating Fund to a balance of \$100,000 to allow for future years operations
- Utilize the emergency needs/opportunities clause in section 3 of the Ministry Fund Standing Order for the Ministries Fund to fund the remaining budgeted loss. This will require at least 2/3rds approval of Synod commissioners

Synod approval is also requested for the Ministries Fund to provide an interest free loan to CAIRN of up to \$50,000 to be used during 2027-2028 to hire a professional fundraising company. CAIRN will repay the loan in annual instalments over 10 years beginning 2029 (i.e. minimum annual instalment repayment of \$5,000). If the fundraising efforts are not fully successful, consideration will be given to draw down the loan using 5% of the prior June 30th balance of the Ministries Fund.

Note that the 2027 budget assumes a conservative breakeven investment return for the Operating Fund and Ministries Fund investments. This is consistent with prior year's budgets.

Respectfully submitted,
Rob McMaster, Treasurer

Recommendations:

1/Accept this interim 2026 report and the September 30, 2026 Financial Statements including the 2026 Full Year Estimate

2/Accept the December 31, 2025 Financial Statements with SSLT Review Engagement Report

3/Accept either alternative #1 or alternative #2 of the 2027 budget, the choice of the alternative to be aligned by the Synod. This acceptance also approves the following:

- Transfer 5% of the June 30, 2026 Ministries Fund balance (\$36,254) to the Operating Fund for use in 2027
- Use of the Emergency Needs/Opportunities clause in section 3 of the Ministry Fund Standing Order to transfer either \$67,270 (alternative #1) or \$46,957 (alternative #2) from the Ministries Fund to the Operating Fund for use in 2027
- Provision of an interest free loan of up to \$50,000 from the Ministries Fund to CAIRN during 2027-2028 to be used to hire a professional fundraising company. This loan will be repaid in annual instalments beginning in 2029 from additional funds raised from this initiative. If insufficient funds are raised then the Synod can draw down the loan based on 5% of prior June 30th balance of the Ministries Fund