

REGIONAL COUNCIL 15
Financial Statements
Year Ended December 31, 2020

REGIONAL COUNCIL 15
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Year Ended December 31, 2020

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Independent Auditor's Report

To the Members of Regional Council 15:

Qualified Opinion

We have audited the financial statements of Regional Council 15 (the "Council"), which comprise the statement of financial position as at December 31, 2020, and the statements of revenues and expenditures, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2020, and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Council derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Council. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2020, current assets and net assets as at December 31, 2020.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The financial statements of the Council for the year ended December 31, 2019 were audited by Winsor Coombs of Mount Pearl, Newfoundland and Labrador, Canada, prior to its merger with MNP LLP. Winsor Coombs expressed a qualified opinion on those statements on May 13, 2020 for the reasons described in the Basis for Qualified opinion paragraph.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mount Pearl, Newfoundland and Labrador

May 11, 2021

MNP LLP

Chartered Professional Accountants

REGIONAL COUNCIL 15
Statement of Financial Position
December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 431,456	\$ 79,932
Term deposits (Note 5)	1,095,409	351,878
Accounts receivable	15,064	-
Land held for resale (Note 4)	20,800	20,800
Prepaid expenses	4,946	151
Due from related parties (Note 6)	1,478	991,524
	1,569,153	1,444,285
LONG TERM INVESTMENTS (Note 3)	148,607	148,607
	\$ 1,717,760	\$ 1,592,892
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 10,041	\$ 5,900
Due to related parties (Note 6)	2,543	14,819
	12,584	20,719
NET ASSETS		
Operating Fund - Unrestricted	287,368	225,604
Internally Restricted Fund (Schedule 1)	1,179,384	1,111,739
Externally Restricted Fund (Schedule 2)	238,424	234,830
	1,705,176	1,572,173
	\$ 1,717,760	\$ 1,592,892

ON BEHALF OF THE BOARD

McDonald, Jane Elizabeth Digitally signed by McDonald, Jane Elizabeth
Date: 2021.05.17 14:15:50 -03'00' **Director**

 **Director**

REGIONAL COUNCIL 15
Statement of Changes in Net Assets
Year Ended December 31, 2020

	2019 Balance	Excess of revenues over expenditures	Net Additions	2020 Balance
Operating Fund - Unrestricted	\$ 225,604	\$ 65,870	\$ (4,106)	\$ 287,368
Internally Restricted Fund (Schedule 1)	1,111,739	-	67,645	1,179,384
Externally Restricted Fund (Schedule 2)	234,830	-	3,594	238,424
	\$ 1,572,173	\$ 65,870	\$ 67,133	\$ 1,705,176

	2018 Balance	Excess of revenues over expenditures	Net Additions	2019 Balance
Operating Fund - Unrestricted	\$ 209,914	\$ 15,690	\$ -	\$ 225,604
Internally Restricted Fund	577,860	41,655	492,224	1,111,739
Externally Restricted Fund	221,777	6,761	6,292	234,830
	\$ 1,009,551	\$ 64,106	\$ 498,516	\$ 1,572,173

REGIONAL COUNCIL 15
Statement of Revenues and Expenditures
Year Ended December 31, 2020

	2020	2019
REVENUES		
Grant - United Church of Canada	\$ 595,304	\$ 610,324
Miscellaneous revenue	54,071	40,949
Interest income	4,531	47,799
	<u>653,906</u>	<u>699,072</u>
EXPENDITURES		
Administration	6,362	7,154
Mission and Support Services	200,216	208,154
Office operating expense	44,079	56,950
Other	28,362	14,145
Regional Council Executive	1,101	4,812
Salaries and wages	273,617	274,769
Standing Committees	34,299	68,982
	<u>588,036</u>	<u>634,966</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 65,870	\$ 64,106

REGIONAL COUNCIL 15
Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 65,870	\$ 64,106
Changes in non-cash working capital:		
Accounts receivable	(15,064)	-
Land held for resale	-	(20,800)
Accounts payable	4,141	5,901
Prepaid expenses	(4,795)	(151)
	(15,718)	(15,050)
Cash flow from operating activities	50,152	49,056
INVESTING ACTIVITY		
Long term investments transferred in	-	(148,607)
Cash flow from (used by) investing activity	-	(148,607)
FINANCING ACTIVITIES		
Advances from related parties	977,770	(976,705)
Net assets transferred from Maritime Conference	-	431,690
Unrestricted funds transferred from Maritime Conference	-	147,863
Received from presbyteries for internally restricted funds	-	439,997
Internal transfer to Learning Grants program	-	(10,000)
Net additions from internally restricted fund	67,645	492,224
Net additions from externally restricted fund	3,594	6,292
Transfer from operating fund to church properties	(4,106)	-
Cash flow from financing activities	1,044,903	531,361
INCREASE IN CASH FLOW	1,095,055	431,810
Cash - beginning of year	431,810	-
CASH - END OF YEAR	\$ 1,526,865	\$ 431,810
CASH CONSISTS OF:		
Cash	\$ 431,456	\$ 79,932
Term deposits	1,095,409	351,878
	\$ 1,526,865	\$ 431,810

See notes to financial statements

REGIONAL COUNCIL 15
Notes to Financial Statements
Year Ended December 31, 2020

1. PURPOSE OF THE COUNCIL

Regional Council 15 is a Council of the United Church of Canada. Its principal activities include the provision of services to the pastoral charges affiliated with the United Church of Canada in Nova Scotia and Bermuda.

Regional Council 15 is a registered charity under the Income Tax Act and not subject to income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

Regional Council 15 follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the Council's delivery of services and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Internally Restricted Fund consist of funds maintained by the Regional Council for various purposes and are restricted in their purpose and cannot be used for general operations of the Council.

The Externally Restricted Fund consist of funds restricted outside of the Regional Council to be used for specific purposes and cannot be used for general operations of the Council. These funds include the Bequest Fund and the Special Fund. The Bequest Fund reports the assets, liabilities, revenues, and expenditures related to the assets bequeathed to the Council. The Special Fund report the assets, liabilities, revenues and expenditures related to the Council's funds that have been set up for specific purposes.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits. Bank borrowings are considered to be financing activities.

Investments

Long term investments, which consist primarily of mutual funds, term certificates and cash are carried at market value.

Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund in the year in which the contribution is received or receivable. All restricted contributions for which there is no specific restricted fund are recognized as revenues when the related expenses are incurred in the general fund.

Unrestricted contributions are recognized as revenue of the general fund when received or receivable if the amount can be reasonable estimated and receipt is reasonably assured.

Investment income earned on restricted investments is recognized as revenue as it is earned in the appropriate fund. Other investment income is recognized in the general fund statement of operations.

(continues)

REGIONAL COUNCIL 15
Notes to Financial Statements
Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Post retirement benefit plan

The employees of the Council participate in a define benefit plan administered and held nationally by The United Church of Canada. The Council is not responsible for the obligations due for the employees under this benefit plan.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealised gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

3. LONG TERM INVESTMENTS

The investments are investment certificates issued and held in trust by Financial Services, Maritime Conference of the United Church of Canada.

	2020	2019
Investment - interest for distribution as bursaries for ministerial candidates		
Aitken Memorial Trust	\$ 2,500	\$ 2,500
Vera Dickey Bequest	8,807	8,807
Wesley Memorial United Church	1,000	1,000
	12,307	12,307
Investment - interest for distribution as support for special projects		
MacRae Belliveau	4,070	4,070
William A. Crawford Trust	988	988
Metzler Bequest	411	411
Annie V. King Bequest	23,000	23,000
Guy R. King Bequest	75,331	75,331
J. Oscar Young Bequest	19,500	19,500
Edith MacPherson Bequest	5,000	5,000
Edward Jost Bequest	8,000	8,000
	136,300	136,300
	\$ 148,607	\$ 148,607

4. LAND HELD FOR RESALE

The Council received an unrestricted contribution of land which had a fair market value of \$20,800 when received. The transaction was measured and recognized based on the fair market value and the value was included in other revenue on the statement of revenue and expenses when received.

The Council has listed the land for sale and, as such, it is classified as land held for resale on the balance sheet.

REGIONAL COUNCIL 15
Notes to Financial Statements
Year Ended December 31, 2020

5. TERM DEPOSITS

	2020	2019
Fixed income	\$ 1,000,586	\$ 301,586
Cash	1,228	-
Mutual Funds	93,595	50,292
	\$ 1,095,409	\$ 351,878

6. DUE TO/FROM RELATED PARTIES

	2020	2019
Current portion due from related party Due from Regional Council 14	\$ 1,478	\$ 991,524

	2020	2019
Current portion due to related party First Dawn Eastern Edge Regional Council	\$ 2,543	\$ 14,819

Advances from related parties are non-interest bearing and have no set repayment. These related parties are Regional Councils of the United Church of Canada.

7. COVID 19

Since March 12, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may cause the cancellation of operating events and increased government regulations or interventions, all of which may negatively impact the operations or financial condition of the Council. The duration and impact of the COVID-19 outbreak is unknown at this time and is not possible to reliably estimate the length and severity of these developments. .

8. VARIOUS FUNDS ANNUAL SURPLUS

These amounts represent the excess of revenues over expenditures for the year ended December 31, 2020 related to those specific funds as disclosed in schedules 1 and 2.

REGIONAL COUNCIL 15
Notes to Financial Statements
Year Ended December 31, 2020

9. FINANCIAL INSTRUMENTS

The Council considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Council's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, and investments.

The Council initially measures its financial assets and liabilities at fair value adjusted for transaction costs. Transaction costs related to financial instruments subsequently measured at fair value are recorded in the statement of revenues and expenditures on initial measurement. The Council subsequently measures all of its financial instruments at amortized cost.

The risks that arise from financial instruments include liquidity risk, market risk and interest rate risk. Unless otherwise noted, it is management's opinion that the Council is not exposed to other price risks arising from financial instruments.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Council is exposed to this risk mainly in respect of its payments of expenditures.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Council is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Council manages exposure through its normal operating and financing activities. The Council is exposed to interest rate risk primarily through its long-term investments.

10. RELATED PARTY TRANSACTIONS

The following is a summary of the Council's related party transactions:

	2020	2019
United Church of Canada General Council <i>(Governing body of the Council)</i>		
Grants - United Church of Canada less amount deferred for		
Mission and Support grants unexpended	\$ 595,304	\$ 610,324
Office operating expense	18,000	18,000

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. ECONOMIC DEPENDENCE

The Council receives 100% of its operating funds under a grant from the United Church of Canada. If this situation should change in the future, management is of the opinion that continued viable operations would be doubtful.

REGIONAL COUNCIL 15
SCHEDULE OF INTERNALLY RESTRICTED FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

SCHEDULE 1
11

	Balance Opening Jan. 01/20	Additions in the year	Deductions In the year	Net Additions	Balance Ending Dec. 31/20
Archives	\$ 8,657	\$ 24,291		\$ 24,291	\$ 32,948
Association of Ministers	4,000	15,000	2,944	12,056	16,056
Building Maintenance	60,973	137		137	61,110
Camping Ministry	87,948		22,662	(22,662)	65,286
CLG Projects	1,649				1,649
Discretionary Funds	619,515		11,000	(11,000)	608,515
UCC Emergency Fund	696				696
Church Properties	1,914	4,106	6,020	(1,914)	-
Halifax Presbytery Innovation New Church	104,228	5,977	32,953	(26,976)	77,252
Halifax Revitalization and New Ministry	68,080	49,384	53,772	(4,388)	63,692
Internship Sites	37,000		5,000	(5,000)	32,000
Learning Grants	13,469	4,553	300	4,253	17,722
Mission Support Grant	70,676	85,696	700	84,996	155,672
Intermediates at Conference	1,175				1,175
Cashed Investment Funds	-	13,852		13,852	13,852
UCC Disaster Relief	100				100
Youth Forum Fundraiser	1,291				1,291
Youth Opportunities	30,033				30,033
Youth Social Justice Development	335				335
Total	\$ 1,111,739	\$ 202,996	\$ 135,351	\$ 67,645	\$ 1,179,384

**REGIONAL COUNCIL 15
SCHEDULE OF EXTERNALLY RESTRICTED FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE 2
12**

	<u>Balance Opening Jan. 01/20</u>	<u>Additions in the year</u>	<u>Deductions in the year</u>	<u>Net Additions</u>	<u>Balance Ending Dec. 31/20</u>
Bequest Funds	\$ 148,607			\$ -	\$ 148,607
Special Funds	79,932	7,634	4,040	3,594	83,526
Sydney Presbytery Student Funds	6,291	-			6,291
Total	\$ 234,830	\$ 7,634	\$ 4,040	\$ 3,594	\$ 238,424