

Financial statements of

**East Central Ontario
Regional Council of
The United Church of Canada**

December 31, 2019

DRAFT 5R

Updated Sep 27, 2021

**East Central Ontario Regional Council of
The United Church of Canada**

DRAFT 5R

December 31, 2019

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Eastern Central Ontario Regional Council of The United Church of Canada

Statement of financial position

as at

(amounts in Canadian dollars)

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(updated Sep 30, 2021)

	Operating Funds \$	Restricted Funds \$	Endowment Funds \$	Property Funds \$	December 31, 2019 Total \$	January 01, 2019 Total \$
Assets						
Current						
Cash and deposits	744,053	-	-	-	744,053	526,651
	744,053	-	-	-	744,053	526,651
Due from/to other funds	(222,338)	37,920	-	184,418	-	-
Investments (note 5)	130,612	272,430	157,740	-	560,782	495,789
Loan receivable (note 6)	9,620	-	-	-	9,620	9,620
	661,947	310,350	157,740	184,418	1,314,455	1,032,060
Liabilities and fund balances						
Current						
Accounts payable and accrued liabilities (note 7)	167,942	18,500	-	4,000	190,442	123,142
Endowment funds	-	-	157,740	-	157,740	143,400
Restricted funds	-	291,850	-	-	291,850	263,931
Unrestricted funds	494,005	-	-	180,418	674,423	501,587
	661,947	310,350	157,740	184,418	1,314,455	1,032,060

Commitments, guarantees and contingencies (note 8)

Approved by the Board

Regional Executive Minister

Treasurer

(Unaudited)

The accompanying notes are an integral part of these financial statements

Eastern Central Ontario Regional Council of The United Church of Canada

Statement of operations
for the 12 months ended
(amounts in Canadian dollars)

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(updated Sep 30, 2021)

	December 31, 2019				
	Operating Funds	Restricted Funds	Endowment Funds	Property Funds	Total
	\$	\$	\$	\$	\$
Revenues					
General Council grants - salaries & benefits (note 9)	392,000	-	-	-	392,000
Mission and support grants (note 9)	289,000	-	-	-	289,000
Ontario regional council archive grants (note 9)	18,284	-	-	-	18,284
Registration fees	5,869	-	-	-	5,869
Donations	-	605	-	10,000	10,605
Other revenue	400	13,850	-	-	14,250
	705,553	14,455	-	10,000	730,008
Expenses					
Salaries, benefits and continuing education	269,725	-	-	-	269,725
Grants	142,249	-	-	4,000	146,249
Travel and Meetings	52,343	4,193	-	-	56,536
Office administration	9,032	-	-	-	9,032
Ontario regional archive services fees (note 9)	37,367	-	-	-	37,367
Professional fees	28,073	-	-	-	28,073
General Council Office service fees (note 9)	18,793	-	-	-	18,793
Resources	9,086	4,728	-	-	13,814
Property and insurance	240	-	-	-	240
Bank charges and investment expenses	77	-	-	-	77
	566,985	8,921	-	4,000	579,906
Net revenues (expenses), before items below	138,568	5,534	-	6,000	150,102
Adjustment to fair market value of investments	28,268	18,122	18,603	-	64,993
Net revenues (expenses)	166,836	23,656	18,603	6,000	215,095

(Unaudited)

The accompanying notes are an integral part of these financial statements

Eastern Central Ontario Regional Council of The United Church of Canada

Statement of changes in fund balances
for the 12 months ended
(amounts in Canadian dollars)

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(updated Sep 30, 2021)

	December 31, 2019				
	Operating Funds	Restricted Funds	Endowment Funds	Property Funds	Total
	\$	\$	\$	\$	\$
Fund balances, beginning of year (note 4)	327,169	263,931	143,400	174,418	908,918
Net revenues (expenses)	166,836	23,656	18,603	6,000	215,095
Interfund transfers	-	4,263	(4,263)	-	-
Fund balances, end of year	494,005	291,850	157,740	180,418	1,124,013

(Unaudited)

The accompanying notes are an integral part of these financial statements

Eastern Central Ontario Regional Council of The United Church of Canada

Statement of cash flows
for the 12 months ended
(amounts in Canadian dollars)

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(updated Sep 30, 2021)

					December 31, 2019
	Operating Funds	Restricted Funds	Endowment Funds	Property Funds	
	\$	\$	\$	\$	\$
Cash flows from operating activities					
Surplus	166,836	23,656	18,603	6,000	215,095
Adjustments for:					
Adjustments to fair market value of investments	(28,268)	(18,122)	(18,603)	-	(64,993)
	138,568	5,534	-	6,000	150,102
Changes in level of:					
Loan receivable	-	-	-	-	-
Accounts payable and accrued liabilities	44,800	18,500	-	4,000	67,300
Interfund adjustments	222,339	(37,921)	-	(184,418)	-
	405,707	(13,887)	-	(174,418)	217,402
Cash flows from investing activities	-	-	-	-	-
Cash provided by financing activities	-	-	-	-	-
Total cash and deposits provided	405,707	(13,887)	-	(174,418)	217,402
Cash and cash in transit, beginning of year	338,346	13,887	-	174,418	526,651
Cash and cash in transit, end of year	744,053	-	-	-	744,053
Cash and deposits consist of:					
Cash	744,053	-	-	-	744,053
Total	744,053	-	-	-	744,053

(Unaudited)

The accompanying notes are an integral part of these financial statements

**Eastern Central Ontario Regional Council of
The United Church of Canada**

Schedule of Restricted Fund Balances
as at December 31, 2019
(amounts in Canadian dollars)

Schedule 1

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(updated Sep 30, 2021)

	January 1, 2019 Balance (combined; unaudited; note 4)	Revenue	Expenses	Adjustment to fair market value of investments	Transfer from (to) Operating or Other Funds	December 31, 2019
	\$	\$	\$	\$	\$	\$
Internally Restricted						
The Shining Waters Legacy Fund	124,234	605	-	8,396	-	133,235
	124,234	605	-	8,396	-	133,235
Externally Restricted						
The Library Networking & Clustering Fund	13,887	-	-	934	-	14,821
Bursary Fund	26,776	-	-	1,801	4,263	32,840
Queen's Theology Alumni Executive Fund	4,096	-	-	275	-	4,371
Queen's Theology Alumni Annual Conference Fund	13,177	13,850	(8,921)	1,218	-	19,324
Queen's Theology Rural Ministry Symposium Fund	20,932	-	-	1,408	-	22,340
Stewardship Initiatives Project Fund	7,176	-	-	483	-	7,659
Learning Grant Fund	502	-	-	-	-	502
Eldorado United Chrch Accessibility Fund	25,416	-	-	1,742	-	27,158
Library & Resource Ministry Fund	27,675	-	-	1,865	-	29,540
GC43 Locals Arrangement Committee Fund	60	-	-	-	-	60
	139,697	13,850	(8,921)	9,726	4,263	158,615
Total	263,931	14,455	(8,921)	18,122	4,263	291,850

(Unaudited)

The accompanying notes are an integral part of these financial statements

**Eastern Central Ontario Regional Council of
The United Church of Canada**

Schedule of Endowment Fund Balances
as at December 31, 2019
(amounts in Canadian dollars)

**Schedule 2
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(updated Sep 30, 2021)

	January 1, 2019 (combined; unaudited; note 4)"	Adjustment to fair market value of investments	Transfers (to) Bursary Fund	2019 Closing Balance
	\$	\$	\$	\$
Oshawa Trust Fund	93,400	12,117	(2,777)	102,740
Staples Bequest	25,000	3,243	(743)	27,500
Gladys Margaret McCord Memorial Scholarship	25,000	3,243	(743)	27,500
Total	143,400	18,603	(4,263)	157,740

(Unaudited)

The accompanying notes are an integral part of these financial statements

East Central Ontario Regional Council of The United Church of Canada

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Notes to the financial statements

December 31, 2019

(amounts in thousands of Canadian dollars)

1. The East Central Ontario Regional Council, The United Church of Canada

The purpose of East Central Ontario Regional Council of The United Church of Canada (the Regional Council) is to be responsible for providing leadership and resources to the pastoral charges within its assigned geographical boundary in order that the life and work of Jesus Christ may be known in The United Church of Canada (The Church) and in the world.

The Regional Council is the regional headquarters, in Southern Ontario, for The United Church of Canada. The Regional Council was established as a result of the restructuring of The Church, disclosed in Note 4. The Regional Council is an unincorporated entity and, as a Canadian registered charity, is exempt from income tax.

2. Significant Accounting Policies

Fund Accounting and Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") established by the Chartered Professional Accountants of Canada ("CPA Canada") using the restricted fund method of reporting restricted donations. The funds are described as follows:

Operating Funds

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

Restricted Funds

Restricted Funds consist of internally and externally restricted funds (see Schedule 1)

Internally restricted funds account for transfers, approved at meetings by the executive, to various reserve accounts and the individual transactions charged to these reserves in support of selected ministries.

Externally restricted funds account for funds received from outside the organization, which must be disbursed for the purposes designated by the funder.

Endowment Funds

Endowment funds (see Schedule 2) account for contributions received in which the contributor has specified that the capital be permanently maintained as an endowment. Investment income earned on the endowment funds is recorded as revenue of the fund. Transfers to the Operating Funds are recorded in the statement of changes in fund balances and separately disclosed.

Property Fund

The Property Fund reports the assets, liabilities, revenues and expenses related to the Regional Council's capital assets and funds arising on the sale of properties from disbanding congregations.

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Notes to the financial statements

December 31, 2019

(amounts in thousands of Canadian dollars)

2. Significant Accounting Policies (continued)

Revenue Recognition

Revenue consists primarily of grants from The General Council Office of The United Church of Canada (The GCO) and donations from disbanding congregations as they dispose of their property and distribute their current net assets. Grants received from the General Council Office of the United Church of Canada are recognized in the fiscal year in which they are received. Donations from disbanding congregations are recognized as received or receivable based on the date of the passing of the Regional Council motion to disband the congregation. Annual meeting registrations are recognized in the period in which the annual meeting occurs. Interest income is recognized as earned.

Cash and Deposits

Cash and deposits include cash held in bank accounts as well as amounts invested for short-term purposes in term deposits or similar instruments that can be redeemed at any time for face value plus interest accrued to the redemption date.

Capital Assets and Amortization

Capital assets are stated at acquisition cost. Amortization is provided on a straight-line basis over 10 years for furniture and fixtures and 3 years for computer equipment.

Financial Instruments

The Regional Council initially measures its financial statement assets and financial liabilities at fair value adjusted by transaction costs.

Except for investments, the Regional Council subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and amounts receivables. Financial liabilities measured at amortized costs include accounts payable and accrued liabilities.

Investments are subsequently measured at fair value. The purchase and sale of investments are accounted for using settlement date accounting. Investment management fees are expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profits organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Regional Council makes estimates in determining the estimated useful lives of its capital assets and significant accrued liabilities. Actual results could differ from those estimates.

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Notes to the financial statements
December 31, 2019
(amounts in thousands of Canadian dollars)

3. Financial instruments risk disclosures

Credit Risk

The Regional Council is exposed to credit risk resulting from the possibility that parties default on their financial obligations, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Regional Council could incur a financial loss. The Regional Council's maximum exposure to credit risk is represented by the carrying values of its cash and deposits, amounts receivable and guaranteed investment certificates. The Regional Council's cash and deposits and guaranteed investment certificates are on deposit with a Canadian Chartered bank and therefore it is management's opinion that the Regional Council is not subject to significant credit risk with cash and deposits, and guaranteed investment certificates. The Regional Council's amounts receivable includes HST rebates and amounts due from other courts of The Church. Management believes there is no significant exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Regional Council cannot meet its commitments when they become due. Liquidity risk also includes the risk of the Regional Council not being able to liquidate assets in a timely manner. The Regional Council's management manages this risk by reviewing expected cash flow requirements through its budgeting process, anticipating investing and financing activities and holding assets that can be readily converted into cash. Management believes there is no significant exposure to liquidity risk.

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 is comprised of currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Regional Council does not have investments denominated in foreign currency and thus no currency risk exposure.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments and future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Regional Council's exposure to interest rate risk arises from its interest bearing assets. The Regional Council ladders its portfolio of guaranteed investment certificates into maturity dates with six month intervals in order to reduce its exposure to interest rate risk. Management believes there is no significant exposure to interest rate risk.

Other Price Risk

Other price risk refers to the risk that the fair value of the financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are specific to the individual instrument or its issuer or factors affecting all similar instruments trading in the same market. The Regional Council is exposed to market risk through its investment in mutual funds, which are diversified. Management believes there is no significant exposure to other price risk.

Change in Risks

As this is the first year of operation, there have been no significant changes in any of the above risks in the current year.

East Central Ontario Regional Council of The United Church of Canada

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Notes to the financial statements

December 31, 2019

(amounts in thousands of Canadian dollars)

4. Restructuring

The United Church of Canada has restructured its governance model from a four court structure to a three court structure. Under this new structure, the Conference courts and Presbytery courts are replaced by 16 Regional Councils. The East Central Ontario Regional Council replaces the former Bay of Quinte Conference, and the Four Winds, Shining Waters, Kawartha Highlands, Kent, Lakeridge and Old Hills & Shores Presbyteries effective January 1, 2019. These former entities of The United Church of Canada were to transfer their net assets to the Regional Council at their carrying amounts representing a merger of the net assets of the former church structure as at January 1, 2019. As this is the first year of the new court, no comparative information is presented. These transfers total \$908,918 consist of cash (\$526,651), investments (\$495,789), a loan receivable (\$9,620) and a payable to the Eastern Ontario Outaouais Regional Council (\$123,142). These balances are included in the comparative column in the statement of financial position titled "January 1, 2019 (combined; unaudited; note 4)".

5. Investments

The investments consist of mutual fund units in Canoe Asset Allocation Portfolio Class Series D managed by Frontier Capital. The change in the investment balance totaling \$64,993 is separately disclosed in the statement of operations and Schedules 1 & 2.

6. Loans receivable

The loan receivable is from a related party and arose as part of the church restructuring.

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities totals \$190,442 of which \$179,089 are with related parties and consist of payables to: The United Church of Canada (\$18,763); The Eastern Ontario Outaouais Regional Council (\$123,142); trust funds raised for a pilgrimage (\$18,500) from a local congregation; and an accrual for archive services from the Ontario Regional Council Archives Fund (\$18,684).

8. Commitments, guarantees and contingencies

The Regional Council does not have any outstanding guarantees or contingencies to report at year-end. The commitments include a 20% participation in base rent for shared office premises consisting of: 2020 - \$5,048; 2021 - \$5,340; 2022 - \$2,743.

9. Related party transactions

The Regional Council received \$699,284 of grant revenue and incurred costs of \$56,160 from related parties, The General Council Office of the United Church of Canada, the Ontario Regional Council Archives.

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Notes to the financial statements

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(amounts in thousands of Canadian dollars)

10. Impact of the COVID-19 pandemic

Subsequent to year-end, the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak are unknown at this time and, as a result of the uncertainty, the Regional Council may be negatively impacted by the timing and/or amount of future revenue receipts, market value of its investments and recovery of its loans receivable. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and financial condition of the Regional Council in future periods.

Nevertheless, the investments continue to maintain their values without incurring any significant losses.