

Financial statements of

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

December 31, 2020

DRAFT 1R

updated Oct 8, 2021

East Central Ontario Regional Council

The United Church of Canada

December 31, 2020

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

Statement of financial position

as at

(amounts in Canadian dollars)

DRAFT 2
(updated Oct 08, 2021)

	Operating Fund	Restricted Funds	Endowment Funds	Property Fund	December 31, 2020	December 31, 2019
	\$	\$	\$	\$	Total \$	Total \$
Assets						
Current						
Cash and deposits	872,478	-	-	-	872,478	744,053
	872,478	-	-	-	872,478	744,053
Due from/to other funds	(336,155)	70,307	-	265,848	-	-
Investments (note 4)	166,731	280,083	157,740	-	604,554	560,782
Loans receivable (note 5)	9,620	-	-	-	9,620	9,620
	712,674	350,390	157,740	265,848	1,486,652	1,314,455
Liabilities and fund balances						
Current						
Accounts payable and accrued liabilities (note 6)	110,443	18,500	-	46,135	175,078	190,442
Endowment funds	-	-	157,740	-	157,740	157,740
Restricted funds	-	331,890	-	-	331,890	291,850
Unrestricted funds	602,231	-	-	219,713	821,944	674,423
	712,674	350,390	157,740	265,848	1,486,652	1,314,455

Approved by the Board

Executive Secretary

Eastern Central Ontario Regional Council

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

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(updated Oct 08, 2021)

	December 31,				December
	2020				31, 2019
	Operating Fund	Restricted Funds	Endowment Funds	Property Fund	Total
	\$	\$	\$	\$	\$
Revenues					
General Council grants - salaries & benefits (note 7)	392,000	-	-	-	392,000
Mission and support grants (note 7)	289,000	-	-	-	289,000
Ontario archive grants (note 7)	19,639	-	-	-	18,284
Registration fees	1,400	5,150	-	-	5,869
Donations (note 7)	100	2,515	-	85,033	10,605
Other revenue	-	-	-	-	14,250
Other grant revenue	-	2,500	-	-	-
	702,139	10,165	-	85,033	730,008
Expenses					
Salaries, benefits and continuing education	291,812	-	-	-	269,725
Grants (note 7)	206,277	-	-	42,135	146,249
Travel and Meetings	10,163	752	-	-	56,536
Office administration	8,383	-	-	-	9,032
Ontario regional archives (note 7)	39,278	-	-	-	37,367
Professional fees	18,603	-	-	-	28,073
General Council Office admin fees (note 7)	19,069	-	-	-	18,793
Resources	10,146	2,950	-	-	13,814
Property and insurance	293	-	-	3,603	240
Bank charges and investment expenses	84	-	-	-	77
Other expenses	-	-	-	-	-
	604,108	3,702	-	45,738	579,906
Net revenues (expenses), before items below	98,031	6,463	-	39,295	150,102
Investment income	5,738	11,969	6,930	-	-
Adjustment to fair market value of investments	5,167	10,776	6,240	-	64,993
Investment expenses	(710)	(1,480)	(857)	-	-
Investment returns	10,195	21,265	12,313	-	64,993
Net revenues (expenses)	108,226	27,728	12,313	39,295	215,095

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Statement of changes in fund balances

for the 12 months ended

(amounts in Canadian dollars)

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(updated Oct 08, 2021)

	December 31, 2020					December 31, 2019
	Operating Fund	Restricted Funds	Endowment Funds	Property Fund	Total	Total
	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year	494,005	291,850	157,740	180,418	1,124,013	908,918
Net revenues (expenses)	108,226	27,728	12,313	39,295	187,562	215,095
Interfund transfers	-	12,313	(12,313)	-	-	-
Fund balances, end of year	602,231	331,890	157,740	219,713	1,311,575	1,124,013

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

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(updated Oct 08, 2021)

					December 31, 2020	December 31, 2019
	Operating Fund	Restricted Funds	Endowment Funds	Property Fund		
	\$	\$	\$	\$	\$	\$
Cash flows from operating activities						
Surplus	108,226	27,728	12,313	39,295	187,562	215,095
Adjustments for:						
Amortization	-	-	-	-	-	-
Adjustments for return on investments	(10,195)	(21,265)	(12,313)	-	(43,773)	(64,993)
Investment revenue	-	-	-	-	-	-
	98,031	6,463	-	39,295	143,789	150,102
Changes in level of:						
Accounts receivable	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Accounts payable and accrued liabilities	(57,499)	-	-	42,135	(15,364)	67,300
Interfund adjustments	113,817	(32,387)	-	(81,430)	-	-
	154,349	(25,924)	-	-	128,425	217,402
Cash flows from investing activities						
Total cash provided by (used in) investing activities	(25,924)	13,611	12,313	-	-	-
Financing activities – net changes						
Total cash provided by (used in) financing activities	-	12,313	(12,313)	-	-	-
Total cash and deposits provided	128,425	-	-	-	128,425	217,402
Cash and cash in transit, beginning of year	744,053	-	-	-	744,053	526,651
Cash and cash in transit, end of year	872,478	-	-	-	872,478	744,053
Cash and deposits consist of:						
Cash	872,478	-	-	-	872,478	744,053
Total	872,478	-	-	-	872,478	744,053

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Schedule of Restricted Fund Balances
as at December 31, 2020
(amounts in Canadian dollars)

Schedule 1
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	January 01, 2020 balance	Revenue	Expenses	Adjustment for return on investments	Transfer from (to) Operating Fund	December 31, 2020 balance	December 31, 2019 balance
	\$	\$	\$	\$	\$	\$	\$
Internally Restricted							
The Shining Waters Legacy Fund	133,235	-	-	9,497	-	142,732	133,235
	133,235	-	-	9,497	-	142,732	133,235
Externally Restricted							
The Library Networking & Clustering Fund	14,821	-	-	1,056	-	15,877	14,821
Bursary Fund	32,840	-	-	2,341	12,915	48,096	32,840
Queen's Theology Alumni Executive Fund	4,371	-	-	312	-	4,683	4,371
Queen's Theology Alumni Annual Conference Fund	19,324	8,050	(3,702)	1,687	-	25,359	19,324
Queen's Theology Rural Ministry Symposium Fund	22,340	-	-	1,592	-	23,932	22,340
Stewardship Initiatives Project Fund	7,659	-	-	546	-	8,205	7,659
Learning Grant Fund	502	-	-	36	(538)	-	502
Eldorado United Chrch Accessibility Fund	27,158	-	-	1,936	-	29,094	27,158
Library & Resource Ministry Fund	29,540	-	-	2,106	-	31,646	29,540
GC43 Locals Arrangement Committee Fund	60	-	-	4	(64)	-	60
IBE	-	2,115	-	151	-	2,266	-
	158,615	10,165	(3,702)	11,767	12,313	189,158	158,615
Total	291,850	10,165	(3,702)	21,265	12,313	331,889	291,850

**Eastern Central Ontario Regional Council
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Schedule of Endowment Fund Balances

as at December 31, 2020

(amounts in Canadian dollars)

**Schedule 2
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	January 01, 2020 balance	Received	Disbursed	Adjustment for return on investments	Transfer (to) Bursary Fund	December 31, 2020 balance	December 31, 2019 balance
	\$	\$	\$	\$	\$	\$	\$
Oshawa Trust Fund	102,740	-	-	8,020	(8,020)	102,740	102,740
Staples Bequest	27,500	-	-	2,147	(2,147)	27,500	27,500
Gladys Margaret McCord Memorial Scholarship	27,500	-	-	2,147	(2,147)	27,500	27,500
Total	157,740	-	-	12,313	(12,313)	157,740	157,740

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Notes to the financial statements

December 31, 2020

(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, 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. 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 Fund

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

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.

Internally Restricted Funds

Internally restricted funds (see Schedule 1) 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. These funds are included in the statement of financial position under the caption "Restricted Funds".

Externally Restricted Funds

Externally restricted funds (see Schedule 1) account for funds received from outside the organization, which must be disbursed for the purposes designated by the funder. These funds are included in the statement of financial position under the caption "Restricted Funds".

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 as designated in the original endowments. Transfers to the Operating Fund are recorded in the statement of changes in fund balances and separately disclosed in Schedule 2.

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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.

Financial instruments

The Regional Council initially measures its financial statement assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial assets or financial liability is subsequently measured at amortized cost.

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 accounts 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.

Notes to the financial statements

December 31, 2020

(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, accounts 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 accounts receivable includes amounts due from presbyteries due to the church restructuring and HST rebates. There is not 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.

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 this no currency risk.

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.

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.

Change in Risks

As this is the second year of operation, there have not been significant changes in any of the above risks in the current year.

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4. Investments

Investments consists of units in an income and growth mutual fund managed by Frontier Capital Funds having earned a return on investment totaling \$43,773 as reported on the statement of operations.

5. Loans receivable

The loans receivable is with a related party.

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities totals \$175,078 and includes related party payables: \$18,500 funds raised for a pilgrimage; \$31,601 payable to The General Council Office arising from the sale of church property; \$69,600 payable to The General Council Office.

7. Related party revenue and expenses

The Regional Council revenue includes grants totaling \$700,639 and donations totaling \$85,033 from related parties. Expenses include operating expenses totaling \$58,347 and grant expenses totaling \$165,801 paid to related parties.

8. Commitments, guarantees and contingencies

The Regional Council does not have any outstanding guarantees or commitments and has no contingencies to report at year-end.

9. Impact of the COVID-19 pandemic

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", continues to require governments worldwide to enforce emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally, resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time. As a result of the uncertainty, The Church has provided The Regional Council with funding commitments for the next year, which will ensure it can deliver its programs. However, The Regional Council may be negatively impacted by the market value of its investments. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of The Regional Council.

The investments continue to maintain their values without incurring any significant losses.