

DRAFT 1

Updated Apr 7, 2024

Financial statements of

East Central Ontario Regional Council of The United Church of Canada

December 31, 2023

East Central Ontario Regional Council
The United Church of Canada
December 31, 2023

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Eastern Central Ontario Regional Council The United Church of Canada

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Statement of financial position

as at

(amounts in Canadian dollars)

					December 31, 2023	December 31, 2022
	Operating Fund	Restricted Funds (schedule 1)	Endowment Funds (schedule 2)	Property Funds	Total	Total
	\$	\$	\$	\$	\$	\$
Assets						
Current						
Cash	1,868,461	-	-	-	1,868,461	1,963,339
Accounts receivable (note 5)	6,849	-	-	14,848	21,697	14,848
Prepaid expenses (note 6)	-	4,320	-	-	4,320	-
	1,875,310	4,320	-	14,848	1,894,478	1,978,187
Due from/to other funds	(1,169,785)	846,544	-	323,241	-	-
Investments (note 7)	234,085	454,849	157,740	-	846,674	801,189
	939,610	1,305,713	157,740	338,089	2,741,152	2,779,376
Liabilities and fund balances						
Current						
Accounts payable and accrued liabilities (note 8)	31,876	-	-	1,355	33,231	379,083
Fund balances						
Internally restricted - schedule 1	-	968,559	-	-	968,559	782,864
Externally restricted - schedule 1	-	337,154	-	-	337,154	291,479
Endowment - schedule 2	-	-	157,740	-	157,740	157,740
Unrestricted	907,734	-	-	336,734	1,244,468	1,168,210
	939,610	1,305,713	157,740	338,089	2,741,152	2,779,376

Approved by the Board

Regional
Executive Secretary

Treasurer

(Unaudited)

The accompanying notes are an integral part of these financial statements

Eastern Central Ontario Regional Council The United Church of Canada

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

					December 31, 2023	December 31, 2022
	Operating Fund	Restricted Funds (schedule 1)	Endowment Funds (schedule 2)	Property Funds	Total	Total
	\$	\$	\$	\$	\$	\$
Revenue (note 9)						
General Council Office assessment funded grants	401,375	-	-	-	401,375	427,075
Mission support grants	240,000	-	-	-	240,000	240,000
Ontario regional council archive grants	20,161	-	-	-	20,161	20,161
Net proceeds from disbanding churches and property sales	172,412	-	-	406,050	578,462	1,660,050
Donations, registration and other revenue	7,858	30,731	-	200	38,789	13,915
Recovery of administration costs	-	-	-	-	-	3,920
Donations	3,472	28,075	-	-	31,547	4,835
Registration fees	-	-	-	-	-	5,160
Other grant revenue	4,386	2,656	-	200	7,242	-
	841,806	30,731	-	406,250	1,278,787	2,361,201
Expenses (note 9)						
Salaries, benefits and continuing education	324,227	-	-	-	324,227	308,609
Grants	133,126	6,550	-	344,914	484,590	1,181,004
Meetings and travel	64,694	-	-	398	65,092	36,877
Office administration	14,344	-	-	7	14,351	9,660
Ontario Regional Council Archives fees	40,322	-	-	-	40,322	40,322
Professional fees	16,188	-	-	6,721	22,909	26,077
General Council Office service fees	22,661	-	-	-	22,661	19,132
Resources	13,312	-	-	23	13,335	10,580
Property and insurance	564	-	-	10,635	11,199	434
Bank charges	1,139	-	-	-	1,139	486
Other expenses	16,818	-	-	-	16,818	-
Restricted funds (Schedule 1)	-	-	-	-	-	-
	647,395	6,550	-	362,698	1,016,643	1,633,181
Net revenues (expenses), before items below	194,411	24,181	-	43,552	262,144	728,020
Investment returns	10,707	25,823	8,955	-	45,485	14,585
Net revenue	205,118	50,004	8,955	43,552	307,629	742,605

(Unaudited)

The accompanying notes are an integral part of these financial statements

Eastern Central Ontario Regional Council

The United Church of Canada

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Statement of changes in fund balances

for the year ended

(amounts in Canadian dollars)

	December 31, 2023					December 31, 2022
	Operating Fund	Restricted Funds (schedule 1)	Endowment Funds (schedule 2)	Property Funds	Total	Total Total
	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year	875,028	1,074,343	157,740	293,182	2,400,293	1,657,688
Net revenues (expenses)	205,118	50,004	8,955	43,552	307,629	742,605
Interfund transfers (schedule 1 and note 10)	(172,412)	181,367	(8,955)	-	-	-
Fund balances, end of year	907,734	1,305,714	157,740	336,734	2,707,922	2,400,293

(Unaudited)

The accompanying notes are an integral part of these financial statements

Eastern Central Ontario Regional Council

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Statement of cash flows

for the year ended

(amounts in Canadian dollars)

	December 31, 2023	December 31, 2022
	Total	Total
	\$	\$
Cash flows from operating activities		
Net revenue	307,629	742,605
Non-cash items		
Investment returns	(45,485)	(14,585)
	262,144	728,020
Changes in non-cash working capital:		
Accounts receivable	(6,849)	13,148
Prepaid expenses	(4,320)	-
Loans receivable	-	-
Accounts payable and accrued liabilities	(345,853)	191,319
Deferred revenue	-	(17,060)
Total cash provided	(94,878)	915,427
Cash, beginning of year	1,963,339	1,047,912
Cash, end of year	1,868,461	1,963,339

(Unaudited)

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Eastern Central Ontario Regional Council
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Schedule of Restricted Fund Balances
for the year ended

(amounts in Canadian dollars)

Schedule 1
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	January 1, 2023 Balance	Revenue	Expenses	Investment returns	Interfund transfers (note 10)	December 31, 2023 Balance	December 31, 2022 Balance
	\$	\$	\$	\$	\$	\$	\$
Internally Restricted							
Communities of Faith Assistance Fund	596,103	-	(5,000)	13,893	172,412	777,408	596,103
The Shining Waters Legacy Fund	186,761	-	-	4,390	-	191,151	186,761
	782,864	-	(5,000)	18,283	172,412	968,559	782,864
Externally Restricted							
Iglesia Bautisa Emmanuel Fund	3,226	2,868	(1,300)	113	-	4,907	3,226
Iglesia Bautisa Emmanuel Project Fund	0	900	-	21	-	921	0
Iglesia Bautisa Emmanuel Pilgrimage Fund	0	22,713	-	534	-	23,247	0
The Library Networking & Clustering Fund	20,775	-	-	488	-	21,263	20,775
Queen's Theology Alumni Annual Conference Fund	28,673	2,656	-	736	-	32,065	28,673
Queen's Theology Alumni Executive Fund	6,129	-	-	144	-	6,273	6,129
Queen's Theology Rural Ministry Symposium Fund	27,599	-	-	649	-	28,248	27,599
Learning Grant Fund	703	-	(250)	11	-	464	703
Stewardship Initiatives Project Fund	10,735	-	-	252	-	10,987	10,735
Eldorado United Chrch Accessibility Fund	38,068	-	-	895	-	38,963	38,068
Library & Resource Ministry Fund	41,408	-	-	973	-	42,381	41,408
Bursary Fund	114,161	1,597	-	2,721	8,955	127,434	114,161
	291,479	30,734	(1,550)	7,537	8,955 #	337,154	291,479
Total	1,074,343	30,734	(6,550)	25,820	181,367	1,305,713	1,074,343

(Unaudited)

The accompanying notes are an integral part of these financial statements

Eastern Central Ontario Regional Council
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Schedule 2
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Schedule of Endowment Fund Balances
for the year ended
(amounts in Canadian dollars)

	January 1, 2023 Balance	Investment returns	Transfers to Bursary Fund (note 10)	December 31, 2023 Balance	December 31, 2022 Balance
	\$	\$	\$	\$	\$
Oshawa Trust Fund	102,740	5,833	(5,833)	102,740	102,740
Staples Bequest Fund	27,500	1,561	(1,561)	27,500	27,500
Gladys Margaret McCord Memorial Scholarship Fund	27,500	1,561	(1,561)	27,500	27,500
Total	157,740	8,955	(8,955)	157,740	157,740

(Unaudited)

The accompanying notes are an integral part of these financial statements

East Central Ontario Regional Council

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Notes to the financial statements

December 31, 2023

(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 East Central Ontario, for The Church. The Regional Council was established as a result of the restructuring of The Church on January 1, 2019. The Regional Council is an unincorporated entity and, as a Canadian registered charity, is exempt from income tax.

2. Basis of presentation

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").

Fund Accounting

The Regional Council uses the restricted fund method of reporting restricted donations. The funds are described as follows:

Operating Fund

This fund records the day-to-day operations of the activities under the control of the Regional Council, which include governance and, development and delivery of programs to support: pastoral relations; local faith communities; social justice and outreach ministries; faith formation; and right relations ministries. This fund includes contributions, donations, bequests, grants and other receipts of the Regional Council for specific and general purposes. These resources are unrestricted.

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) have specific restrictions placed by the donors on the initial contributions ("capital") and the use of investment returns accruing to these funds. 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 and transferred to the externally restricted Bursary Fund (schedules 1 & 2).

Property Funds

These funds account for net proceeds from disbanding congregations, church property sales and allocations from the Operating Fund. These funds are used to provide assistance by grants to The Church's ministries, communities of faith, learning events and, other church related entities and programs.

East Central Ontario Regional Council

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Notes to the financial statements

December 31, 2023

(amounts in thousands of Canadian dollars)

3. Summary of significant accounting policies and practices

The significant accounting policies followed by the Regional Council with respect to its regional accounts are as follows:

Cash

Cash includes cash held for liquidity purposes in bank accounts.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value, adjusted for 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 accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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

Revenue Recognition

Revenue consists primarily of grants from The General Council Office of The United Church of Canada ("the GCO") and contributions from disbanding congregations as they dispose of their property and distribute their net assets. Grants received from the GCO are recognized in the fiscal year in which they are received. Net proceeds from disbanding congregations and property sales are recognized as revenue when received or receivable based on the date of the passing of the Regional Council motion to disband the congregation or approve the property sale. Registration fees from the semi-annual general meetings, workshops and events are recognized in the period in which they occur. Investment returns are recognized as earned and comprise; interest and dividend income; fair value changes; and investment management fees.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect: the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenue and expenses during the reporting period. The Regional Council makes estimates in determining significant accrued liabilities. Actual results could differ from those estimates.

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(amounts in thousands of Canadian dollars)

4. Financial instruments risk disclosures

The main risks the Regional Council's financial instruments are exposed to consist of market risk (including interest rate risk, price risk and currency exchange risk), credit risk and liquidity risk. The investment committee was formed by the Executive Committee and has established a Statement of Investment Policies and Procedures ("SIPP"), which it uses to manage the above-noted risks. There have been no significant changes to the above noted risk exposures from 2021.

The following describes the various risks and how the Regional Council addresses such risks:

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 interest rate risk, currency risk and other price risk. Management manages this risk with a diversified investment portfolio.

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.

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.

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. Management manages this risk by selecting mutual funds that are diversified as to industry and geography.

Credit Risk

The Regional Council is exposed to credit risk resulting from the possibility that counterparties default on their financial obligations, or if there is a concentration of financial obligations which have similar economic characteristics that could be 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 accounts receivable. The Regional Council's cash is on deposit with a Canadian Chartered bank and therefore the Regional Council is not subject to significant credit risk. The Regional Council's accounts receivable includes amounts due from related parties. 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.

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Notes to the financial statements

December 31, 2023

(amounts in thousands of Canadian dollars)

5. Accounts receivable

Accounts receivable totals \$21,697 (2022 - \$14,848) from related parties.

6. Prepaid expenses

Prepaid expenses total \$4,320 (2022 - \$nil) for a pilgrimage to El Salvador.

7. Investments

Investments total \$846,674 (2022 - \$801,189) and consists of units in an income and growth mutual fund managed by Frontier Capital Funds having earned a return on investment totaling \$45,485 (2022 - \$14,585) as reported on the statement of operations and included in the year end investment balances.

8. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities total \$33,231 (2022 - \$379,083) of which \$6,125 (2022 - \$370,832) are due to related parties: \$nil (2022 - \$18,500) funds raised for a pilgrimage; \$520 (2022 - \$212,876) payable to The GCO arising from the sale of church property and disbanding congregations and fees for services provided; \$nil (2022 - \$75,636) to the United Church of Canada Foundation ("Foundation"); \$nil (2021 - \$63,820) to the Toronto United Church Council ("TUCC") and \$5,605 payable to the Ontario Regional Council Archives.

9. Related party transactions

Grant revenue

The Regional Council received assessment and mission support grants totaling \$641,375 (2022 - \$667,075) from The GCO; \$20,161 (2022 - \$20,161) from the Ontario Regional Council Archive Fund, a joint program of The GCO and the Ontario regional councils, for 50% of the annual archive fees.

Net proceeds from disbanding churches and property sales

Net proceeds from disbanding churches and property sales totaling \$531,488 (2022 - \$1,660,050) were received from disbanding churches and church selling property, and represent 60% and 30%, respectively, of funds raised by the congregations. These net proceeds are subject to The Regional Council's distribution policies requiring such proceeds to be distributed and retained as follows:

a. Disbanding congregations:

- i. 10% to the Indigenous Ministries of The Church;
- ii. 10% to the Mission & Service Fund of The Church;
- iii. 10% to the Mission & Service Endowment Fund of Foundation;
- iv. 10% to the Toronto United Church Corporation ("TUCC"); and
- v. 20% to the Communities of Faith Assistance Fund within the Internally Restricted Funds of the Regional Council.

b. Church property sales

- i. 10% to the Indigenous Ministries of The Church;
- ii. 5% to Mission & Service Fund of The Church;
- iii. 5% to the Mission & Service Endowment Fund of Foundation; and
- iv. 10% to the Communities of Faith Assistance Fund within the Internally Restricted Funds of the Regional Council

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(amounts in thousands of Canadian dollars)

9. Related party transactions (continued)

Expenses

Grant and fees were paid to related parties as follows from:

1) Operating Funds

- a) \$105,000 (2022 - \$132,000) mission support grants to church related entities;
- b) \$22,661 (2022 - \$19,132) of fees to The GCO for accounting services, information technology support and incorporated ministries administration;
- c) \$40,322 (2022 - \$40,322) of fees to the Ontario Regional Council Archive Fund for archive services; and
- d) \$28,126 (2022 - \$1,775) of other grants to congregations.

2) Property Funds

- a) \$344,914 (2022 - \$1,047,029) of grants from the Property Funds were issued or accrued to: The GCO (2023 - \$196,596; 2022 - \$526,531); the Foundation (2022 - \$86,206; 2022 - \$267,408); and the TUCC (2022 - \$62,112; 2022 - \$253,000) as a result of the above noted distribution policy.

10. Interfund transfers

Interfund transfers from the Endowment Funds to the Externally Restricted Funds totaled \$8,955 (2022- \$2,925) in compliance with the terms of the Endowment Funds that excess income is to be transferred to Bursary Fund in Externally Restricted Funds. In order to better preserve the capital of Endowment Funds, only the fund balance exceeding 110% of the original capital contributions is transferred each year.

A total of \$172,412 (2022 - \$596,103) was transferred from the Operating Fund to the Communities of Faith Assistance Fund in the Restricted Funds arising from contributions retained by the Regional Council from the above noted policy.

11. Comparative figures

Certain comparative figures in the statement of operations were reclassified to conform to the current year's presentation.