
CANADIAN SHIELD REGIONAL COUNCIL
FINANCIAL STATEMENTS
DECEMBER 31, 2022



INDEPENDENT AUDITOR'S REPORT

To the Congregation of Canadian Shield Regional Council

Opinion

We have audited the accompanying financial statements of Canadian Shield Regional Council, which comprise the statement of financial position as at December 31, 2022 and the statements of operations and changes in fund balance - general fund, the statement of operations and changes in fund balances - designated funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Shield Regional Council as at December 31, 2022, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility 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 Region 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 obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as the Region Council 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, the management is responsible for assessing the Region'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 Region or to cease operations, or has no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT

(continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements - continued

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

Auditors' 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 auditors' 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 Region's internal control.



CAPSTICK
McCOLLUM
& ASSOCIATES

INDEPENDENT AUDITORS' REPORT

(continued)

Auditors' Responsibilities for the Audit of the Financial Statements - continued

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 Region'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 the auditors' report. However, future events or conditions may cause the Region 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.

CAPSTICK MCCOLLUM & ASSOCIATES

Capstick McCollum & Associates

Oakville, Ontario
February 1, 2024

Chartered Professional Accountants
Licensed Public Accountants

CANADIAN SHIELD REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION

| DECEMBER 31, | 2022 | 2021 |
|--|---------------------|---------------------|
| ASSETS | | |
| CURRENT | | |
| Cash - general | \$ 417,044 | \$ 641,647 |
| Investments - general - note 2 | 203,331 | 48,538 |
| Investments - restricted - note 2 | 381,743 | 686,106 |
| Loan receivable - note 3 | 13,886 | 24,636 |
| Taxes recoverable | 7,442 | 1,598 |
| | 1,023,446 | 1,402,525 |
| DUE FROM RELATED PARTIES - note 5 | 14,431 | - |
| LONG-TERM INVESTMENTS | | |
| - RESTRICTED - note 2 | 813,039 | 412,928 |
| FIXED ASSETS - note 4 | 2,460 | 1,775 |
| | 815,499 | 414,703 |
| | \$ 1,853,376 | \$ 1,817,228 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 28,180 | \$ 28,602 |
| | 28,180 | 28,602 |
| DUE TO RELATED PARTIES - note 5 | 1,903 | 2,854 |
| | 30,083 | 31,456 |
| FUND BALANCES | | |
| GENERAL FUND | 628,511 | 686,738 |
| RESTRICTED FUNDS | 1,194,782 | 1,099,034 |
| | 1,823,293 | 1,785,772 |
| | \$ 1,853,376 | \$ 1,817,228 |

On behalf of the Regional Council:

Director

Director

Subject to accompanying notes to the financial statements

CANADIAN SHIELD REGIONAL COUNCIL
STATEMENT OF OPERATIONS AND NET ASSETS -
GENERAL FUND

DECEMBER 31,

| | 2022 | 2021 |
|--|-------------------|-------------------|
| REVENUE | | |
| Grants - note 5 | \$ 711,876 | \$ 673,375 |
| Investment income | 25,645 | 16,863 |
| Pastoral relations | 16,820 | 14,070 |
| Regional meetings | 2,519 | - |
| Youth programs | 5,000 | - |
| | 761,860 | 704,308 |
| EXPENDITURES | | |
| Amortization | 615 | 444 |
| Archives | - | 9,257 |
| Bank fees | 15,756 | 12,319 |
| Executive | 552 | - |
| Grants | 61,899 | 236,998 |
| Incorporated ministries | 2,000 | - |
| Office | 21,809 | 20,748 |
| Pastoral relations | 26,636 | 17,662 |
| Professional fees | 17,928 | 14,791 |
| Regional meetings | 38,952 | 1,437 |
| Rent | 8,400 | 15,250 |
| Salaries and benefits | 408,820 | 401,837 |
| Travel | 39,331 | 5,488 |
| Training | 1,659 | 3,125 |
| Youth | 7,081 | 404 |
| | 651,438 | 739,760 |
| EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES FROM OPERATIONS | 110,422 | (35,452) |
| OTHER INCOME | | |
| Proceeds from sale of property | 16,345 | 400,000 |
| Gain (Loss) on market value of investments | (59,994) | 18,422 |
| EXCESS OF REVENUE OVER EXPENDITURES | 66,773 | 382,970 |
| TRANSFERS (TO) DESIGNATED FUNDS | (125,000) | (52,000) |
| GENERAL FUND - beginning | 686,738 | 355,768 |
| GENERAL FUND | \$ 628,511 | \$ 686,738 |

Subject to accompanying notes to the financial statements

CANADIAN SHIELD REGIONAL COUNCIL
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES -
INTERNALLY RESTRICTED FUNDS

DECEMBER 31,

| | Fund Balances January 1, 2022 | Revenue | Expenditures | Excess (Deficit) Of Revenue Over Expenditures | Transfers To (From) Designated Funds | Transfers (To) From General Fund | Fund Balances December 31, 2022 | Fund Balances December 31, 2021 |
|--------------------------------|-------------------------------------|-----------|--------------|--|--|--|--|---------------------------------------|
| RESTRICTED FUNDS | | | | | | | | |
| Affirming Ministries | \$ 18,455 | \$ - | \$ (2,500) | \$ (2,500) | \$ - | \$ - | \$ 15,955 | \$ 18,455 |
| Archives | 12,000 | - | (9,257) | (9,257) | - | - | 2,743 | 12,000 |
| Camping | 336,578 | - | (16,545) | (16,545) | - | - | 320,033 | 336,578 |
| Cluster and Network | 58,546 | 200 | (500) | (300) | - | - | 58,246 | 58,546 |
| Congregational support | - | - | - | - | - | 100,000 | 100,000 | - |
| Special projects | 137,963 | - | - | - | - | - | 137,963 | 137,963 |
| Health, Joy and Excellence | 213,105 | - | - | - | - | - | 213,105 | 213,105 |
| Lay education | 41,690 | - | (83) | (83) | - | - | 41,607 | 41,690 |
| Legal reserve | - | - | - | - | - | 25,000 | 25,000 | - |
| LLWL program | 29,742 | 16,883 | (10,600) | 6,283 | - | - | 36,025 | 29,742 |
| Outreach initiatives | 84,533 | - | (6,850) | (6,850) | - | - | 77,683 | 84,533 |
| Preparing for ministry | 39,461 | - | - | - | - | - | 39,461 | 39,461 |
| Right relation & intercultural | 57,633 | - | - | - | - | - | 57,633 | 57,633 |
| Youth program | 69,328 | - | - | - | - | - | 69,328 | 69,328 |
| | \$ 1,099,034 | \$ 17,083 | \$ (46,335) | \$ (29,252) | \$ - | \$ 125,000 | \$ 1,194,782 | \$ 1,099,034 |

Subject to accompanying notes to the financial statements

CANADIAN SHIELD REGIONAL COUNCIL
STATEMENT OF CASH FLOWS

| DECEMBER 31, | 2022 | 2021 |
|---|-------------------|-------------------|
| CASH PROVIDED FROM (USED FOR): | | |
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenditures - general fund | \$ 66,773 | \$ 382,970 |
| Excess (Deficit) of revenue over expenditures - restricted funds | (29,252) | 3,597 |
| | 37,521 | 386,567 |
| Items not requiring a cash payment | | |
| Amortization | 615 | 444 |
| Changes in non-cash working capital | | |
| Accounts receivable | - | 1,691 |
| Prepaid expenses | - | 2,400 |
| Accounts payable and accrued liabilities | (423) | 7,493 |
| Loan receivable | 10,750 | 5,182 |
| Taxes recoverable | (5,844) | 10,767 |
| | 42,619 | 414,544 |
| FINANCING | | |
| Due to related parties | (15,381) | (28,851) |
| | (15,381) | (28,851) |
| INVESTING ACTIVITIES | | |
| (Purchase) of fixed assets | (1,300) | (1,422) |
| (Purchase) of investments - net of disposals | (250,541) | (373,271) |
| | (251,841) | (374,693) |
| NET INCREASE (DECREASE) IN CASH | (224,603) | 11,000 |
| CASH - beginning | 641,647 | 630,647 |
| CASH | \$ 417,044 | \$ 641,647 |

Subject to accompanying notes to the financial statements

CANADIAN SHIELD REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

PURPOSE OF THE ORGANIZATION

The United Church of Canada was incorporated under The United Church of Canada Act effective June 10, 1925.

Within the councilor structure of The United Church, there are 16 Regional Councils, which exercise certain local responsibilities under The United Church of Canada Act and The United Church's bylaws. The Regional Councils are registered charities under the Income Tax Act. They have no other independent legal status as they are part of the national corporation, The United Church. The United Church's General Council has oversight and significant influence over the Regional Councils and is ultimately responsible for any liabilities of the Regional Councils.

Canadian Shield Regional Council - The United Church of Canada (the "Region") is a not-for-profit organization formed on January 1, 2019 as a result of restructuring of the courts of the United Church of Canada and is exempt from income taxes under Section 149(1) of the Income Tax Act. The Region issues donation receipts for income tax purposes under the registration number 133832394RR0001.

A Regional Council is a decision-making body responsible to serve and support Communities of Faith within its bounds and provide necessary oversight. The Region consists of 79 pastoral charges including pastoral charges in the previous Manitou Conference, Algoma Presbytery, and Cambrian Presbytery.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, which are in accordance with Canadian generally accepted accounting principles.

b) Use of estimates

The preparation of the Region's financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in operations in the period in which they become known. Actual results in the future may differ from those estimates made. The most significant estimate in the Region's financial statements relates to the useful life of fixed assets subject to amortization.

CANADIAN SHIELD REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

c) Financial instruments

The Region initially measures its financial assets and liabilities at fair value. The Region subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost include cash, investments and loan receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Region recognizes transaction costs in excess (deficit) of revenue over expenses in the period incurred except for financial instruments that will not be measured subsequently at fair value. The carrying amount of these instruments are adjusted by the transaction costs that are directly attributable to the instrument.

d) Cash

The Region's policy is to disclose bank balances under cash.

e) Fixed assets

Fixed assets are recorded at cost. Amortization is calculated based on the estimated useful life of the assets on a declining balance basis at the following annual rates:

| | | |
|-----------|---|-----|
| Equipment | - | 20% |
|-----------|---|-----|

f) Revenue recognition

The Region follows the restricted fund method of accounting for contributions.

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

Restricted contributions are recognized as revenue in the appropriate restricted fund when received or receivable. Restricted contributions for which no corresponding restricted fund exists is deferred and recognized as revenue of the general fund when the corresponding expenses are incurred.

CANADIAN SHIELD REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

f) Revenue recognition - continued

Investment income is recognized as revenue of the general fund when earned, except where externally restricted funds require the investment income generated from its assets remain in that specific fund.

All other income including events, youth programs, and regional meetings are recognized as revenue of the general fund when earned.

g) Contributed services and assets

Region members contribute volunteer services to the Region in carrying out its operating activities. Because of the difficulty in determining the fair value of these contributed services, they are not recognized in the financial statements.

h) Fund accounting

The accounts of the Region are maintained in accordance with the principles of "fund accounting" under the restricted fund method. The various funds in the financial statements have been set to provide program delivery and other services and activities as determined by the executive. The specific purpose of each fund is explained below:

The General Fund reports general revenue and expenses of the Region's operations.

The Affirming Ministries Fund reports internally restricted resources used for supporting projects and events which help in the development of Affirming Ministries in the Canadian Shield Region.

The Archives Fund reports internally restricted resources used to fund the cost of the regional archives held by the national church.

The Camping Fund reports internally restricted resources used to support camping ministries and events within communities of faith.

The Cluster and Network Fund reports internally restricted resources used to support collaborative ministry within the Canadian Shield Region.

The Congregational Support Fund reports internally restricted resources used to help congregations in the short term.

The Special Projects Fund reports internally restricted resources used to support various initiatives at the discretion of the executive committee.

CANADIAN SHIELD REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

h) Fund accounting - continued

The Health, Joy and Excellence Fund reports internally restricted resources used to foster collegiality and skills for ministry within Canadian Shield Region.

The Lay Education Fund reports internally restricted resources used to encourage projects and events that support ongoing Christian education and leadership development.

The Legal Reserve Fund reports internally restricted resources used to help with unexpected legal expenses.

The Licensed Lay Worship Leaders Fund reports internally restricted resources used to provide education and guidance to licensed lay worship leaders.

The Outreach Initiatives Fund reports internally restricted resources used for supporting new and innovative ministries and engagement with the wider community.

The Preparing for Ministry Fund reports internally restricted resources used to assist ordained and commissioned individuals.

The Right Relations and Intercultural Fund reports internally restricted resources used for development of Right Relations and support of intercultural initiatives.

The Youth Fund reports internally restricted resources used to support projects and events focused on youth engagement and ministry.

2. INVESTMENTS

| | 2022 | 2021 |
|---------------------------|-------------------|-------------------|
| SHORT-TERM | | |
| Cash and cash equivalents | \$ 86,949 | \$ 506,471 |
| Equities | 298,125 | 228,173 |
| Fixed income investments | 200,000 | - |
| | \$ 585,074 | \$ 734,644 |
| LONG-TERM | | |
| Fixed income investments | \$ 813,039 | \$ 412,928 |

CANADIAN SHIELD REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

2. INVESTMENTS - continued

The Region's investments are held in BMO High Interest Savings account, equities, and fixed income assets. Fixed income investments consist of corporate bonds and government bonds with interest rates from 1.28% to 6.93% and maturity dates from June 14, 2023 to June 1, 2041.

3. LOAN RECEIVABLE

Effective January 1, 2019, the area formerly known as Cambrian Presbytery was split and the funds held by the Presbytery were divided and transferred to the regions. Funds were partially transferred in the prior year and the remaining balance owed to the Region is \$13,886 (2021 - \$24,636). The loan bears interest at 3% per annum and has no fixed term of repayment.

4. FIXED ASSETS

| | Cost | Accumulated Amortization | 2022 | 2021 |
|-----------|----------|-----------------------------|----------|----------|
| Equipment | \$ 3,828 | \$ 1,368 | \$ 2,460 | \$ 1,775 |

5. RELATED PARTY TRANSACTIONS

The following is a summary of the Region's related party transactions. These transactions are all 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.

a) United Church of Canada

The United Church's General Council has oversight and significant influence over the Region and is ultimately responsible for any liabilities of the region. The United Church provides grants, various payroll, accounting, human resource and administrative services to the region at exchange amounts as part of normal operations. During the year, the Region received grants in the amount of \$711,876 (2021 - \$673,375) from the United Church of Canada. At year-end, the amount receivable from the United Church was \$14,431 (2021 - nil).

b) Shining Waters Regional Council ("SWRC")

Shining Waters Regional Council is one of 16 administrative groupings in The United Church of Canada. The Region shared office expenses with SWRC during the year. At year-end the total amount owing to the SWRC for shared office space was \$1,903 (2021 - \$2,854).

CANADIAN SHIELD REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

6. FINANCIAL INSTRUMENTS

The significant financial risks to which the Region is exposed to are credit risk, liquidity risk, and market risk.

a) Credit risk

Credit risk refers to the risk that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party or if there is a concentration of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

The Region is exposed to credit risk in the event of non-performance by counter-parties in connection and concentration with its loan receivable. The Region does not obtain collateral or other security to support the loan receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counter-parties and, accordingly, does not anticipate significant loss for non-performance.

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Region is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities. The Region carries a large cash balance relative to its liabilities to reduce this risk, and the United Church of Canada holds ultimate responsibility for any liabilities of the Region.

c) 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 risk, interest rate risk and other price risk. The Region is mainly exposed to interest rate risk and currency risk.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Region is exposed to interest rate risk on its investments as described in Note 2, which have a fixed interest rate. Fixed interest rate financial instruments subject the Region to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

CANADIAN SHIELD REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

6. FINANCIAL INSTRUMENTS - continued

c) Market risk - continued

ii) Currency risk

Currency risk refers to the risk that earnings will fluctuate due to changes in foreign exchange rates and from the degree of volatility in these rates.

The Region is exposed to currency risk on its investments denominated in foreign currency. As of December 31, 2022, investments of \$162,163 (2021 - \$124,225) are denominated in US dollars and converted to Canadian dollars.

Risk exposure changes as volume of transactions change and also due to exchange rates.

7. EMPLOYEE FUTURE BENEFITS

Retirement benefits for employees of the Region are provided through the pension plan of the United Church of Canada (the "Plan"). This Plan is a defined contribution plan. Under this Plan, the employees contribute 6% of their salary and the Church contributes 9% of the salary of all employees in active services. Contributions to the Plan are expensed as incurred.

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year. The reclassification has no effect on previously reported net assets.

9. UNCERTAINTY DUE TO THE COVID-19 VIRUS

The COVID-19 Virus has spread worldwide during the calendar years 2020, 2021 and 2022. This pandemic has caused city or country lock downs, business shut downs (both forced and voluntarily) and social distancing. It is unclear what implications these closures may have, whether this organization chooses to close or what impact government subsidies may have in helping this organization and the economy recover.