

PRAIRIE TO PINE REGIONAL COUNCIL

Financial Statements
For the year ended December 31, 2020

PRAIRIE TO PINE REGIONAL COUNCIL

Financial Statements

For the year ended December 31, 2020

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Independent Auditor's Report

To the Executive of Prairie to Pine Regional Council

Opinion

We have audited the financial statements of Prairie to Pine Regional Council (the "Council"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2020, and its financial performance 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 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 opinion.

Responsibilities of Management and 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 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.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba

April 1, 2021

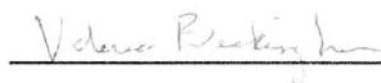
PRAIRIE TO PINE REGIONAL COUNCIL

Statement of Financial Position

December 31	2020	2019
Assets		
Current Assets		
Cash and bank	\$ 432,050	\$ 916,156
Short-term investments (Note 2)	726,648	16,541
Accounts receivable	15,389	9,934
Lease inducement receivable	-	6,445
Prepaid expenses	5,421	4,161
Due from related party (Note 3)	1,974	4,502
	<u>1,181,482</u>	<u>957,739</u>
Long-term investments (Note 4)	3,377	3,350
Capital assets (Note 5)	19,667	39,614
	<u>\$ 1,204,526</u>	<u>\$ 1,000,703</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 9,617	\$ 4,901
Due to related party (Note 3)	28,699	33,383
Current portion of deferred lease inducement	-	6,445
Deferred revenue (Note 6)	46,225	47,025
Designated funds (Note 7)	153,246	109,313
	<u>237,787</u>	<u>201,067</u>
Commitments (Note 8)		
Net assets	<u>966,739</u>	<u>799,636</u>
	<u>\$ 1,204,526</u>	<u>\$ 1,000,703</u>

Approved by the Regional Council Executive:

 _____ Executive Minister

 _____ Treasurer

PRAIRIE TO PINE REGIONAL COUNCIL

Statement of Operations

For the year ended December 31	2020	2020	2019
	Budget	Actual	Actual
Revenue			
The United Church of Canada (Note 3 and 5)	\$ 681,000	\$ 686,598	\$ 719,972
Event Fees	40,000	3,035	49,821
Donations	-	148,579	48,575
Rental Income	18,000	18,800	-
Investment income	-	8,760	5,392
Amortization of lease inducement	-	6,445	6,444
Sales of goods and services	-	255	305
	739,000	872,472	830,509
Expenses			
Allocations and payments to programs	148,000	136,688	186,779
Amortization	-	19,947	20,780
Annual meeting	75,000	8,862	75,702
General funds	84,220	31,568	34,595
Office and administration	73,500	71,940	59,777
Staffing costs	400,000	392,431	350,634
	780,720	661,436	728,267
Excess (deficiency) of revenue over expenses before other item	(41,720)	211,036	102,242
Other Item			
Transfers from Conference and Presbytery	-	-	697,394
Excess (deficiency) of revenue over expenses	\$ (41,720)	\$ 211,036	\$ 799,636

The accompanying notes are an integral part of these financial statements.

PRAIRIE TO PINE REGIONAL COUNCIL

Statement of Changes in Net Assets

For the year ended December 31	2020	2019
Net assets, beginning of year	\$ 799,636	\$ -
Excess of revenue over expenses	211,036	799,636
Allocation to designated funds	(43,933)	-
Net assets, end of year	\$ 966,739	\$ 799,636

The accompanying notes are an integral part of these financial statements.

PRAIRIE TO PINE REGIONAL COUNCIL

Statement of Cash Flows

For the year ended December 31	2020	2019
Cash Flows from (used in) Operating Activities		
Excess of revenue over expenses	\$ 211,036	\$ 799,636
Adjustments for		
Amortization of capital assets	19,947	20,780
	<u>230,983</u>	820,416
Adjustments for non-cash items		
Accounts receivable	(5,455)	(9,934)
Lease inducement receivable	6,445	(6,445)
Prepaid expenses	(1,260)	(4,161)
Due from related party	2,528	(4,502)
Due to related party	(4,684)	33,383
Accounts payable and accrued liabilities	4,716	4,901
Deferred lease inducement	(6,445)	6,445
Deferred revenue	(800)	47,025
Trust and special funds	-	109,313
	<u>226,028</u>	996,441
Cash Flows from (used in) Investing Activities		
Purchase of capital assets	-	(60,394)
Purchase of investments	(710,134)	(19,891)
	<u>(710,134)</u>	(80,285)
Increase (decrease) in cash and cash equivalents	(484,106)	916,156
Cash and cash equivalents, beginning of year	<u>916,156</u>	-
Cash and cash equivalents, end of year	<u>\$ 432,050</u>	<u>\$ 916,156</u>

The accompanying notes are an integral part of these financial statements.

PRAIRIE TO PINE REGIONAL COUNCIL Notes to Financial Statements

For the year ended December 31, 2020

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Prairie to Pine Regional Council (the "Council") is composed of Communities of Faith of The United Church of Canada within the Province of Manitoba and those in the Central Time Zone of Northwestern Ontario (including Atikokan). The Regional Council of the United Church of Canada is a decision making body responsible to serve and support Communities of Faith within its bounds and provide necessary oversight. The Council is a registered charity under the Income Tax Act. It is exempt from income taxes under section 149(1) of the Income Tax Act.

The purpose of the Council is:

- Provide support advice and services to Communities of Faith in the areas of human resources, property, archives, leadership training.
- Provide oversight of Communities of Faith and supporting them in their life and work and ensure compliance with the policies and polity of the United Church.
- To ordain and commission members of the order of ministry, recognize Designated Lay Minister, and celebrate admission and re-admissions into the order of ministry.
- To speak both pastorally and prophetically while providing education and advocacy on issues that affect the health of our communities.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

The Council follows the deferral method of accounting for contributions.

Grants and Assessments - These revenues are recognized as revenue in the period for which the assessment is made based on the approved budget of the Council.

Interest - Interest revenue is recognized as income when the Council becomes entitled to such earnings.

Deferred Contributions - Contributions restricted for particular purposes are deferred and recognized as revenue when the related expenses are incurred.

PRAIRIE TO PINE REGIONAL COUNCIL Notes to Financial Statements

For the year ended December 31, 2020

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Donations - Donation revenue is recorded when received. Donation revenue received for specific purposes is unrestricted and will be used at the discretion of the Council. The Council's practice is to allocate these funds as per the donor's request.

Memberships, Service Charges and Fees - These revenues are recognized as revenue in the period for which the membership is in effect or when the services have been rendered or goods provided in the case of service charges and fees.

Volunteer Services

The Conference receives the benefit of the contribution of significant time by many volunteers. Due to the difficulty in determining the fair value of the time, volunteer services are not recognized in these financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in bank accounts and guaranteed investment certificates that mature within 3 months.

Capital Assets

Purchased capital assets are recorded at cost.

Leasehold improvements are amortized on a straight-line basis starting in the year of acquisition and will be amortized based on the term of the lease.

Other capital assets are amortized on a straight-line basis starting the year after acquisition over the following term:

Computer equipment	3 years
Office equipment	5 years

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 unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

PRAIRIE TO PINE REGIONAL COUNCIL Notes to Financial Statements

For the year ended December 31, 2020

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Post Retirement Benefit Plan

The employees of the Council participate in a defined benefit pension plan administered nationally by The United Church of Canada. Defined contribution plan accounting is applied to this multi-employer contributory defined benefit.

Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Short-term Investments

	<u>2020</u>	<u>2019</u>
Conexus CU GIC- 1.60%, maturing March 31, 2021	\$ 150,000	\$ -
Conexus CU GIC- 1.55%, maturing March 31, 2021	250,000	-
Conexus CU GIC- 0.85%, maturing August 18, 2021	150,000	-
Conexus CU GIC- 0.95%, maturing August 18, 2021	100,000	-
Conexus CU GIC- 0.55%, maturing December 1, 2021	60,000	-
Assiniboine CU GIC - 0.65%, maturing April 5, 2021	12,686	12,605
Assiniboine CU GIC - 0.65%, maturing April 4, 2021	2,064	2,051
Assiniboine CU GIC - 0.65%, maturing March 22, 2021	1,898	1,885
	<u>\$ 726,648</u>	<u>\$ 16,541</u>

PRAIRIE TO PINE REGIONAL COUNCIL

Notes to Financial Statements

For the year ended December 31, 2020

3. Due from Related Party

The following table summarizes the Council's related party transactions for the year:

	<u>2020</u>	<u>2019</u>
Grants from the United Church of Canada	\$ 686,598	\$ 719,972

These transactions are in the normal course of operations and are measured at the exchange value, which is the amount agreed upon by the two parties.

The amounts due (to) from related parties at year end are as follows:

	<u>2020</u>	<u>2019</u>
Due from Northern Spirit Regional Council	\$ 1,974	\$ 4,502
Due to Living Skies Regional Council	\$ (3,994)	\$ (6,595)
Due to United Church of Canada	(24,705)	(26,788)
	<u>\$ (28,699)</u>	<u>\$ (33,383)</u>

Northern Spirit Regional Council and Living Skies Regional Council are also United Church Regional Councils with similar purposes, goals and policies. These regions share employees and accounting with the Prairie to Pine Regional Council.

United Church of Canada is the governing body for all Regional Council's in Canada and they provide grants and assistance to each region.

4. Long-term Investments

	<u>2020</u>	<u>2019</u>
Assiniboine CU GIC - 1.00%, maturing March 13, 2022	\$ 711	\$ 704
Assiniboine CU GIC - 0.75%, maturing May 9, 2022	711	705
Assiniboine CU GIC - 0.30%, maturing September 7, 2022	700	698
Assiniboine CU GIC - 1.00%, maturing September 26, 2023	1,255	1,243
	<u>\$ 3,377</u>	<u>\$ 3,350</u>

PRAIRIE TO PINE REGIONAL COUNCIL

Notes to Financial Statements

For the year ended December 31, 2020

5. Capital Assets

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Leasehold improvements	\$ 54,747	\$ 36,498	\$ 54,747	\$ 18,249
Computer equipment	3,548	3,349	3,548	2,057
Office equipment	2,099	880	2,099	474
	<u>\$ 60,394</u>	<u>\$ 40,727</u>	<u>\$ 60,394</u>	<u>\$ 20,780</u>
Net book value		<u>\$ 19,667</u>		<u>\$ 39,614</u>

6. Deferred Revenue

	<u>2020</u>	<u>2019</u>
Revenue generation fund	\$ 10,673	\$ 10,673
Winnipeg Presbytery lease commitment	35,552	36,352
	<u>\$ 46,225</u>	<u>\$ 47,025</u>

PRAIRIE TO PINE REGIONAL COUNCIL Notes to Financial Statements

For the year ended December 31, 2020

7. Designated Funds

	<u>2020</u>	<u>2019</u>
Trusts		
Archives Sale of Property Fund	\$ 66,514	\$ 44,204
Archives Project - Winnipeg Foundation	20,000	-
McArthur Estate	9,932	9,932
Necchi	3,250	3,250
Oral History Archive Trust	4,257	4,257
	<u>103,953</u>	<u>61,643</u>
Special Funds		
Archives Donation Fund	4,700	3,500
Archives Special Funds	863	863
Bursary Fund	4,803	4,618
Education & Students 2015	1,000	1,000
Effective Leadership events 2013-2015	685	685
Overview & Visioning event 2014	2,500	2,500
Ministry and Personnel - future projects	5,234	5,234
Keewatin	12,493	12,493
Youth Events	14,695	14,457
Youth Leadership Development	2,320	2,320
	<u>49,293</u>	<u>47,670</u>
	<u>\$ 153,246</u>	<u>\$ 109,313</u>

The Council administers funds for various projects and groups operating within the Region. Amounts received and expended on behalf of these projects and groups are recorded directly to these accounts.

The Council also administers funds for various projects and groups operating within the Prairie to Pine Region communities of faith. Amounts received and expended on behalf of these projects and groups are recorded directly to these accounts.

PRAIRIE TO PINE REGIONAL COUNCIL Notes to Financial Statements

For the year ended December 31, 2020

8. Commitments

The Council has an operating lease for its building beginning on January 1, 2012 for a period of ten years. The following are the minimum lease payments over the next year:

2021	\$	60,900
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9. Pension Plan

Retirement benefits for employees of the Council are provided through the pension plan of The United Church of Canada (the "Plan"). The Plan is a multi-employer pension plan which provides pensions for members of the Ministry Personnel and lay employees of the Offices of the General Council, Regional Council, or Community of Faith of The United Church of Canada. The Plan is a contributory defined benefit pension plan which is financed by contributions from participating employers and employees, and by the investment earnings of the Plan. The Plan is registered under the Pension Benefits Act, (Ontario), Registration #0355230.

At the date of the last actuarial valuations and publicly available financial information, there were no unfunded liabilities related to either past service or to amendments to the Plan.

During the year, the Council made employee contributions to the plan of approximately \$17,881 (2018 - \$23,821).

10. COVID-19 Uncertainty

The global pandemic, COVID-19, has disrupted economic activities and supply chains. It has also impacted the Council's operations and, in particular, its ability to support local Communities of Faith. Although temporary and given the dynamic nature of these circumstances, the duration of the business disruption and its financial impacts cannot be reasonably estimated at this time. The Council's ability to pay for its operating costs depends on its ability to continue to receive grants and cash flows for operations.

PRAIRIE TO PINE REGIONAL COUNCIL

Notes to Financial Statements

For the year ended December 31, 2020

11. Financial Instrument Risk

The Council is exposed to different types of risk in the normal course of operations. The Council's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Council's activities.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Council to credit risk consist principally of accounts receivable.

The Council is not exposed to significant credit risk as the receivable is spread among a broad client base and payment in full is typically collected when it is due. The Council establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off. The risk has not changed in the year.

Market Risk

Market risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Council is not exposed to significant market risk.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Council is not exposed to significant interest rate risk. Its cash is held in short-term or variable rate products.

Foreign Currency Risk

The Council is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency and the number of transactions in foreign currency are minimal.

12. Comparative Figures

Certain of the comparative figures for the prior year have been reclassified to conform with the current year's presentation.