

**LIVING SKIES REGIONAL COUNCIL**

**Financial Statements**

**For the year ended December 31, 2019**

**LIVING SKIES REGIONAL COUNCIL**

**Financial Statements**  
For the year ended December 31, 2019

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	<b>Contents</b>
<b>Independent Auditor's Report</b>	<b>2</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>4</b>
Statement of Operations	<b>5</b>
Statement of Changes in Net Assets	<b>6</b>
Statement of Cash Flows	<b>7</b>
Notes to Financial Statements	<b>8</b>
Unaudited Schedule of Funds	<b>15</b>



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## Independent Auditor's Report

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To the Board of Directors of Living Skies Regional Council

### Opinion

We have audited the financial statements of Living Skies Regional Council (the "Council"), which comprise the statement of financial position as at December 31, 2019, 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, 2019, 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 Organization 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.

### Emphasis of Matter

We draw attention to Note 8 in the financial statements, which indicates on January 1, 2019, the Council entered into a restructuring transaction with The United Church of Canada Saskatchewan Conference and the surrounding Presbyteries. Our opinion is not modified in respect of this matter.

### Other Matters

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedule on page 15 of the Council's financial statements.

### 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 Organization 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  
October 23, 2020

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**LIVING SKIES REGIONAL COUNCIL**  
**Statement of Financial Position**

**December 31, 2019**

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**Assets**

**Current Assets**

Cash and bank	\$ 308,209
Short-term investments (Note 2)	133,733
Accounts receivable (Note 3)	16,127
Accrued interest	4,418
Prepaid expenses	4,503
Due from related party (Note 5)	8,203
	<hr/>
	475,193

Long-term Investments (Note 4) 1,707,028

Wascana Solar Co-op and Saskatchewan Environmental Society  
Solar Co-op investment 9,750

Capital assets (Note 6) 

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4,208

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**\$ 2,196,179**

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**Liabilities and Net Assets**

**Current Liabilities**

Accounts payable and accrued liabilities	\$ 7,215
Due to related party (Note 5)	998
	<hr/>
	8,213

**Net Assets**

Unrestricted net assets	156,000
Restricted funds	2,031,966
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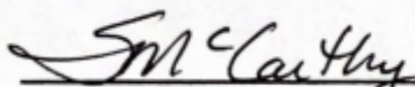
2,187,966

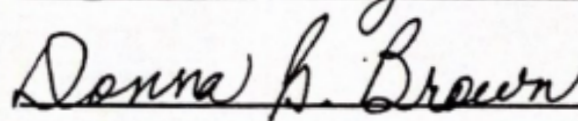
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**\$ 2,196,179**

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Approved by the Regional Council Executive:

 Executive Minister

 Treasurer

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

## LIVING SKIES REGIONAL COUNCIL Statement of Operations

**For the year ended December 31, 2019**

	Budget	Designated Fund	General Fund	Total
	(Unaudited)			
<b>Revenue</b>				
United Church of Canada grants	\$ 614,000	\$ -	\$ 681,000	\$ 681,000
Event fees	35,000	-	32,479	32,479
Donations	-	87,406	8,018	95,424
Investment income	-	13,216	47,010	60,226
Lease and rental income	-	23,080	-	23,080
Sales of goods and services	-	1,000	-	1,000
Oil royalty	-	9,487	-	9,487
Unrealized gain on investments	-	10,815	51,814	62,629
	<b>649,000</b>	<b>145,004</b>	<b>820,321</b>	<b>965,325</b>
<b>Expenses</b>				
Allocations and payments to programs	145,000	36,788	247,826	284,614
Amortization	-	-	2,105	2,105
Annual meeting	75,000	-	59,214	59,214
General fund	57,000	2,309	47,794	50,103
Office and administration	35,898	-	30,952	30,952
Staffing costs	282,295	-	376,430	376,430
	<b>595,193</b>	<b>39,097</b>	<b>764,321</b>	<b>803,418</b>
<b>Excess of revenue over expenses before other item</b>	<b>53,807</b>	<b>105,907</b>	<b>56,000</b>	<b>161,907</b>
<b>Other Item</b>				
Presbytery and Conference transfers (Note 8)	-	2,026,059	-	2,026,059
<b>Excess of revenue over expenses</b>	<b>\$ 53,807</b>	<b>\$ 2,131,966</b>	<b>\$ 56,000</b>	<b>\$ 2,187,966</b>

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

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**LIVING SKIES REGIONAL COUNCIL**  
**Statement of Changes in Net Assets**

**For the year ended December 31, 2019**

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	<u>Designated Fund</u>	<u>General Fund</u>	<u>Total</u>
<b>Excess of revenue over expenses</b>	<b>\$ 2,131,966</b>	<b>\$ 56,000</b>	<b>\$ 2,187,966</b>
<b>Transfers</b>	<b>(100,000)</b>	<b>100,000</b>	<b>-</b>
<b>Net assets, end of year</b>	<b>\$ 2,031,966</b>	<b>\$ 156,000</b>	<b>\$ 2,187,966</b>

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

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**LIVING SKIES REGIONAL COUNCIL**  
**Statement of Cash Flows**

**For the year ended December 31, 2019**

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**Cash Flows from (used in) Operating Activities**

Excess of revenue over expenses	\$ 2,187,966
Adjustments for	
Amortization of capital assets	2,105
	<u>2,190,071</u>
Adjustments for non-cash items:	
Accounts receivable	(16,127)
Accrued interest	(4,418)
Prepaid expenses	(4,503)
Due from related parties	(8,203)
Accounts payable and accrued liabilities	7,215
Due to related parties	998
	<u>2,165,033</u>

**Cash Flows from (used in) Investing Activities**

Transfer of capital assets	(6,313)
Purchase of short-term investments	(133,733)
Purchase of long-term investments	(1,707,028)
Transfer of solar investments	(9,750)
	<u>(1,856,824)</u>

**Increase in cash and cash equivalents** **308,209**

**Cash and cash equivalents, beginning of year** -

**Cash and cash equivalents, end of year** **\$ 308,209**

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# LIVING SKIES REGIONAL COUNCIL

## Notes to Financial Statements

**For the year ended December 31, 2019**

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### 1. Nature of Operations and Summary of Significant Accounting Policies

#### Nature of Operations

The Living Skies Regional Council (the "Council") is composed of Communities of Faith of The United Church of Canada within the Province of Saskatchewan. 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 and 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.

#### Fund Accounting

A portion of the monies received by the Council may only be used for specific purposes and accordingly are reflected in separate funds within the accounting records. While individual bank accounts are not maintained for these restricted pools, long-term investments are apportioned to fund these. Permanent transfers are recorded as transfers in the net asset accounts.

The General Fund reports those revenues and expenses related to the operations of the Council office.

The Designated Fund reports the revenues and related expenses of externally or internally restricted programs carried on or administered by the Council and are identified in the schedule of changes in designated funds.

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# LIVING SKIES REGIONAL COUNCIL

## Notes to Financial Statements

**For the year ended December 31, 2019**

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

#### Revenue Recognition

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

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate designated fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

*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.

*Royalties, lease and rental income* - These revenues are received from Vermillion Energy Inc, Spartan Energy Corporation, Pemoco Ltd. and Crescent Point Resources Partnership and are recognized as revenue when received.

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

*Event fees* - These revenues are recognized in the year the related event occurs.

*Donations* - Donation revenue is recorded when received. Donation revenue received for specific purposes is restricted 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.

#### Capital Assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized using the straight-line method over 5 years.

A full year of amortization is taken in the year after addition.

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# LIVING SKIES REGIONAL COUNCIL

## Notes to Financial Statements

**For the year ended December 31, 2019**

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

#### 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.

#### 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.

#### Contributed Services

The Council benefits greatly from the work of volunteers who contribute countless hours of service to enable the Council to fulfill its mandate. Because it is not possible to determine the fair value of these services, they are not recognized in these financial statements.

#### 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

BMO GIC bearing interest at 2.03%, maturing January 13, 2020	\$	65,000
Innovation CU GIC bearing interest at 2.75%, maturing February 20, 2020		4,000
Innovation CU GIC bearing interest at 2.30%, maturing March 5, 2020		<u>64,733</u>
	\$	<u>133,733</u>

## LIVING SKIES REGIONAL COUNCIL Notes to Financial Statements

**For the year ended December 31, 2019**

### 3. Accounts Receivable

Wascana Presbytery	\$ 11,800
GST receivable	<u>4,327</u>
	<u>\$ 16,127</u>

### 4. Long-term Investments

Conexus CU GIC bearing interest at 1.45%, maturing July 30, 2020	\$ 20,076
Conexus CU GIC bearing interest at 2.05%, maturing November 21, 2020	600,000
Conexus CU GIC bearing interest at 2.05%, maturing November 21, 2020	50,000
BMO mutual funds	348,673
Frontier Capital mutual funds	633,335
Innovation GIC bearing interest at 2.95%, maturing March 7, 2024	<u>54,944</u>
	<u>\$ 1,707,028</u>

### 5. Due from Related Party

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

Grants from the United Church of Canada	\$ <u>681,000</u>
-----------------------------------------	-------------------

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

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

Due from Northern Spirit Regional Council	\$ 1,608
Due from Prairie to Pine Regional Council	<u>6,595</u>
Total	<u>\$ 8,203</u>

Due to United Church of Canada	\$ <u>(998)</u>
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## LIVING SKIES REGIONAL COUNCIL Notes to Financial Statements

**For the year ended December 31, 2019**

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### 5. Due from Related Party (continued)

These transactions are measured at the exchange amount, which is the amount agreed upon by the two parties. These amounts are non-interest bearing and have no specific terms of repayment.

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

### 6. Capital Assets

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Office equipment	\$ 6,313	\$ 2,105	\$ 4,208

### 7. 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 \$22,212.

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# LIVING SKIES REGIONAL COUNCIL

## Notes to Financial Statements

**For the year ended December 31, 2019**

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### **8. Restructuring**

On January 1, 2019, the Council entered into a restructuring transaction with The United Church of Canada Saskatchewan Conference and surrounding Presbyteries. The restructuring transaction was approved in the 2018 General Council of the United Church of Canada and passed by Parliament April 2, 2019 as amendment to the United Church of Canada Act. The restructuring transaction was undertaken to provide services more efficiently. This acquisition has been recorded by the acquisition method and the net assets have been included in these financial statements from the date of acquisition.

The receipt of \$2,026,059 has been recognized as a separate line item on the Statement of Operations, which represents the net effect of the assets and liabilities received. No compensation was exchanged.

### **9. Subsequent Event**

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.

### **10. 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.

#### **(a) 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 that potentially subject the Council to significant concentrations of credit risk consist primarily of cash and bank, investments and accounts receivable. The Council is not exposed to significant credit risk as the accounts receivable have typically been paid when due, and investments are diversified.

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## LIVING SKIES REGIONAL COUNCIL Notes to Financial Statements

**For the year ended December 31, 2019**

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### 10. Financial Instrument Risk (continued)

(b) 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 Organization is not exposed to significant market risk. The risk has not changed in the year.

(c) 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. The risk has not changed in the year.

(d) 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. The risk has not changed in the year.

**Living Skies Regional Council**  
**Schedule of Funds**  
**For the year ended December 31, 2019**  
**(unaudited)**

	Opening Balance	Receipts	Expense	Balance	Internal Transfers	Closing Balance
ANCC Funds	\$648,718	\$52	(\$2,722)	\$646,048	\$16,056	\$662,104
MVUC (in trust for ICM)	199,862	11,548	(31,062)	180,348		180,348
MVUC (social justice)	199,862	12,430	(1,247)	211,045	(50,000)	161,045
IGG				0	94,517	94,517
Hugh and Selma McKay Fund				0	71,345	71,345
Personnel Issues Resolution Fund	11,378			11,378		11,378
Cohen Fund	23,629			23,629		23,629
Counseling Assistance Fund	6,000			6,000		6,000
Interim Ministry Fund	6,000			6,000		6,000
Review/Hearing				0	20,000	20,000
Bull Dozer Fund				0	10,000	10,000
Continuing Education Fund	6,650		(112)	6,538	22,370	28,908
Lay Learning				0		0
Archives Fund	0	16,000		16,000		16,000
First Five Event Fund	3,732			3,732		3,732
Learning Site	10,000			10,000		10,000
Chinook Presbytery designated	107,162			107,162	(107,162)	0
Good Spirit Presbytery designated	71,345			71,345	(71,345)	0
Prairie Pine Presbytery designated	17,975			17,975	(17,975)	0
Wascana Presbytery designated	58,090			58,090	(58,090)	0
Moats Land Fund	160,781	32,567	(453)	192,895	(22,557)	170,338
Funds from Conference and Presbyteries					288,598	288,598
Funds from Church Sales		67,500		67,500		67,500
Reserve Fund	475,257	500		475,757	(310,757)	165,000
UCW Bursary Fund	7,710	4,406	(3,500)	8,616		8,616
Youth Ministry Fund				0	15,000	15,000
Faith Formation Generosity for Mission Fund	11,908			11,908		11,908
<b>Total Funds</b>	<b>\$2,026,059</b>	<b>\$145,003</b>	<b>(\$39,096)</b>	<b>\$2,131,966</b>	<b>(\$100,000)</b>	<b>\$2,031,966</b>