

LIVING SKIES REGIONAL COUNCIL

Financial Statements

For the year ended December 31, 2020

LIVING SKIES REGIONAL COUNCIL

Financial Statements **For the year ended December 31, 2020**

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Independent Auditor's Report

To the Executive 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, 2020 and the statement of operations and statement of 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 Institute as at December 31, 2020 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 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.

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 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 Responsibility 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 22, 2021

LIVING SKIES REGIONAL COUNCIL Statement of Financial Position

December 31 **2020** **2019**

Assets

Current Assets

Cash and bank	\$ 308,622	\$ 308,209	
Short-term investments (Note 2)	1,261,823	803,809	
Accounts receivable (Note 3)	643	16,127	
Accrued Interest	5,029	4,418	
Prepaid expenses	716	4,503	
Due from related party (Note 5)	40,137	8,203	

1,616,970 **1,145,269**

Wascana Solar Co-op and Saskatchewan Environmental Society Solar Co-op investment

9,750 **9,750**

Long-term investments (Note 4)

1,116,224 **1,036,952**

Capital assets (Note 6)

2,103 **4,208**

2,745,047 **\$ 2,196,179**

Liabilities and Equity

Current Liabilities

Accounts payable and accrued liabilities	\$ 21,600	\$ 7,215	
Due to related party (Note 5)	-	998	

21,600 **8,213**

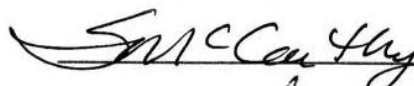

Net Assets

Unrestricted net assets	372,205	156,000	
Restricted Funds	2,351,242	2,031,966	

2,723,447 **2,187,966**

\$ 2,745,047 **\$ 2,196,179**

Approved by the Regional Council Executive:


 _____ Executive Minister

 _____ Treasurer

LIVING SKIES REGIONAL COUNCIL
Statement of Operations

For the year ended December 31

2020

2019

	Budget	Designated Fund	General Fund	Total	Total
Revenue					
United Church of Canada grants	\$ 681,000	\$ -	\$ 690,328	\$ 690,328	\$ 681,000
Regional assessment	-	-	152,946	152,946	-
Event fees	17,000	-	965	965	32,479
Donations	-	120,086	31,214	151,300	95,424
Investment income	-	30,457	(4,963)	25,494	60,226
Lease and rental income	-	30,194	-	30,194	23,080
Sale of goods and services	-	90	-	90	1,000
Oil royalty	-	12,218	-	12,218	9,487
Unrealized gain on investments	-	6,975	57,062	64,037	62,629
	698,000	200,020	927,552	1,127,572	965,325
Expenditures					
Allocation and payments to programs	125,000	31,328	134,329	165,657	284,614
Amortization	-	-	2,105	2,105	2,105
Annual meeting	60,000	-	3,244	3,244	59,214
General Fund	78,400	2,362	23,130	25,492	50,103
Office and administration	36,100	-	27,226	27,226	30,952
Staffing costs	376,450	-	368,367	368,367	376,430
	675,950	33,690	558,401	592,091	803,418
Excess of revenue over expenses before other item	22,050	166,330	369,151	535,481	161,907
Other Item					
Transfer from Conference and Presbyteries	-	-	-	-	2,026,059
Excess of revenue over expenses	\$ 22,050	\$ 166,330	\$ 369,151	\$ 535,481	\$ 2,187,966

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

LIVING SKIES REGIONAL COUNCIL
Statement of Changes in Net Assets

For the year ended December 31	2020			2019
	Designated Fund	General Fund	Total	Total
Net Assets , beginning of year	\$ 2,031,966	\$ 156,000	\$ 2,187,966	\$ -
Excess of revenue over expenditures	166,330	369,151	535,481	2,187,966
Internal Transfers (Note 9)	152,946	(152,946)	-	-
Net Assets , end of year	\$ 2,351,242	\$ 372,205	\$ 2,723,447	\$ 2,187,966

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

LIVING SKIES REGIONAL COUNCIL Statement of Cash Flows

For the year ended December 31	2020	2019
Cash Flows from Operating Activities		
Excess of revenue over expenditures	\$ 535,481	\$ 2,187,966
Adjustments for		
Amortization of capital assets	2,105	2,105
	537,586	2,190,071
Adjustments for non-cash items		
Accounts receivable	15,484	(16,127)
Accrued interest	(611)	(4,418)
Prepaid expenses	3,787	(4,503)
Due from related parties	(31,934)	(8,203)
Accounts payable and accrued liabilities	14,385	7,215
Due to related parties	(998)	998
	537,699	2,165,033
Cash Flows from (used in) Investing Activities		
Transfer of capital assets	-	(6,313)
Purchase of short-term investments	(458,014)	(803,809)
Purchase of long-term investments	(79,272)	(1,036,952)
Transfer of solar investments	-	(9,750)
	(537,286)	(1,856,824)
Net increase in cash and cash equivalents	413	308,209
Cash and cash equivalents, beginning of year	308,209	-
Cash and cash equivalents, end of year	\$ 308,622	\$ 308,209

LIVING SKIES REGIONAL COUNCIL

Notes to Financial Statements

For the year ended December 31, 2020

1. Nature of the 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, 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.

LIVING SKIES REGIONAL COUNCIL

Notes to Financial Statements

For the year ended December 31, 2020

1. Nature of the 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 in the period for which the assessment is made based on the approved budget of the Council.

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 the 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.

LIVING SKIES REGIONAL COUNCIL

Notes to Financial Statements

For the year ended December 31, 2020

1. Nature of the 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.

LIVING SKIES REGIONAL COUNCIL Notes to Financial Statements

For the year ended December 31, 2020

2. Short-term Investments

	2020	2019
Innovation CU GIC, 2.15%, maturing February 21, 2021	\$ 14,385	\$ -
BMO GIC, 3.46%, maturing December 6, 2021	40,000	-
BMO GIC, 2.44%, maturing January 13, 2021	74,000	-
Conexus CU GIC, 0.55%, maturing November 21, 2021	100,000	-
Conexus CU GIC, 1.00%, maturing June 18, 2021	300,000	-
Conexus CU GIC, 0.55%, maturing December 4, 2021	150,000	-
Conexus CU GIC, 0.60%, maturing July 30, 2021	20,076	-
Conexus CU GIC, 0.65%, maturing November 21, 2021	563,362	-
BMO GIC, 2.03%, redeemed	-	65,000
Innovation CU GIC, 2.30%, redeemed	-	64,733
Innovation CU GIC, 2.75%, redeemed	-	4,000
Conexus CU GIC, 1.45%, redeemed	-	20,076
Conexus CU GIC, 2.05%, redeemed	-	600,000
Conexus CU GIC, 2.05%, redeemed	-	50,000
	\$ 1,261,823	\$ 803,809

3. Accounts Receivable

	2020	2019
Wascana Presbytery	\$ -	\$ 11,800
GST receivable	643	4,327
	\$ 643	\$ 16,127

4. Long-term Investments

	2020	2019
Innovation GIC, 2.95%, maturing March 7, 2024	\$ 56,569	\$ 54,944
Innovation GIC, 2.95%, maturing March 5, 2023	55,610	-
BMO mutual funds at market value	321,274	348,673
Frontier Capital mutual funds at market value	682,771	633,335
	\$ 1,116,224	\$ 1,036,952

LIVING SKIES REGIONAL COUNCIL Notes to Financial Statements

For the year ended December 31, 2020

5. Related Parties

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	\$ 843,274	\$ 681,000

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 (to) United Church of Canada	\$ 34,513	\$ (998)
Due to Northern Spirit Regional Council	1,630	1,608
Due to Prairie to Pine Regional Council	3,994	6,595
Total	\$ 40,137	\$ 7,205

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 Northern Spirit Regional Council.

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

6. Capital Assets

	<u>2020</u>			<u>2019</u>		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 6,313	\$ 4,210	\$ 2,103	\$ 6,313	\$ 2,105	\$ 4,208

LIVING SKIES REGIONAL COUNCIL Notes to Financial Statements

For the year ended December 31, 2020

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 \$15,016 (\$22,212 in 2019).

8. Uncertainty of COVID-19

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, redeem its investments and maintain cash flows for operations.

9. Internal Transfers

The Executive authorized the transfer of funds in the amount of \$152,946 from the Operating Fund to Internally Restricted Funds.

10. Financial Instruments

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.

LIVING SKIES REGIONAL COUNCIL Notes to Financial Statements

For the year ended December 31, 2020

10. Financial Instruments (continued)

(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.

(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. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk.

(c) Interest 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 as its cash and cash equivalents are held in short-term investments or variable rate products.

(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.

Other price risk is the risk that the value of an investment will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual investment or factors affecting similar financial instruments traded in the market. The Council limits its exposure to other price risks by investing in low risk investment vehicles.

11. Comparative Amounts

Certain of the comparative amounts have been restated to conform to the current year's presentation.

Living Skies Regional Council
Schedule of Funds
For the year ended December 31, 2020
(unaudited)

	Opening Balance	Receipts	Expense	Balance	Internal Transfers	Closing Balance
ANCC Funds	\$ 662,104	\$ 33,521	\$ -	\$ 695,625	\$ -	\$ 695,625
MVUC (in trust for ICM)	180,348	9,654	(1,016)	188,986	-	188,986
MVUC (social justice)	161,045	12,797	(1,346)	172,496	-	172,496
IGG	94,517	2,503	(750)	96,270	-	96,270
Hugh and Selma McKay Fund	71,345	-	-	71,345	-	71,345
Regional Assessment Fund					152,946	152,946
Personnel Issues Resolution Fund	11,378	-	-	11,378	-	11,378
Cohen Fund	23,629	-	(500)	23,129	-	23,129
Counseling Assistance Fund	6,000	-	-	6,000	-	6,000
Interim Ministry Fund	6,000	-	-	6,000	-	6,000
Review/Hearing	20,000	-	-	20,000	-	20,000
Property Fund	10,000	-	-	10,000	-	10,000
Continuing Education Fund	28,908	-	(108)	28,800	-	28,800
Lay Learning	-	-	-	-	-	-
Archives Fund	16,000	12,432	-	28,432	-	28,432
First Five Event Fund	3,732	-	-	3,732	-	3,732
Learning Site	10,000	-	-	10,000	-	10,000
Moats Land Fund	170,338	42,412	(21,370)	191,380	-	191,380
Funds from Conference and Presbyteries	288,598	79,104	-	367,702	-	367,702
Funds from Church Sales	67,500	-	-	67,500	-	67,500
Reserve Fund	165,000	-	-	165,000	-	165,000
UCW Bursary Fund	8,616	7,597	(5,600)	10,613	-	10,613
Youth Ministry Fund	15,000	-	(3,000)	12,000	-	12,000
Faith Formation Generosity for Mission Fund	11,908	-	-	11,908	-	11,908
Total Funds	\$ 2,031,966	\$ 200,020	\$ (33,690)	\$ 2,198,296	\$ 152,946	\$ 2,351,242