

**LIVING SKIES REGIONAL COUNCIL**

**Financial Statements**

**For the year ended December 31, 2021**

# **LIVING SKIES REGIONAL COUNCIL**

## **Financial Statements**

For the year ended December 31, 2021

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## Independent Auditor's Report

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### 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, 2021 and the statements of operations, 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, 2021 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

May 31, 2022

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

**December 31** **2021** **2020**

**Assets**

**Current Assets**

Cash and bank	\$ 360,475	\$ 308,622
Short-term investments (Note 2)	1,356,115	1,261,823
Accounts receivable (Note 3)	4,820	643
Accrued Interest	3,254	5,029
Prepaid expenses	498	716
Due from related party (Note 4)	1,593	40,137
	1,726,755	1,616,970

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

**9,750** **9,750**

**Long-term investments (Note 2)**

**1,600,919** **1,116,224**

**Capital assets (Note 5)**

**840** **2,103**

**\$ 3,338,264** **\$ 2,745,047**

**Liabilities and Net Assets**

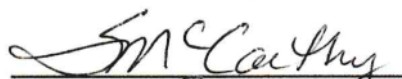
**Current Liabilities**


Accounts payable and accrued liabilities	\$ 24,492	\$ 21,600
Due to related party (Note 4)	7,196	-
	31,688	21,600

**Net Assets**

Unrestricted net assets	667,387	372,205
Restricted Funds	2,639,189	2,351,242
	3,306,576	2,723,447
	<b>\$ 3,338,264</b>	<b>\$ 2,745,047</b>

Approved by the Regional Council Executive:

  
\_\_\_\_\_  
Executive Minister

  
\_\_\_\_\_  
Chairperson

**LIVING SKIES REGIONAL COUNCIL**  
**Statement of Operations**

**For the year ended December 31**

**2021**

**2020**

	Budget	Designated Fund	General Fund	Total	Total
<b>Revenue</b>					
United Church of Canada grants	\$ 632,000	\$ -	\$ 656,375	\$ 656,375	\$ 690,328
Government of Canada grants	-	-	7,962	7,962	-
Regional assessment	-	(33,402)	-	(33,402)	152,946
Event fees	20,000	-	1,500	1,500	375
Donations	-	338,974	4,225	343,199	151,300
Investment income	-	12,254	67,835	80,089	25,494
Lease and rental income	-	29,283	-	29,283	30,194
Sale of goods and services	-	1,880	3,346	5,226	680
Oil royalty	-	30,895	-	30,895	12,218
Unrealized gain (loss) on investments	-	(5,613)	150,348	144,735	64,037
	<b>652,000</b>	<b>374,271</b>	<b>891,591</b>	<b>1,265,862</b>	<b>1,127,572</b>
<b>Expenses</b>					
Allocation and payments to programs	145,000	84,360	136,311	220,671	165,657
Amortization	-	-	1,263	1,263	2,105
Annual meeting	63,000	-	4,270	4,270	3,244
General Fund	58,375	1,964	29,691	31,655	25,492
Office and administration	33,800	-	34,511	34,511	27,226
Staffing costs	401,000	-	390,363	390,363	368,367
	<b>701,175</b>	<b>86,324</b>	<b>596,409</b>	<b>682,733</b>	<b>592,091</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (49,175)</b>	<b>\$ 287,947</b>	<b>\$ 295,182</b>	<b>\$ 583,129</b>	<b>\$ 535,481</b>

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

<b>For the year ended December 31</b>	<b>2021</b>			<b>2020</b>
	<b>Designated Fund</b>	<b>General Fund</b>	<b>Total</b>	<b>Total</b>
<b>Net assets, beginning of year</b>	<b>\$ 2,351,242</b>	<b>\$ 372,205</b>	<b>\$ 2,723,447</b>	<b>\$ 2,187,966</b>
<b>Excess of revenue over expenses</b>	<b>287,947</b>	<b>295,182</b>	<b>583,129</b>	<b>535,481</b>
<b>Net assets, end of year</b>	<b>\$ 2,639,189</b>	<b>\$ 667,387</b>	<b>\$ 3,306,576</b>	<b>\$ 2,723,447</b>

## LIVING SKIES REGIONAL COUNCIL Statement of Cash Flows

For the year ended December 31	2021	2020
<b>Cash Flows from Operating Activities</b>		
Excess of revenue over expenses	\$ 583,129	\$ 535,481
Adjustments for		
Amortization of capital assets	1,263	2,105
	584,392	537,586
Adjustments for non-cash items		
Accounts receivable	(4,177)	15,484
Accrued interest	1,775	(611)
Prepaid expenses	218	3,787
Due from related parties	38,544	(31,934)
Accounts payable and accrued liabilities	2,892	14,385
Due to related parties	7,196	(998)
	630,840	537,699
<b>Cash Flows from Investing Activities</b>		
Purchase of short-term investments	(94,292)	(458,014)
Purchase of long-term investments	(484,695)	(79,272)
	(578,987)	(537,286)
<b>Net increase in cash and cash equivalents</b>	<b>51,853</b>	<b>413</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>308,622</b>	<b>308,209</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 360,475</b>	<b>\$ 308,622</b>



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# LIVING SKIES REGIONAL COUNCIL

## Notes to Financial Statements

**For the year ended December 31, 2021**

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### 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.

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# LIVING SKIES REGIONAL COUNCIL

## Notes to Financial Statements

**For the year ended December 31, 2021**

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### 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.

*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.

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# LIVING SKIES REGIONAL COUNCIL

## Notes to Financial Statements

**For the year ended December 31, 2021**

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### **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, 2021**

### 2. Investments

	2021	2020
Conexus CU GIC, 0.60%, maturing April 8, 2022	\$ 120,000	\$ -
Conexus CU GIC, 0.25%, maturing July 30, 2022	20,596	-
Conexus CU GIC, 0.25%, maturing December 4, 2022	150,825	-
Conexus CU GIC, 0.25%, maturing December 15, 2022	700,000	-
Conexus CU GIC, 0.25%, maturing December 15, 2022	350,000	-
Innovation CU GIC, 0.55%, maturing February 20, 2022	14,694	-
Innovation GIC, 2.95%, maturing March 7, 2024	58,234	56,569
Innovation GIC, 2.30%, maturing March 5, 2023	57,269	55,610
BMO mutual funds at market value	597,042	321,274
Frontier Capital mutual funds at market value	888,374	682,771
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
	<b>2,957,034</b>	2,378,047
Less due within one year	<b>1,356,115</b>	1,261,823
	<b>\$ 1,600,919</b>	\$ 1,116,224

### 3. Accounts Receivable

	2021	2020
GST receivable	\$ 997	\$ 643
Other receivables	3,823	-
	<b>\$ 4,820</b>	\$ 643

## LIVING SKIES REGIONAL COUNCIL Notes to Financial Statements

**For the year ended December 31, 2021**

### 4. Related Parties

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

	<u>2021</u>	<u>2020</u>
Grants from the United Church of Canada	<b>\$ 622,973</b>	<b>\$ 843,274</b>

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>2021</u>	<u>2020</u>
Due from (to) United Church of Canada	<b>\$ (3,339)</b>	\$ 34,513
Due to Northern Spirit Regional Council	<b>1,593</b>	1,630
Due from (to) Prairie to Pine Regional Council	<b>(3,857)</b>	3,994
Total	<b>\$ (5,603)</b>	<b>\$ 40,137</b>

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.

### 5. Capital Assets

	<u>2021</u>				<u>2020</u>			
	Accumulated Cost	Amortization	Net Book Value		Accumulated Cost	Amortization	Net Book Value	
Office equipment	<b>\$ 6,313</b>	<b>\$ 5,473</b>	<b>\$ 840</b>	\$	6,313	\$ 4,210	\$ 2,103	\$

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## LIVING SKIES REGIONAL COUNCIL Notes to Financial Statements

**For the year ended December 31, 2021**

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### 6. 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 employer contributions to the plan of approximately \$23,325 (\$15,016 in 2020).

### 7. 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.

#### (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.

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## LIVING SKIES REGIONAL COUNCIL Notes to Financial Statements

**For the year ended December 31, 2021**

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### 7. Financial Instruments (continued)

(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.

(e) Other Price Risk

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.

### 8. Comparative Figures

Certain comparative figures have been reclassified in order to conform to the current year presentation.

**Living Skies Regional Council**  
**Schedule of Funds**  
For the year ended December 31, 2021  
(Unaudited)

	Opening Balance	Receipts	Expense	Internal Transfers	Closing Balance
ANCC Funds	\$ 695,624	\$ 33,895	\$ (3,168)	\$ -	\$ 726,351
MVUC (in trust for ICM)	188,986	1,303	(40,950)	-	149,339
MVUC (social justice)	172,496	1,218	(1,014)	-	172,700
IGG	96,269	-	-	-	96,269
Hugh and Selma McKay Fund	71,345	-	-	-	71,345
Regional Assessment Fund	152,946	(29,531)	(6,365)	-	117,050
Personnel Issues Resolution Fund	11,378	-	-	-	11,378
Cohen Fund	23,129	123	(350)	-	22,901
Counseling Assistance Fund	6,000	-	-	-	6,000
Interim Ministry Fund	6,000	-	-	-	6,000
Review/Hearing	20,000	-	-	-	20,000
Property Fund	10,000	1,750	(350)	-	11,400
Continuing Education Fund	28,800	-	(400)	-	28,400
Archives Fund	28,432	105,496	-	-	133,928
First Five Event Fund	3,732	-	-	-	3,732
Learning Site	10,000	-	-	-	10,000
Moats Land Fund	191,380	60,178	(30,427)	-	221,131
Funds from Conference and Presbyteries	367,703	-	-	(367,703)	-
Funds from Church Sales	67,500	-	-	(67,500)	-
LSRC Fund (SK Conf, Presbyteries and C of F) (Nov 25, 2021)	-	198,970	-	435,203	634,172
Reserve Fund	165,000	-	-	-	165,000
UCW Bursary Fund	10,613	870	(3,000)	-	8,483
Youth Ministry Fund	12,000	-	(300)	-	11,700
Faith Formation Generosity for Mission Fund	11,908	-	-	-	11,908
<b>Total Funds</b>	<b>\$ 2,351,242</b>	<b>\$ 374,271</b>	<b>\$ (86,324)</b>	<b>\$ -</b>	<b>\$ 2,639,189</b>