
**SHINING WATERS REGIONAL COUNCIL
FINANCIAL STATEMENTS
DECEMBER 31, 2019**



INDEPENDENT AUDITORS' REPORT

To the Congregation of Shining Waters Regional Council

Qualified Opinion

We have audited the accompanying financial statements of Shining Waters Regional Council, which comprise the statement of financial position as at December 31, 2019, and the statements of operations and net assets, operations and net assets - internally restricted funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Shining Waters Regional Council as at December 31, 2019 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 Qualified Opinion

The Region derives part of its revenue from grants, managed properties and outreach, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Region. Therefore, we were not able to determine whether any adjustments might be necessary to grant revenue, managed properties revenue, outreach revenue, excess (deficit) of revenue over expenses and cash flows from operations for the years ended December 31, 2019, current assets as at December 31, 2019, and fund balances as at January 1 and December 31, 2019.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



INDEPENDENT AUDITORS' REPORT
(continued)

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 Region's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Region or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



INDEPENDENT AUDITORS' REPORT

(continued)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Region's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the Region to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

CAPSTICK MCCOLLUM & ASSOCIATES

Chartered Professional Accountants
Licensed Public Accountants

Oakville, Ontario
March 22, 2022

SHINING WATERS REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION

DECEMBER 31,

2019

ASSETS

CURRENT

Cash - note 2	\$ 4,575,482
Accounts receivable - note 3	55,360
Prepaid expenses	29,827

\$ 4,660,669

LIABILITIES

CURRENT

Accounts payable and accrued liabilities - note 4	\$ 529,484
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FUND BALANCES

UNRESTRICTED

General fund	3,760,569
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INTERNALLY RESTRICTED

Archives fund	84,948
Indigenous ministry support fund	281,291
Student bursary fund	4,377

4,131,185

\$ 4,660,669

Approved on behalf of the Board:

_____ Director

_____ Director

SHINING WATERS REGIONAL COUNCIL
STATEMENT OF OPERATIONS AND NET ASSETS - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31,

2019

REVENUE

Grants - note 7	798,000
Interest income	6,293
Managed properties	384,246
Outreach - note 7	319,508
Regional meeting	39,818

1,547,865

EXPENSES

Clusters and networks	5,950
Committees	198
Communities of faith commission	22,041
Executive	3,160
Finance costs	46,629
Grants	199,560
Managed properties	505,855
Miscellaneous	32,432
Office	55,348
Outreach ministries	401,921
Oversight	3,429
Pastoral relations commission	19,546
Regional meeting	142,468
Shared services	51,904
Social and ecological justice	4,994
Staff team	857,665
SWRC/CSRC shared expenses	12,722
Transition costs	13,629

2,379,451

(DEFICIT) OF REVENUE OVER EXPENSES FROM OPERATIONS **(831,586)**

OTHER INCOME (EXPENSES)

Proceeds from sale of property	3,530,536
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EXCESS OF REVENUE OVER EXPENSES **2,698,950**

TRANSFERS (TO) DESIGNATED FUNDS - note 6 **(456,848)**

TRANSFERS FROM TORONTO CONFERENCE - note 7 **1,518,467**

NET ASSETS - beginning **-**

NET ASSETS **\$ 3,760,569**

Subject to accompanying notes to the financial statements

**SHINING WATERS REGIONAL COUNCIL
STATEMENT OF OPERATIONS AND NET ASSETS -
INTERNALLY RESTRICTED FUNDS**

FOR THE YEAR ENDED DECEMBER 31,

2019

ARCHIVES FUND

EXPENSES	
Archive services - note 7	\$ 20,478
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(DEFICIT) OF REVENUE OVER EXPENSES	(20,478)
NET ASSETS - beginning	-
TRANSFERS FROM GENERAL - note 6	105,426
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NET ASSETS	\$ 84,948
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INDIGENOUS MINISTRY SUPPORT FUND

EXPENSES	
Grants - note 7	\$ 70,131
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(DEFICIT) OF REVENUE OVER EXPENSES	(70,131)
NET ASSETS - beginning	-
TRANSFERS FROM GENERAL - note 6	351,422
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NET ASSETS	\$ 281,291
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STUDENT BURSARY FUND

REVENUE	
Donations	\$ 5,077
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EXPENSES	
Grants to students	700
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EXCESS OF REVENUE OVER EXPENSES	4,377
NET ASSETS - beginning	-
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NET ASSETS	\$ 4,377
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SHINING WATERS REGIONAL COUNCIL
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31,

2019

CASH PROVIDED FROM (USED FOR):
OPERATING ACTIVITIES

Excess of revenue over expenses - general fund	\$ 2,698,950
(Deficit) of revenue over expenses - internally restricted funds	(86,232)
Transfers from Toronto Conference	1,518,467
	<hr/> 4,131,185
Changes in non-cash working capital balances	
Accounts receivable	(55,360)
Prepaid expenses	(29,827)
Accounts payable and accrued liabilities	529,484
	<hr/> 444,297
	<hr/> 4,575,482
NET INCREASE IN CASH	4,575,482
CASH - beginning	-
CASH	\$ 4,575,482

SHINING WATERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

PURPOSE OF THE ORGANIZATION

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

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

Shining Waters Regional Council - The United Church of Canada (the "Region") is a not-for-profit organization formed on January 1, 2019 as a result of restructuring of the courts of The United Church of Canada and is exempt from the payment of income taxes under Section 149(1) of the Income Tax Act. The Region issues donation receipts for income tax purposes under the registration number 108102435RR0003.

The Region is an organization operating programs and administering funds with the aim of promoting the health of communities of faith and other ministries of The United Church of Canada within its bounds. The Shining Waters Region extends in Central and Southern Ontario from the northern most point of Dunchurch, southern most point of Lake Ontario, western most point of Caledon and eastern most point of Dorset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

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

b) Use of estimates

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

SHINING WATERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES - continued

c) Financial instruments

The Region initially measures its financial assets and financial liabilities at fair value except for certain non-arm's length transactions. The Region subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

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

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

d) Cash

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

e) Revenue recognition

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

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

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

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

All other revenue including managed properties income, proceeds from sale of property and regional meeting income are recognized as revenue of the general fund when earned.

**SHINING WATERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES - continued

f) Contributed services

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

g) Fund accounting

The accounts of the Region are maintained in accordance with the principles of "fund accounting" under the restricted fund method. The specific purpose of each fund is explained below:

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

The Archives Fund reports internally restricted resources used to provide perpetual care of the records from communities of faith within the Shining Waters Region.

The Indigenous Ministry Support Fund reports internally restricted resources used for the support and outreach of indigenous ministries.

The Student Bursary Fund reports internally restricted resources used to assist students who are training for ministry and is administered through the office of vocation of the United Church of Canada.

2. CASH

The bank requires \$50,000 be retained as security for the Region's credit cards which have an aggregate credit limit of \$50,000.

3. ACCOUNTS RECEIVABLE

	2019
Accounts receivable - trade	\$ 34,775
Sales taxes recoverable	20,585
	\$ 55,360

SHINING WATERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. ACCOUNTS RECEIVABLE - continued

Included in accounts receivable - trade are the following amounts due from related parties:

	2019
Canadian Shield Regional Council	\$ 10,357
Hillside United Church	300
The United Church of Canada	2,768
Toronto Conference	21,080
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	\$ 34,505

All parties are related by way of common control. All amounts due from related parties are non-interest bearing and have no set terms of repayment.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts and accrued liabilities are the following amounts due to related parties:

	2019
Executive members	\$ 2,477
Fairlawn United Church	200
Humbercrest United Church	2,000
The United Church of Canada	430,817
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	\$ 435,494

All parties are related by way of common control. All amounts due to related parties are non-interest bearing and have no set terms of repayment.

**SHINING WATERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2019

5. FINANCIAL INSTRUMENTS

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

a) Credit risk

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

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

b) Liquidity risk

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

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

6. INTERFUND TRANSFERS

During the year, the Region transferred \$105,426 from the General Fund to the Archives Fund and \$351,422 from the General Fund to the Indigenous Ministry Support Fund in accordance with the Region's property policy. This policy states that 3% of the funds from the sale of church property is to be held for archival purposes and 10% of the funds from the sale of church property is to be transferred to a fund to support indigenous ministries.

7. RELATED PARTY TRANSACTIONS

The following is a summary of the Region's related party transactions. These transactions are all in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**SHINING WATERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2019

7. RELATED PARTY TRANSACTIONS - continued

a) United Church of Canada

The United Church of Canada has oversight and significant influence over the Region and is ultimately responsible for any liabilities of the Region. During the year, the Region received grants in the amount of \$713,000 from the United Church of Canada which have been recorded in the statement of operations and net assets. In addition, the Region paid the following amounts to the United Church of Canada during the year which have been recorded in the statement of operations and net assets - internally restricted funds:

	2019
Archives Fund - Archive services	\$ 20,478
Indigenous Ministry Support Fund - Grants	60,131
	\$ 80,609

b) The Presbyteries of Toronto Conference Corporation ("PTCC")

The Region has oversight and significant influence over PTCC and nominates six of their eight board members. During the year, the Region received grants in the amount of \$371,000 from PTCC. These amounts have been recorded in the statement of operations and net assets as follows:

	2019
Grants	\$ 85,000
Outreach	286,000
	\$ 371,000

c) Toronto Conference

The United Church of Canada voted to restructure its model of governance to a three level model consisting of communities of faith, regional councils and a general council as of January 1, 2019. As a result of the restructuring, the Region became the successor organization to Toronto Conference. During the year, Toronto Conference transferred funds in the amount of \$1,518,467 to the Region and has been recorded in the statement of operations and net assets.

**SHINING WATERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2019

7. RELATED PARTY TRANSACTIONS - continued

d) Other Organizations Under Common Control

The following is a summary of related party transactions with other organizations that are controlled by the United Church of Canada.

During the year, the Region took ownership of the following United Churches which were disbanded:

- Church of the Master
- Coulson United Church
- Dunkerron United Church
- Guthrie United Church
- Hobart United Church
- Little Brick Church
- Newton Robinson United Church
- Peaches United Church
- Regent Park United Church
- West Ellesmere United Church
- Wexford Heights United Church
- Wilmar Heights United Church
- Victoria Park United Church

When a church disbands, any properties held by the church are legally transferred to the United Church of Canada in the name of its respective Region. The Region has full control of the property however legal ownership is transferred to the United Church of Canada. The Region is reported as the seller on any future sale of the property. Proceeds from the sale are paid to and reported by the Region.

8. EMPLOYEE FUTURE BENEFITS

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

**SHINING WATERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2019

9. UNCERTAINTY DUE TO THE COVID-19 VIRUS

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

10. SUBSEQUENT EVENTS

The Region acquired Huttonville United Church in 2020 and sold it in 2021 for proceeds of \$1,601,000.