
**SHINING WATERS REGIONAL COUNCIL
FINANCIAL STATEMENTS
DECEMBER 31, 2022**



INDEPENDENT AUDITORS' REPORT

To the Congregation of Shining Waters Regional Council

Opinion

We have audited the accompanying financial statements of Shining Waters Regional Council, which comprise the statement of financial position as at December 31, 2022, 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, the accompanying financial statements present fairly, in all material respects, the financial position of Shining Waters Regional Council as at December 31, 2022 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 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.

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.



INDEPENDENT AUDITORS' REPORT
(continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements - continued

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.
- 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.



INDEPENDENT AUDITORS' REPORT

(continued)

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

- 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

A handwritten signature in dark ink that reads "Capstick McCollum & Associates".


Oakville, Ontario
March 5, 2024

Chartered Professional Accountants
Licensed Public Accountants

SHINING WATERS REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION

DECEMBER 31,	2022	2021
ASSETS		
CURRENT		
Cash - note 2	\$ 191,252	\$ 858,026
Short-term investments - general - note 3	1,156,704	1,499,248
Short-term investments - restricted - note 3	341,483	530,089
Accounts receivable - note 4	119,474	114,184
Prepaid expenses	99	775
	1,809,012	3,002,322
LONG-TERM INVESTMENTS - note 3	871,780	1,281,108
NON-PERFORMING LOANS RECEIVABLE - note 5	72,245	56,245
PROMISSORY NOTE RECEIVABLE - note 6	127,000	127,000
	1,071,025	1,464,353
	\$ 2,880,037	\$ 4,466,675
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities - note 7	\$ 328,315	\$ 130,610
Unearned revenue	-	780
	328,315	131,390
FUND BALANCES		
UNRESTRICTED		
General fund	2,210,239	3,805,196
INTERNALLY RESTRICTED		
Archives fund	67,255	89,353
Indigenous ministry support fund	268,916	435,339
Student bursary fund	5,312	5,397
	2,551,722	4,335,285
	\$ 2,880,037	\$ 4,466,675

Approved on behalf of the Board:

 Director

 Director

Subject to accompanying notes to the financial statements

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

FOR THE YEAR ENDED DECEMBER 31,	2022	2021
REVENUE		
Grants - note 9	743,075	673,375
Investment (loss) income - note 12	(244,143)	155,959
Managed properties	203,904	137,887
Outreach	71,380	75,484
Programs	1,200	2,500
	775,416	1,045,205
EXPENSES		
Clusters and networks	2,108	1,296
Committees	-	100
Communities of faith commission	32,979	267
Congregational support - note 9	5,000	4,952
Executive	1,994	40
Finance costs	54,013	55,247
Grants	363,178	374,000
Managed properties	461,562	303,000
Miscellaneous	103,312	457
Office	36,872	44,335
Outreach ministries	313,062	295,031
Pastoral relations commission - note 9	26,059	23,571
Regional meeting	10,980	8,201
Shared services	19,943	12,953
Social and ecological justice	8,770	6,161
Staff team	985,470	1,039,863
SWRC/CSRC shared expenses	9,188	2,545
	2,434,490	2,172,019
(DEFICIT) OF REVENUE OVER EXPENSES FROM OPERATIONS	(1,659,074)	(1,126,814)
OTHER INCOME (EXPENSES)		
Proceeds from sale of property	-	2,285,138
Property sales costs	(2,171)	(304,259)
Transfers from churches - note 9	66,288	282,691
	64,117	2,263,570
(DEFICIT) EXCESS OF REVENUE OVER EXPENSES TRANSFERS (TO) DESIGNATED FUNDS	(1,594,957)	1,136,756
NET ASSETS - beginning	3,805,196	3,019,436
NET ASSETS	\$ 2,210,239	\$ 3,805,196

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,	2022	2021
ARCHIVES FUND		
EXPENSES		
Archive services - note 9	\$ 22,098	22,098
(DEFICIT) OF REVENUE OVER EXPENSES	(22,098)	(22,098)
NET ASSETS - beginning	89,353	63,421
TRANSFERS FROM GENERAL	-	48,030
NET ASSETS	\$ 67,255	\$ 89,353

INDIGENOUS MINISTRY SUPPORT FUND

REVENUE		
EXPENSES		
Grants - note 9	\$ 166,423	81,735
(DEFICIT) OF REVENUE OVER EXPENSES	(166,423)	(81,735)
NET ASSETS - beginning	435,339	214,108
TRANSFERS FROM GENERAL	-	302,966
NET ASSETS	\$ 268,916	\$ 435,339

STUDENT BURSARY FUND

REVENUE		
Donations	\$ 540	1,020
Bursaries	625	-
(DEFICIT) EXCESS OF REVENUE OVER EXPENSES	(85)	1,020
NET ASSETS - beginning	5,397	4,377
NET ASSETS	\$ 5,312	\$ 5,397

Subject to accompanying notes to the financial statements

SHINING WATERS REGIONAL COUNCIL
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31,	2022	2021
CASH PROVIDED FROM (USED FOR):		
OPERATING ACTIVITIES		
(Deficit) excess of revenue over expenses - general fund	\$ (1,594,957)	\$ 1,136,756
(Deficit) of revenue over expenses - designated funds	(188,606)	(102,813)
	(1,783,563)	1,033,943
Changes in non-cash working capital balances		
Accounts receivable	(5,290)	25,859
Prepaid expenses	676	17,315
Accounts payable and accrued liabilities	197,705	28,428
Deferred revenue	(780)	-
Due to publishers	-	780
	192,311	72,382
	(1,591,252)	1,106,325
FINANCING ACTIVITIES		
Loans receivable	(16,000)	(41,245)
INVESTING ACTIVITIES		
(Payment) for promissory note	-	(127,000)
(Purchase) of investments - net of proceeds on disposal	751,872	(255,233)
	751,872	(382,233)
NET (DECREASE) INCREASE IN CASH	(855,380)	682,847
CASH - beginning	858,025	175,178
CASH	\$ 2,645	\$ 858,025

Subject to accompanying notes to the financial statements

SHINING WATERS REGIONAL COUNCIL NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

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 operates programs and administers funds with the aim of improving the health of communities of faith and other ministries of the United Church of Canada within its geographical boundaries. 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) 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.

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

DECEMBER 31, 2022

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, fixed income investments, accounts receivable and promissory note receivable. Financial assets measured at fair value include investments in equities.

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) 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.

SHINING WATERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES - continued

f) 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.

g) 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, regional meeting income and transfers from churches are recognized as revenue of the general fund when earned.

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.

SHINING WATERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

3. INVESTMENTS

	2022	2021
SHORT-TERM		
Cash and cash equivalents	\$ 750,434	\$ 1,033,769
Equities	683,582	995,568
Fixed income investments	64,171	-
	\$ 1,498,187	\$ 2,029,337
LONG-TERM		
Fixed income investments	\$ 871,780	\$ 1,281,108

Fixed income investments consist of corporate and government bonds and debentures. Interest rates range from 1.78% to 6.93% (2021 - 1.78% to 6.93%) and maturity dates range from July 11, 2023 and December 1, 2048 (2021 - January 31, 2023 and December 1, 2048).

4. ACCOUNTS RECEIVABLE

	2022	2021
Accounts receivable - trade	\$ 102,031	\$ 92,616
Sales taxes recoverable	17,443	21,568
	\$ 119,474	\$ 114,184

SHINING WATERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

4. ACCOUNTS RECEIVABLE - continued

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

	2022	2021
Canadian Shield Regional Council	\$ 1,903	\$ 2,854
Taiwanese United Church	-	11,704
The GO Project	100,128	2,444
The United Church of Canada	-	55,912
	\$ 102,031	\$ 72,914

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.

5. NON-PERFORMING LOANS RECEIVABLE

	2022	2021
Don Mills United Church	\$ 16,000	\$ -
Ghana Calvary Methodist United Church	41,245	41,245
Knob Hill United Church	5,000	5,000
Minesing United Church	10,000	10,000
	\$ 72,245	\$ 56,245

All parties are related by way of common control. Loan amounts are non-interest bearing and no repayments are required. However, in the event the respective church property is sold, the loan must be repaid from the proceeds of the sale.

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

DECEMBER 31, 2022

6. PROMISSORY NOTE RECEIVABLE

The Region entered into a promissory note as the lender in the amount of \$127,000 on November 1, 2021. The borrower is The Toronto United Church Council ("TUCC"). The term of the promissory note is ten years and the principal shall be repaid in full on November 1, 2031. The Region has the right to demand early repayment of the principal in full on the five year anniversary date of the loan (November 1, 2026) or any subsequent anniversary date by giving at least 180 days prior written notice to TUCC. TUCC will invest this principal balance in line with its guidelines for their Investing in Ministry Fund. The note is not interest bearing, however TUCC will calculate the estimated earnings and costs of the fund each year on December 31 and pay out the Region's proportionate share in January of the subsequent year. During the year, TUCC's payout to the Region was \$1,270.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2022	2021
St. Andrew's United Church	\$ -	\$ 66,306
Taiwanese United Church	81,175	-
The United Church of Canada	84,181	65
Trinity St. Paul's United Church	5,000	-
Westway United Church	360	360
	\$ 170,716	\$ 66,731

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, 2022

8. FINANCIAL INSTRUMENTS

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

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i) Currency risk

Currency risk refers to the risk that earnings will fluctuate due to changes in foreign exchange rates and from the degree of volatility in these rates.

As at December 31, 2022, investment assets of \$388,027 (2021 - \$530,754) are denominated in US dollars and converted into Canadian dollars.

Risk exposure changes as volume of transactions change and also due to exchange rates.

SHINING WATERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

8. FINANCIAL INSTRUMENTS - continued

c) Market risk - continued

ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Region is exposed to interest rate risk on its fixed income investments which have fixed interest rates. Fixed interest rate instruments subject the Region to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

iii) Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Region is exposed to other price risk on its investments in equities. The Region's investments are invested in public company shares for which the value fluctuates with the quoted market price. Equity investments amount to \$683,582 (2021 - \$995,568) which represents 33.7% (2021 - 35.8%) of total investments.

9. 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, 2022

9. 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 \$743,075 (2021 - \$673,375) from the United Church of Canada which have been recorded in the statement of operations and net assets - general fund. 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 - general fund and the statement of operations and net assets - internally restricted funds:

	2022	2021
Archives Fund - Archive services	\$ 22,098	\$ 22,098
Indigenous Ministry Support Fund - Grants	160,130	61,000
	\$ 182,228	\$ 83,098

b) 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 received transfers which have been recorded in the statement of operations and net assets - general fund from the following disbanded United Churches:

	2022	2021
Huttonville United Church	\$ -	\$ 11,322
Malvern Emmanuel United Church	9,875	-
Meadowvale Korean United Church	8,489	-
Mount Dennis United Church	-	144,369
Painswick United Church	47,924	127,000
	\$ 66,288	\$ 282,691

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

DECEMBER 31, 2022

9. RELATED PARTY TRANSACTIONS - continued

b) Other Organizations Under Common Control

During the year, the Region issued grants in the amount of \$2,000, \$3,000, \$3,112 and \$3,500 (2021 - nil, nil, nil and nil) to Trinity United Church, Trinity St. Paul's United Church, Burton Avenue United Church and Collier Street Uniter Church respectively and have been recorded in the statement of operations and net assets - general fund.

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

- Cheltenham United Church
- Minesing United Church
- Trillium United Church

No amount has been recorded in the financial statements for these transactions.

10. 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.

11. 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.

SHINING WATERS REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

12. INVESTMENT (LOSS) INCOME

	2022	2021
Dividend income	\$ 19,004	\$ 15,152
Fees and taxes	(32,612)	(28,838)
Interest expense	(1,366)	(3,535)
Interest income	42,401	34,826
Realized gain	18,060	56,837
Unrealized (loss) gain	(289,630)	81,517
	\$ (244,143)	\$ 155,959

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year. The reclassification has no effect on previously reported net assets.