

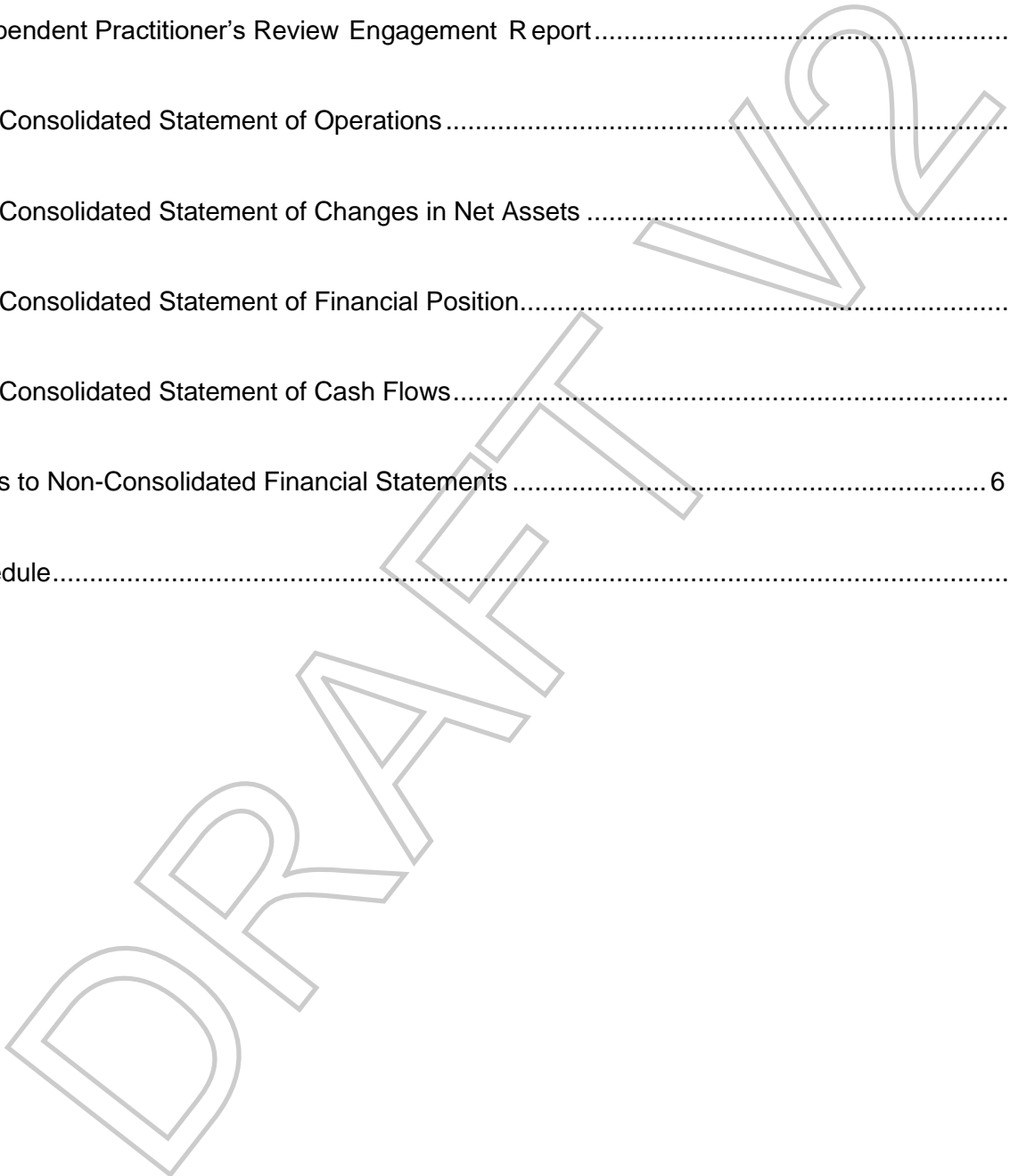
CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Non-Consolidated Financial Statements

December 31, 2023

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of
Conseil régional Nakonha:ka Regional Council

We have reviewed the accompanying non-consolidated financial statements of **CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL** that comprise the non-consolidated statement of financial position as at **December 31, 2023**, and the non-consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying non-consolidated financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of non-consolidated financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these non-consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the non-consolidated financial statements do not present fairly, in all material respects, the financial position of **CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL** as at **December 31, 2023**, 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.

Montréal

¹ CPA auditor, public accountancy permit No. A132242

CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL
 Non-Consolidated Statement of Changes in Net Assets
 Year Ended December 31, 2023

	General Funds			2023	2022
	Contingency Reserve Fund	Unrestricted	Restricted Fund		
		\$	\$	\$	\$
REVENUES					
Grants from the United Church of Canada	-	641,375	-	641,375	669,875
Grants from the Finance and Extension Board	-	560,000	-	560,000	530,000
Miscellaneous Contributions (note 10 (b))	-	11,611	-	11,611	9,963
Donations	-	-	15,000	15,000	5,000
Interest	-	232	125	357	952
	-	15,236	-	15,236	4,522
	-	1,228,454	15,125	1,243,579	1,220,312
EXPENSES					
Salaries and benefits	-	569,956	1,171	571,127	537,571
Mission support	-	505,000	-	505,000	508,000
Mission expenses	-	15,975	-	15,975	13,380
Grant to the Rosemary Lambie Fund	100,000	-	-	100,000	-
Other grants	43,000	-	-	43,000	-
Office and administrative	-	88,705	1,035	89,740	102,219
Accounting and review	-	11,371	-	11,371	11,387
Committee expenses	-	18,338	-	18,338	12,690
Travel	-	4,034	-	4,034	3,599
Bad debts recovered	-	-	-	-	(2,279)
	143,000	1,213,379	2,206	1,358,585	1,186,567
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(143,000)	15,075	12,919	(115,006)	33,745

CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL
 Non-Consolidated Statement of Changes in Net Assets
 Year Ended December 31, 2023

	General Funds				2023	2022
	Contingency Reserve Fund	Unrestricted	Restricted Fund			
		\$	\$	\$	\$	
Net assets, beginning of year	514,389	-	39,159	553,548	519,803	
Excess (deficiency) of revenues over expenses	(143,000)	15,075	12,919	(115,006)	33,745	
Interfund transfer (note 6)	15,075	(15,075)	-	-	-	
Net assets, end of year	386,464	-	52,078	438,542	553,548	

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CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL
 Non-Consolidated Statement of Financial Position
 As at December 31, 2023

	General Funds	Restricted Fund	2023	2022
	\$	\$	\$	\$
CURRENT ASSETS				
Cash	17,069	-	17,069	228,225
Cashable term deposits, prime rate less 2.25% to 2.45%, maturing in July 2024 and October 2024	347,922	52,078	400,000	300,000
Accounts receivable (note 3)	12,276	-	12,276	16,639
Prepaid expenses	734	-	734	734
Current portion of loans receivable (note 4)	15,279	-	15,279	11,184
	393,280	52,078	445,358	556,782
LOANS RECEIVABLE (note 4)				
	-	-	-	10,187
	393,280	52,078	445,358	566,969
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	6,816	-	6,816	13,421
NET ASSETS				
General funds				
Unrestricted	-	-	-	-
Contingency reserve (note 6)	386,464	-	386,464	514,389
Restricted fund (Schedule)	-	52,078	52,078	39,159
	386,464	52,078	438,542	553,548
	393,280	52,078	445,358	566,969

Approved on behalf of the Regional Council

 Treasurer

CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Non-Consolidated Statement of Cash Flows

Year Ended December 31, 2023

	General Funds	Restricted Fund	2023	2022
	\$	\$	\$	\$
OPERATING				
Excess (deficiency) of revenues over expenses	(127,925)	12,919	(115,006)	33,745
Net changes in non-cash items related to operations:				
Accounts receivable	4,363	-	4,363	(13,452)
Prepaid expenses	-	-	-	(734)
Accounts payable and accrued liabilities	(6,605)	-	(6,605)	8,107
	(130,167)	12,919	(117,248)	27,666
INVESTING				
Net decrease in loans receivable	6,092	-	6,092	22,184
Net increase in cashable term deposits	(47,922)	(52,078)	(100,000)	(300,000)
	(41,830)	(52,078)	(93,908)	(277,816)
INCREASE (DECREASE) IN CASH	(171,997)	(39,159)	(211,156)	(250,150)
CASH, BEGINNING OF YEAR	189,066	39,159	228,225	478,375
CASH, END OF YEAR	17,069	-	17,069	228,225

1. Purpose

The Conseil régional Nakonha:ka Regional Council (“the Regional Council”) is a council of the United Church of Canada constituted under the *United Church of Canada Act* (1925). The Regional Council incorporates communities of faith and outreach ministries from the former Consistoire Laurentien and Consistoire du Québec Presbytery. The Regional Council oversees its constituent churches, missions, and outreach ministries, adopting measures to promote their religious life. Service is directed towards its members and the ecumenical and secular society within its geographic bounds, particularly the poor.

In order to maintain its registered charity status, the Regional Council must meet certain spending requirements (“disbursement quota”) according to the *Income Tax Act*. The disbursement quota is a minimum amount that the registered charity must spend on charitable programs or as gifts to qualified donees in order to maintain its registered charity status. As at December 31, 2023, the Regional Council complied with the requirement.

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2. Accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations using the restricted fund method of accounting for contributions.

Accounting for a controlled not-for-profit organization

The Regional Council elected to not consolidate the accounts of a controlled not-for-profit organization. Summary financial information is provided in Note 8.

Fund accounting

The General Fund is unrestricted and accounts for all current operations and programs of the Regional Council.

The Contingency Reserve Fund was created by the Regional Council.

The Restricted Fund accounts for and reports all activities of the following externally imposed restrictions:

The Heritage Archives Fund

The Heritage Archives Fund was established as a result of the United Church of Canada Policy whereby Pastoral Charges contribute 2% from the sale proceeds of closing or amalgamating congregations up to a maximum contribution of \$5,000. During the year, this policy was changed such that Pastoral Charges no longer contribute a portion of the sale proceeds to this fund.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that might affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses for the period reported. Actual results could differ from those estimates.

2. Accounting policies (continued)

Revenue recognition

Grants, contributions and donations are recognized when received or when reception has been confirmed.

Financial Instruments

Financial assets and financial liabilities are measured at fair value upon initial recognition, including the following financial instruments acquired or assumed in a related party transaction: equity instruments quoted in an active market, debt instruments quoted in an active market or for which inputs to the determination of fair value are observable, and derivatives. However, financial instruments resulting from related party transactions in the normal course of operations, or in certain circumstances not in the normal course of operations, are measured at the exchange amount of the consideration transferred or received. Financial instruments, other than the above-mentioned instruments, resulting from related party transactions not in the normal course of operations, are usually measured at cost, the cost depending on whether the instrument has repayment terms.

The cost of a financial asset or a financial liability with repayment terms, issued in a related party transaction not in the normal course of operations, is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument has no repayment terms, the cost is determined using the consideration transferred or received by the Regional Council in the transaction.

The Regional Council subsequently measures its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market and derivative contracts, which are measured at fair value. Changes in fair value of these instruments are recorded in income.

Financial assets measured at amortized cost using the straight-line method consist of cash, cashable term deposits, accounts receivable, except sales taxes, and loans receivable.

Financial liabilities measured at amortized cost using the straight-line method consist of accounts payable and accrued liabilities.

2. Accounting policies (continued)

Depreciation

At the end of each reporting period, the Regional Council assesses whether there are any indications that financial assets measured at cost or amortized cost are impaired. When there are indications that there may be an impairment, the carrying amount of the financial asset is reduced to the highest of the three following amounts:

- the present value of the cash flows expected to be generated by holding the asset using a current market rate;
- the amount that could be realized by selling the asset;
- the amount that could be realized from collateral.

The amount of the impairment loss is recognized in income. When the extent of an impairment previously recognized decreases, the write-down is reversed and also recognized in income.

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2. Accounting policies (continued)

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income of the period during which they are incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

3. Accounts receivable

	2023	2022
	\$	\$
Sales taxes	2,171	2,284
Accrued interest	8,115	4,522
Other	1,990	9,833
	12,276	16,639

4. Loans Receivable

	2023	2022
	\$	\$
Non-interest bearing, repayable in monthly installments of \$1,000, matured in January 2023	-	1,000
Non-interest bearing, repayable in bi-annual installments of \$5,092, maturing in December 2024	15,279	20,371
	15,279	21,371
Current portion	15,279	11,184
	-	10,187

5. Related party transactions

The Regional Council is a council of the United Church of Canada from which it received grants of \$641,375 and \$669,875 during the years ended December 31, 2023 and 2022, respectively.

Grants from the Finance and Extension Board, in the amount of \$560,000, were received during the year ended December 31, 2023 (\$530,000 in 2022) from a controlled registered charity as described in Note 8.

During the year, the Regional Council contributed \$100,000 for the Finance and Extension Board's Rosemary Lambie Fund.

The transactions were carried out 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.

6. Contingency reserve fund

The Contingency Reserve Fund was created in 2020 by the Regional Council. All of 2019 to 2023 excesses of revenues over expenses that would otherwise be considered operation surpluses are to be transferred to the Contingency Reserve fund for expenditures that are very likely to become necessary in future years inter alia to compensate for needs of the Regional Council and its constituent communities of faith. The Regional Council or its Executive may decide at any time to authorize expenditures to be charged to the Contingency Reserve Fund.

7. Commitments

The Regional Council has an operating lease agreement for its premises which expires on June 30, 2025. The future minimum lease payments over the next two years are as follows: 2024 - \$31,523 and 2025 - \$16,221.

8. Controlled not-for-profit organization

The Regional Council controls the Finance and Extension Board of the Conseil régional Nakonha:ka Regional Council (the "Board"). The Board, a registered charity, manages the funds entrusted to it, acquires and helps maintain buildings within the Regional Council and provides sabbatical and bursary funds. The Board is also empowered to promote and carry on mission work with a concern for the spiritual and temporal welfare of the church, which is accomplished through its programs and annual grants transferred to the Regional Council.

According to the Board's constitution, the Regional Council elects the members of the Board, approves the Board's budget, and any changes to the By-Laws of the Constitution of the Board. The financial information of the Board has not been consolidated in the Regional Council's financial statements. Financial statements of the Board are available upon request. Financial summaries of the Board as at December 31, 2023 and 2022 and for the years then ended are as follows:

	2023	2022
	\$	\$
<i>Financial Position</i>		
Unrestricted Funds	16,644,869	14,997,730
Restricted Funds	6,836,408	6,025,505
Total assets	23,481,277	21,023,235
Liabilities - Unrestricted Funds	1,067,882	65,903
Net assets - Unrestricted Funds	15,576,987	14,931,827
Net assets - Restricted Funds	6,836,408	6,025,505
	22,413,395	20,957,332
	23,481,277	21,023,235

Restricted Funds:

F.W. Kelley Fund, Erskine & American - Mountainside Trust Fund, St. John's Hall Bursary Fund, St. John's Hall Endowment Fund, Ste-Thérèse Fund, Bhal-Yun Fund, Grand-Mère Fund, Institut Français Évangélique Fund, Trois-Rivières French Ministry Fund, Québec Sherbrooke Area Support Fund, Granting and Enabling Strategic Fund and Rosemary Lambie Fund.

CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Notes to the Non-Consolidated Financial Statements

December 31, 2023

8. Controlled not-for-profit organization (continued)

	General Fund	Restricted Funds	Total 2023	Total 2022
	\$	\$	\$	\$
Results of operations				
Total revenues	1,369,944	1,109,192	2,479,136	(436,510)
Total expenses (a)	724,784	298,289	1,023,073	983,545
Excess (deficiency) of revenues over expenses	645,160	810,903	1,456,063	(1,420,055)

(a) Total expenses include a grant to the Regional Council of \$560,000 (2022 - \$530,000)

	General Fund	Restricted Funds	Total 2023	Total 2022
	\$	\$	\$	\$
Cash flows				
From operating activities	(277,443)	434,774	157,331	275,671
From investing activities	(712,212)	(434,774)	(1,146,986)	(296,326)
From financing activities	1,048,184	-	1,048,184	-
Net increase (decrease) in cash	58,529	-	58,529	(20,655)

9. Financial instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Regional Council's main credit risks relate to its loans receivable.

Interest rate risk

Interest rate risk is the risk that the fair value or the cash flows from a financial instrument fluctuates because of a change in market rates.

The Regional Council is exposed to interest rate risk regarding its non-interest bearing loans receivable since the fair value of these financial instruments fluctuates inversely to changes in market interest rates.

Liquidity risk

Liquidity risk is the risk that the Regional Council will encounter difficulty in meeting its obligations associated with financial liabilities. The exposure of the Regional Council to liquidity risk relates mainly to accounts payable and accrued liabilities.

10. Other information

(a) Good Samaritan Fund

The Good Samaritan Fund was established as a donor-directed fund with the United Church of Canada Foundation following the closure and sale of the Griffith-McConnell Residence (an outreach mission of the Regional Council). The terms of the Agreement with the Foundation provide that the Regional Council may alone designate grants from the income of the fund to ministry programs involving seniors in the Province of Québec.

The maximum annual amount of the grant is a variable percentage of the fund balance. If the Regional Council fails to designate grants, then the Foundation has the right to make grants to similar causes that year anywhere in Canada to comply with their disbursement quota under tax regulations. The fund balance as at December 31, 2023 was \$7,519,738 (2022 - \$7,218,723).

The total 2023 annual grant amount designated by the Regional Council from the Good Samaritan Fund was \$367,075 (2022 - \$392,850).

CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Notes to the Non-Consolidated Financial Statements

December 31, 2023

10. Other information (continued)

(b) Sale of Churches in 2023

	Net proceeds received by the		Proceeds distributed by the Regional Council or the Board to:					Balance
	Regional Council	Board	Regional Council- Heritage Archives Fund (Schedule)	United Church of Canada - Indigenous Ministries	United Church of Canada- Mission & Service Fund	The Board- Granting and Enabling Strategic Fund		
	\$	\$	\$	\$	\$	\$	\$	
Dorval-Strathmore United Church (1)	371,211	-	5,000	146,484	73,242	146,485	-	
Mid-Laurentian Pastoral Charge (1)	83,592	-	5,000	31,437	15,718	31,437	-	
St. Andrew's United Church (Delson) (1)	88,670	-	5,000	33,468	16,734	33,468	-	
Knowlton-Mountain Valley Pastoral Charge (1)	136,664	-	-	54,666	27,333	54,665	-	
Bishopton United Church (1)	16,941	-	-	5,647	5,647	5,647	-	
Italian Church of the Redeemer (2)	-	1,397,579	-	139,758	69,879	139,758	1,048,184	
Total	697,078	1,397,579	15,000	411,460	208,553	411,460	1,048,184	

(1) The proceeds were distributed by the Regional Council.

(2) The proceeds were distributed by the Board.

CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Schedule

Year Ended December 31, 2023

Restricted Fund - Heritage Archives Fund	2023	2022
	\$	\$
Revenues		
Contributions		
Dorval Strathmore United Church	5,000	-
Mid-Laurentian United Church	5,000	-
St-Andrew's United Church (Delson)	5,000	-
SouthWest United Church	-	5,000
	15,000	5,000
Donations	125	952
	15,125	5,952
Expenses	2,206	1,603
Excess of revenues over expenses	12,919	4,349
Net assets, beginning of year	39,159	34,810
Net assets, end of year	52,078	39,159