

CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Non-Consolidated Financial Statements

December 31, 2024

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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, 2024**, 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, 2024**, 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.

*BCGO S.E.N.C.R.L.*¹

Montréal
April 14, 2025

¹ CPA auditor, public accountancy permit No. A132242

CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Non-Consolidated Statement of Operations

Year Ended December 31, 2024

	General Funds				
	Contingency Reserve Fund	Unrestricted	Restricted Fund	2024	2023
		\$	\$	\$	\$
REVENUES					
Grants from the United Church of Canada	-	581,375	-	581,375	641,375
Grants from the Finance and Extension Board	-	560,000	-	560,000	560,000
Miscellaneous	-	11,263	-	11,263	11,611
Contributions	-	-	-	-	15,000
Donations	-	100	324	424	357
Interest	-	18,838	-	18,838	15,236
		1,171,576	324	1,171,900	1,243,579
EXPENSES					
Salaries and benefits	-	581,254	-	581,254	571,127
Mission support	-	505,000	-	505,000	505,000
Mission expenses	-	7,721	-	7,721	15,975
Grant to the Rosemary Lambie Fund	-	-	-	-	100,000
Other grants	4,057	-	-	4,057	43,000
Office and administrative	-	74,370	-	74,370	89,740
Accounting and review	-	13,343	-	13,343	11,371
Committee expenses	-	11,794	-	11,794	18,338
Travel	-	3,174	-	3,174	4,034
Bad debts	-	34	-	34	-
	4,057	1,196,690	-	1,200,747	1,358,585
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(4,057)	(25,114)	324	(28,847)	(115,006)

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

CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Non-Consolidated Statement of Changes in Net Assets

Year Ended December 31, 2024

	General Funds			2024	2023
	Contingency	Unrestricted	Restricted		
	Reserve Fund		Fund		
		\$	\$	\$	\$
Net assets, beginning of year	386,464	-	52,078	438,542	553,548
Excess (deficiency) of revenues over expenses	(4,057)	(25,114)	324	(28,847)	(115,006)
Interfund transfer (note 6)	(25,114)	25,114	-	-	-
Net assets, end of year	357,293	-	52,402	409,695	438,542

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

CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Non-Consolidated Statement of Financial Position

As at December 31, 2024

	General Funds	Restricted Fund	2024	2023
	\$	\$	\$	\$
CURRENT ASSETS				
Cash	8,615	-	8,615	17,069
Cashable term deposits, prime rate less 2.25% to 2.45%, maturing in July 2025 and October 2025	347,598	52,402	400,000	400,000
Accounts receivable (note 3)	9,030	-	9,030	12,276
Prepaid expenses	734	-	734	734
Current portion of loans receivable (note 4)	-	-	-	15,279
	365,977	52,402	418,379	445,358
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	8,684	-	8,684	6,816
NET ASSETS				
General funds				
Unrestricted	-	-	-	-
Contingency reserve (note 6)	357,293	-	357,293	386,464
Restricted fund (Schedule)	-	52,402	52,402	52,078
	357,293	52,402	409,695	438,542
	365,977	52,402	418,379	445,358

Approved on behalf of the Regional Council

_____ Treasurer

CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Non-Consolidated Statement of Cash Flows

As at December 31, 2024

	General Funds	Restricted Fund	2024	2023
	\$	\$	\$	\$
OPERATING				
Excess (deficiency) of revenues over expenses	(29,171)	324	(28,847)	(115,006)
Net changes in non-cash items related to operations:				
Accounts receivable	3,246	-	3,246	4,363
Accounts payable and accrued liabilities	1,868	-	1,868	(6,605)
	(24,057)	324	(23,733)	(117,248)
INVESTING				
Net decrease in loans receivable	15,279	-	15,279	6,092
Acquisition of cashable term deposits	(399,676)	(324)	(400,000)	(100,000)
Proceeds from disposal of term deposits	400,000	-	400,000	-
	15,603	(324)	15,279	(93,908)
INCREASE (DECREASE) IN CASH	(8,454)	-	(8,454)	(211,156)
CASH, BEGINNING OF YEAR	17,069	-	17,069	228,225
CASH, END OF YEAR	8,615	-	8,615	17,069

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

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, 2024, the Regional Council complied with the requirement.

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 2023, 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.

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.

CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Notes to the Non-Consolidated Financial Statements

December 31, 2024

3. Accounts receivable

	2024	2023
	\$	\$
Sales taxes	1,234	2,171
Accrued interest	7,581	8,115
Other	215	1,990
	9,030	12,276

4. Loans Receivable

	2024	2023
	\$	\$
Non-interest bearing, repaid in December 2024	-	15,279
	-	15,279
Current portion	-	15,279
	-	-

5. Related party transactions

The Regional Council is a council of the United Church of Canada from which it received grants of \$581,375 and \$641,375 during the years ended December 31, 2024 and 2023, respectively.

Grants from the Finance and Extension Board, in the amount of \$560,000, were received during the year ended December 31, 2024 (\$560,000 in 2023) from a controlled registered charity as described in Note 8.

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 2024 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, 2026. The future minimum lease payments over the next two years are the following: 2025: \$30,471 and 2026: \$14,250.

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, 2024 and 2023 and for the years then ended are as follows:

	2024	2023
	\$	\$
<i>Financial Position</i>		
General Fund	17,810,022	16,644,869
Restricted Funds	7,358,331	6,836,408
Total assets	25,168,353	23,481,277
Liabilities - General Fund	1,218,405	1,067,882
Net assets - General Fund	16,591,617	15,576,987
Net assets - Restricted Funds	7,358,331	6,836,408
	23,949,948	22,413,395
	25,168,353	23,481,277

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, 2024

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

	General Fund	Restricted Funds	Total 2024	Total 2023
	\$	\$	\$	\$
Results of operations				
Total revenues	1,737,048	940,715	2,677,763	2,479,136
Total expenses (a)	722,418	418,792	1,141,210	1,023,073
Excess of revenues over expenses	1,014,630	521,923	1,536,553	1,456,063

(a) Total expenses include a grant to the Regional Council of \$560,000 (2023 - \$560,000)

	General Fund	Restricted Funds	Total 2024	Total 2023
	\$	\$	\$	\$
Cash flows				
From operating activities	788,766	381,258	1,170,024	157,331
From investing activities	(909,426)	(381,258)	(1,290,684)	(1,146,986)
From financing activities	50,171	-	50,171	1,048,184
Net increase (decrease) in cash	(70,489)	-	(70,489)	58,529

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 is not exposed to a significant risk with regards to any counterpart.

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, 2024 was \$8,061,535 (2023 - \$7,519,738).

The total 2024 annual grant amount designated by the Regional Council from the Good Samaritan Fund was \$386,014 (2023 - \$367,075).

CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Notes to the Non-Consolidated Financial Statements

December 31, 2024

10. Other information (continued)*(b) Sale of Churches in 2024*

	Net proceeds received by the	Proceeds distributed by the Regional Council or the Board to:			
	Regional Council	United Church of Canada - Indigenous Ministries	United Church of Canada- Mission & Service Fund	The Board- Granting and Enabling Strategic Fund	Balance
	\$	\$	\$	\$	\$
Dorval-Strathmore United Church (1) (2)	8 987	3 595	1 797	3 595	-
Beaurepaire United Church (1)	305 784	122 314	61 156	122 314	-
Total	314 771	125 909	62 953	125 909	-

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

(2) Balance from sale that happened in 2023.

CONSEIL RÉGIONAL NAKONHA:KA REGIONAL COUNCIL

Schedule

Year Ended December 31, 2024

Restricted Fund - Heritage Archives Fund	2024	2023
	\$	\$
Revenues		
Contributions		
Dorval Strathmore United Church	-	5,000
Mid-Laurentian United Church	-	5,000
St-Andrew's United Church (Delson)	-	5,000
	-	15,000
Donations	324	125
	324	15,125
Expenses	-	2,206
Excess of revenues over expenses	324	12,919
Net assets, beginning of year	52,078	39,159
Net assets, end of year	52,402	52,078