

SHEKINAH RETREAT CENTRE

Financial Statements

Year Ended December 31, 2022

(Unaudited)

SHEKINAH RETREAT CENTRE

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Year Ended December 31, 2022
(Unaudited)

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Independent Practitioner's Review Engagement Report

To the Directors of SHEKINAH RETREAT CENTRE

We have reviewed the financial statements of SHEKINAH RETREAT CENTRE (the "Organization"), that comprise the statement of financial position as at December 31, 2022, and the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying 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 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 financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, SHEKINAH RETREAT CENTRE derives revenue from fundraising activities and donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of SHEKINAH RETREAT CENTRE. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our review conclusion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of SHEKINAH RETREAT CENTRE 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.



SASKATOON, CANADA
March 8, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

SHEKINAH RETREAT CENTRE

Statement of Financial Position as at December 31, 2022
(Unaudited)

	Operating Fund	Capital Fund	Restricted Fund	Total 2022	Total 2021
ASSETS					
Current assets					
Cash and cash equivalents (note 3)	\$ 60,504	\$ -	\$ 44,161	\$ 104,665	\$ 123,644
Accounts receivable (note 4)	5,835	-	-	5,835	2,874
Term deposit (note 5)	-	-	-	-	14,707
Prepaid expenses	33,924	-	-	33,924	29,352
	100,263	-	44,161	144,424	170,577
Tangible capital assets (note 6)	-	395,602	-	395,602	435,605
	\$ 100,263	\$ 395,602	\$ 44,161	\$ 540,026	\$ 606,182
LIABILITIES AND NET ASSETS					
Current liabilities					
Bank indebtedness (note 7)	\$ 257	\$ -	\$ -	\$ 257	\$ -
Accounts payable and accruals (note 8)	35,620	-	-	35,620	18,377
Deferred revenue (note 9)	56,948	-	-	56,948	75,695
Current portion of callable debt (note 11)	-	8,734	-	8,734	4,781
	92,825	8,734	-	101,559	98,853
CEBA loan (note 10)	40,000	-	-	40,000	40,000
Callable long term debt (note 11)	-	253,428	-	253,428	257,996
	132,825	262,162	-	394,987	396,849
Net assets					
Operating fund	(32,562)	-	-	(32,562)	(7,651)
Capital fund	-	133,440	-	133,440	172,828
Restricted funds (note 12)	-	-	44,161	44,161	44,156
	(32,562)	133,440	44,161	145,039	209,333
	\$ 100,263	\$ 395,602	\$ 44,161	\$ 540,026	\$ 606,182

See accompanying notes to the financial statements

Approved by:

Director: _____

Director: _____

SHEKINAH RETREAT CENTRE

Statement of Changes in Net Assets for the year ended December 31, 2022
(Unaudited)

	Operating Fund	Capital Fund	Restricted Fund	2022 Total	2021 Total
Net assets, beginning of year	\$ (7,651)	\$ 172,828	\$ 44,156	\$ 209,333	\$ 177,325
Excess (deficiency) of revenue over expenses	(27,345)	(36,954)	5	(64,294)	32,008
Repayment of long term debt	(615)	615	-	-	-
Interfund transfers					
Proceeds from sale of capital assets	12,857	(12,857)	-	-	-
Interest on long term debt	(9,808)	9,808	-	-	-
Net assets, end of year	\$ (32,562)	\$ 133,440	\$ 44,161	\$ 145,039	\$ 209,333

See accompanying notes to the financial statements

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SHEKINAH RETREAT CENTRE

Statement of Operations for the year ended December 31, 2022
(Unaudited)

	Operating Fund	Capital Fund	Restricted Fund	2022 Total	2021 Total
Revenue					
Facility rental	\$ 163,554	\$ -	\$ -	\$ 163,554	\$ 39,101
Donations	90,775	-	3,956	94,731	213,824
Food services	49,179	-	-	49,179	11,768
Summer camp	44,031	-	-	44,031	-
Subsidies	39,702	-	-	39,702	108,403
Grants	32,596	-	-	32,596	21,681
Donations in kind	2,784	-	-	2,784	1,650
Gain on sale of capital assets	-	1,232	-	1,232	-
Interest	-	-	460	460	281
	422,621	1,232	4,416	428,269	396,708
Expenses					
Wages and benefits	251,329	-	-	251,329	202,781
Property taxes and insurance	52,132	-	-	52,132	49,323
Groceries	33,397	-	-	33,397	4,996
Amortization	-	28,378	-	28,378	27,761
Repairs and maintenance	28,300	-	-	28,300	15,832
Utilities	24,375	-	-	24,375	20,393
Automotive	11,607	-	-	11,607	10,284
Casual labour	10,428	-	-	10,428	4,186
Professional fees	10,378	-	-	10,378	7,748
Interest on long term debt	-	9,808	-	9,808	10,195
Administration	7,568	-	-	7,568	5,438
Programs	6,937	-	-	6,937	991
Supplies and equipment	4,528	-	-	4,528	1,492
Subsidies	-	-	4,411	4,411	-
Interest and bank charges	3,386	-	-	3,386	1,281
Workers' Compensation	2,823	-	-	2,823	-
Fundraising	1,878	-	-	1,878	659
Memberships and licenses	900	-	-	900	1,340
	449,966	38,186	4,411	492,563	364,700
Excess (deficiency) of revenue over expenses	\$ (27,345)	\$ (36,954)	\$ 5	\$ (64,294)	\$ 32,008

See accompanying notes to the financial statements

SHEKINAH RETREAT CENTRE

Statement of Cash Flows for the year ended December 31, 2022
(Unaudited)

	2022	2021
Cash flows from operating activities		
Excess of revenue over expenses	\$ (64,294)	\$ 32,008
Items not affecting cash:		
Amortization	28,378	27,761
Gain on sale of capital assets	(1,232)	-
Changes in non-cash working capital:		
Bank indebtedness	257	-
Accounts receivable	(2,961)	32,089
Prepaid expenses	(4,572)	(3,132)
Accounts payable and accruals	17,243	(57,084)
Deferred revenue	(18,747)	(17,571)
Net cash provided by (used in) operating activities	(45,928)	14,071
Cash flows from investing activities		
Proceeds from sale of tangible capital assets	12,857	-
Decrease (increase) in term deposit	14,707	(281)
Net cash provided by (used in) investing activities	27,564	(281)
Cash flows from financing activities		
Proceeds from CEBA loan	-	20,000
Forgivable portion of CEBA loan	-	(10,000)
Repayment of long term debt	(615)	-
Net cash provided by (used in) financing activities	(615)	10,000
Net increase (decrease) in cash and cash equivalents	(18,979)	23,790
Cash and cash equivalents at the beginning of the year	123,644	99,854
Cash and cash equivalents at the end of the year	\$ 104,665	\$ 123,644

See accompanying notes to the financial statements

SHEKINAH RETREAT CENTRE

Notes to Financial Statements for the year ended December 31, 2022
(Unaudited)

1. DESCRIPTION OF ORGANIZATION

Shekinah Retreat Centre (the "Organization") is located near Waldheim, Saskatchewan and overlooks the North Saskatchewan River valley. The Organization provides facilities and catering services to host a wide variety of gatherings. It also offers hiking trails, outdoor activities, camping facilities and hosts a summer camp. The Organization provides a setting where all who come have an opportunity to experience the presence and glory of God through discovery, reflection, interaction, community and nature. The Organization seeks to facilitate interaction between people in the community and the Creator.

Mennonite Church Saskatchewan owns and governs the Organization. Mennonite Church Saskatchewan is an area conference of Mennonite churches in Saskatchewan constituted by a private act of the legislature of Saskatchewan.

The operations of the various divisions of Mennonite Church Saskatchewan are reflected in separate unconsolidated financial statements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian Accounting Standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

Basis of presentation

The accounts of the Organization are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following funds:

Operating fund

Revenue and expenses relating to program delivery, administration and special projects are reported in the operating fund. All assets and liabilities other than tangible capital assets are recorded under the operating fund unless restricted by an external source.

Capital fund

The capital fund recognizes resources that have been invested in tangible capital assets. These resources will increase for capital purchases and donations directly related to capital assets and will be reduced by amortization charges and the net book value of capital asset sales as well as debt held which was used to purchase capital assets.

Restricted fund

The restricted fund accounts for resources that are to be used for a specified purpose. The Campership Subsidy Fund represents money received in the current year through donations to be used in the future to subsidize camperships. The interest earned on the Travis Fehr Campership Fund is to be used to assist funding camperships. The School Fund represents money received through donations to be used in the future to subsidize schools. The Menno Nickel Fund represents money received in memory of Menno Nickel and is to be used for benches and bird watching education.

SHEKINAH RETREAT CENTRE

Notes to Financial Statements for the year ended December 31, 2022
(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

The Organization's policy is to present bank balances, including bank overdrafts when bank balances fluctuate frequently from being positive to overdrawn, and term deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents.

Accounts receivable

Accounts receivable are shown net of allowance for doubtful accounts, if any.

Tangible capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided over the estimated useful life of the assets using the following rates and methods:

	<u>Rate</u>	<u>Method</u>
Buildings and equipment	4%	straight line
Furniture and equipment	10%	straight line
Automotive equipment	15%	straight line
Computer equipment	15%	straight line

In the year of acquisition, only one-half of the stated rate is applied to the additions. The Organization regularly reviews its tangible capital assets to eliminate obsolete items. Buildings under construction are not amortized.

Legal ownership of the tangible capital assets of the Organization is with Mennonite Church Saskatchewan. Tangible capital assets are reported on this Organization's financial statements because they are physically on the premises of the Organization and the Organization benefits from the usage of the assets for its daily operations. These assets are not reported on Mennonite Church Saskatchewan's unconsolidated financial statements.

Impairment

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the Organization's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the statement of operations. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Donated materials and services

The Organization receives a significant amount of donated materials and services from its directors and supporters.

Donated materials and services are recorded at fair value, when fair value can be reasonably estimated, if the materials and services would have otherwise been purchased. The value of donated services for which fair value cannot be reasonably estimated are not reflected in these financial statements.



SHEKINAH RETREAT CENTRE

Notes to Financial Statements for the year ended December 31, 2022
(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Unrestricted and restricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as part of the operating fund. Restricted contributions are recognized as revenue to the appropriate restricted fund. If no appropriate restricted fund has been setup the contribution is deferred and recognized as revenue in the year in which the related expenses are incurred.

Camp fees, rental income, school and activity fees are recognized as revenue once the services have been provided and collection is reasonably assured. Government grants, donations, fundraising and revenue from sale of merchandise are recognized when they are received.

Income taxes

Due to the nature of the activities as a non-profit organization, the Organization is exempt from income tax under 149(1)(f) of the Income Tax Act.

Use of estimates

The preparation of the financial statements in conformity with Canadian accountings standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include:

- a) The useful lives of tangible capital assets and indirectly amortization.
- b) The accounts payable and indirectly expenses.

Financial instruments

Initial and subsequent measurement

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures its financial assets and financial liabilities at cost or amortized cost, except for those which are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash and cash equivalents, accounts receivable, and term deposits. Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities, CEBA loan and callable long term debt. There are no financial assets or liabilities subsequently measured at fair value.

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SHEKINAH RETREAT CENTRE

Notes to Financial Statements for the year ended December 31, 2022
(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

For financial assets measured at amortized cost, the Organization determines whether there are indication of a possible impairment. When there are, and if the Organization determines that there has been a material adverse change in the timing or expected future cash flows during the year, an impairment loss is recognized in net income. An impairment loss that has already been recognized may be reversed. The carrying amount of the financial asset may not be greater than it would have been on the reversal date if the impairment loss had never been recognized. The amount of any reversal is recognized in net income.

3. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
Cash in operating bank account	\$ 94,152	\$ 122,371
Outstanding deposits	931	3,450
Cheques issued and outstanding	(5,594)	(2,186)
	<u>89,489</u>	<u>123,635</u>
Savings account	15,176	9
	<u>\$ 104,665</u>	<u>\$ 123,644</u>

4. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 5,835	\$ 2,571
GST receivable	-	303
	<u>\$ 5,835</u>	<u>\$ 2,874</u>

Accounts receivable are recorded net of doubtful accounts, if any. In 2022 the allowance for doubtful accounts was \$ NIL (2021 - \$ NIL).

5. TERM DEPOSIT

	<u>2022</u>	<u>2021</u>
Abundance Canada GIC, 1.95%, matures June 30, 2022	\$ -	\$ 14,707

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SHEKINAH RETREAT CENTRE

Notes to Financial Statements for the year ended December 31, 2022
(Unaudited)

6. TANGIBLE CAPITAL ASSETS

		Accumulated	2022	2021
	Cost	amortization	Net book	Net book
			value	value
Land	\$ 110,000	\$ -	\$ 110,000	\$ 110,000
Buildings and equipment	1,369,793	1,226,329	143,464	155,524
Timber frame cabins and boats	121,668	4,867	116,801	121,668
Office equipment	158,814	138,429	20,385	30,110
Automotive equipment	58,897	54,772	4,125	17,100
Computer equipment	5,240	4,413	827	1,203
Computer software	5,200	5,200	-	-
	<u>\$ 1,829,612</u>	<u>\$ 1,434,010</u>	<u>\$ 395,602</u>	<u>\$ 435,605</u>

7. BANK INDEBTEDNESS

The Organization has a revolving line of credit with Mennonite Trust Ltd. with a credit limit of \$ 50,000 bearing interest at a rate of 7.25% (2021 - 3.50%) due monthly. The line of credit is secured by specific property of the Organization. At December 31, 2022, the balance owing is \$ 257 (2021 - \$ NIL).

8. ACCOUNTS PAYABLE AND ACCRUALS

		2022	2021
Trade payables	\$	23,935	\$ 11,273
PST payable		9,398	2,073
GST payable		1,213	-
Housing deposits		975	975
Employee deductions payable		81	4,056
Vacation payable		18	-
		<u>\$ 35,620</u>	<u>\$ 18,377</u>

9. DEFERRED REVENUE

Amounts received relating to facility rentals and camp fees are recognized as revenue in the fiscal period in which the services are rendered. Deposits received for future services have been recorded as deferred revenue.

SHEKINAH RETREAT CENTRE

Notes to Financial Statements for the year ended December 31, 2022
(Unaudited)

10. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

The Organization applied for and received \$ 60,000 under the Canada Emergency Business Account (CEBA). The loan was facilitated through Affinity Credit Union. The loan is interest free until December 31, 2023 and carries a forgivable portion of \$ 20,000 if the repayable balance is paid in full before that date. After that date, if the repayable balance has not been repaid, the loan will automatically renew for an additional two years extending the maturity date to December 31, 2025 with fixed interest at a rate of 5% per annum. As per ITA s. 12(1)(x) the forgivable portion of the loan has been recognized as income on the receipt of the loan.

	<u>2022</u>	<u>2021</u>
Loan balance	\$ 60,000	\$ 60,000
Forgivable portion	(20,000)	(20,000)
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Repayable balance	\$ 40,000	\$ 40,000
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11. CALLABLE LONG TERM DEBT

Abundance Canada mortgage. Payable in monthly instalments of \$ 2,138 including interest at a fixed rate of 6.60%. Secured by land and buildings with a net book value of \$ 378,553. The loan is due for renewal November 27, 2023. Mortgage payments were deferred without penalty from March 2020 to October 2020 after which interest only payments began being made. Regular payments resumed in December 2022.

	<u>2022</u>	<u>2021</u>
	\$ 262,162	\$ 262,777
Less current portion of long term debt	(8,734)	(4,781)
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	\$ 253,428	\$ 257,996
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The estimated loan principal payments required over the next five years are as follows:

2023	\$ 8,734
2024	9,325
2025	9,956
2026	10,630
2027	11,349
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	\$ 49,994
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SHEKINAH RETREAT CENTRE

Notes to Financial Statements for the year ended December 31, 2022
(Unaudited)

12. RESTRICTED FUNDS

	<u>2022</u>		<u>2021</u>
Campership Subsidy Fund	\$ 23,924	\$	24,378
Travis Fehr Campership Fund	17,256		16,797
Menno Nickel Fund	3,065		3,065
School Subsidy Fund	(84)		(84)
	<u>\$ 44,161</u>	<u>\$</u>	<u>44,156</u>

13. RELATED PARTY TRANSACTIONS

Mennonite Church Saskatchewan

The Organization received \$ 1,588 (2021 - \$ 3,333) in designated contributions from Mennonite Church Saskatchewan and additional contributions of \$ 2,400 (2021 - \$ NIL) to subsidize expenses for running camp operations.

The Organization received \$ 1,283 (2021 - \$ 1,046) for facility rentals and retreats. The transactions were carried out in the normal course of operations. They are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. At year end, \$ 5,000 (2021 - \$ 5,000) was due to Mennonite Church Saskatchewan and included in accounts payable.

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Organization, as part of its operations, carries a number of financial instruments. It is the Board of Director's opinion that the Organization is not exposed to significant financial risks from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization's exposure to liquidity risk is dependent on the collection of accounts receivable and donations to service purchasing commitments and loan payment obligations. Cash flow from operations provides a substantial portion of the Organization's cash requirements. Additional cash requirements are met with the use of the available operating line of credit.

The Organization's debt is structured with regularly recurring payments, secured by assets, limiting the requirement to extinguish debt in the short term. There have been no changes to liquidity risk from the prior year.

Credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of accounts receivable. The maximum credit risk is \$ 5,835 (2021 - \$ 2,874). The Organization believes that there is minimal risk associated with the collection of these amounts as it performs regular credit assessments and collects upfront deposits on select services.

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SHEKINAH RETREAT CENTRE

Notes to Financial Statements for the year ended December 31, 2022
(Unaudited)

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through investing in fixed rate instruments. The Organization is exposed to interest rate risk through its line of credit which has a variable rate of interest.

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