SHEKINAH RETREAT CENTRE
Financial Statements
Year Ended December 31, 2019

SHEKINAH RETREAT CENTRE

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Year Ended December 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Directors of
SHEKINAH RETREAT CENTRE

Qualified Opinion
We have audited the accompanying financial statements of SHEKINAH RETREAT CENTRE (the "Organization"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations (ASNPO).

Basis for Qualified Opinion
In common with many not for profit organizations, the Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2019, current assets as at December 31, 2019, and net assets as at January 1 and December 31, 2019.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities 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 we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 Organization’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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization’s financial reporting process.

Auditor’s 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 auditor’s 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 Organization’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s 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 our auditor’s report. However, future events or conditions may cause the Organization 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.

SASKATOON, CANADA **CHARTERED PROFESSIONAL ACCOUNTANTS**
March 11, 2019

SHEKINAH RETREAT CENTRE
Statement of Financial Position
As at December 31, 2019

	Operating Fund	Capital Fund	Restricted Fund	Total 2019	Total 2018
ASSETS					
Current					
Cash and cash equivalents (note 3)	$ 44,449	$ 6,101	$ 12,290	$ 62,840	$ 60,982
Accounts receivable (note 4)	8,140	-	-	8,140	12,962
Prepaid expenses	24,657	-	-	24,657	22,440
	77,246	6,101	12,290	95,637	96,384
Long term investment (note 5)	-	-	14,150	14,150	13,879
Tangible capital assets (note 6)	-	492,807	-	492,807	498,210
	$ 77,246	$ 498,908	$ 26,440	$ 602,594	$ 608,473
LIABILITIES AND NET ASSETS					
Current liabilities					
Bank indebtedness (note 7)	$ 39,123	$ -	$ -	$ 39,123	$ 49,462
Accounts payable and accruals (note 8)	44,011	-	-	44,011	63,472
Deferred revenue (note 9)	101,398	-	-	101,398	72,037
Current portion of term debt (note 10)	-	9,657	-	9,657	9,284
	184,532	9,657	-	194,189	194,255
Callable long term debt (note 10)	-	253,865	-	253,865	263,576
	184,532	263,522	-	448,054	457,831
Net assets					
Operating fund	(107,286)	-	-	(107,286)	(119,231)
Capital fund	-	235,386	-	235,386	241,996
Restricted funds (note 11)	-	-	26,440	26,440	27,877
	(107,286)	235,386	26,440	154,540	150,642
	$ 77,246	$ 498,908	$ 26,440	$ 602,594	$ 608,473

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, 2019

	Operating Fund	Capital Fund	Restricted Fund	2019 Total	2018 Total
Net assets, beginning of year	$ (119,231)	$ 241,996	$ 27,877	$ 150,642	$ 239,920
Excess (deficiency) of revenue over expenses	62,346	(57,011)	(1,437)	3,898	(89,278)
Purchase of tangible capital assets	(63,355)	63,355	-	-	-
Repayment of long term debt	(9,338)	9,338	-	-	-
Interfund transfers	22,292	(22,292)	-	-	-
Net assets, end of year	$ (107,286)	$ 235,386	$ 26,440	$ 154,540	$ 150,642

See accompanying notes to the financial statements

SHEKINAH RETREAT CENTRE

Statement of Operations

For the year ended December 31, 2019

	Operating Fund	Capital Fund	Restricted Fund	2019 Total	2018 Total
Revenue					
Facility rental	$ 254,099	$ -	$ -	$ 254,099	$ 180,820
Food services	168,421	-	-	168,421	100,733
Donations	68,714	22,123	6,650	97,487	199,579
Summer camp	43,742	-	-	43,742	44,155
Fundraising	25,158	-	-	25,158	-
Grants	12,387	-	-	12,387	7,953
Donations in kind	7,180	-	-	7,180	13,637
GST retainage	5,630	-	-	5,630	-
T-shirts	550	-	-	550	1,776
Interest	130	141	271	542	250
	586,011	22,264	6,921	615,196	548,903
Expenses					
Wages and benefits	299,156	-	-	299,156	318,507
Amortization	-	68,758	-	68,758	70,191
Groceries	61,475	-	-	61,475	41,345
Property taxes and insurance	45,064	-	-	45,064	44,444
Utilities	31,769	-	-	31,769	28,300
Repairs and maintenance	16,551	-	-	16,551	26,382
Professional fees	15,516	-	-	15,516	29,434
Automotive	13,386	-	-	13,386	11,248
Interest on long term debt	-	10,517	-	10,517	7,658
Supplies and equipment	9,204	-	-	9,204	29,058
Subsidies	-	-	8,358	8,358	6,622
Fundraising	7,566	-	-	7,566	1,734
Programs	7,208	-	-	7,208	9,266
Administration	5,843	-	-	5,843	5,140
Interest and bank charges	5,299	-	-	5,299	4,156
Workers' compensation	3,332	-	-	3,332	3,044
Advertising and promotion	1,032	-	-	1,032	4,549
Memberships and licenses	992	-	-	992	670
Bad debts	272	-	-	272	-
Honorariums	-	-	-	-	1,650
GST expense	-	-	-	-	460
	523,665	79,275	8,358	611,298	643,858
Excess (deficiency) of revenue over expenses before other items	62,346	(57,011)	(1,437)	3,898	(94,955)
Gain on sale of capital assets	-	-	-	-	5,677
Excess (deficiency) of revenue over expenses	$ 62,346	$ (57,011)	$ (1,437)	$ 3,898	$ (89,278)

See accompanying notes to the financial statements

SHEKINAH RETREAT CENTRE

Statement of Cash Flows

For the year ended December 31, 2019

		2019		2018
Cash flows from operating activities				
Excess (deficiency) of revenue over expenses	$	3,898	$	(89,278)
Items not affecting cash:				
Amortization		68,758		70,191
Gain on sale of capital assets		-		(5,677)
Changes in non-cash working capital:				
Accounts receivable		4,822		(836)
Prepaid expenses		(2,217)		(1,422)
Accounts payable and accruals		(19,461)		29,639
Deferred revenue		29,361		30,228
Net cash provided by operating activities		85,161		32,845
Cash flows from investing activities				
Purchase of capital assets		(63,355)		(76,556)
Proceeds from sale of capital assets		-		12,000
Increase in short term investment		(271)		(132)
Net cash used in investing activities		(63,626)		(64,688)
Cash flows from financing activities				
Proceeds from long term debt		-		75,793
Repayment of long term debt		(9,338)		(10,286)
Net cash provided by (used in) financing activities		(9,338)		65,507
Net increase in cash and cash equivalents		12,197		33,664
Cash and cash equivalents (indebtedness) at the beginning of the year		11,520		(22,144)
Cash and cash equivalents (indebtedness) at the end of the year	$	23,717	$	11,520
Cash and cash equivalents consists of:				
Cash and cash equivalents	$	62,840	$	60,982
Bank indebtedness		(39,123)		(49,462)
	$	23,717	$	11,520

See accompanying notes to the financial statements

SHEKINAH RETREAT CENTRE
Notes to the Financial Statements
Year Ended December 31, 2019

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 audited financial statements.

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 used for benches and bird watching education.

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:

	Rate	Method
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

A long lived asset is tested for impairment whenever events or changes in circumstances indicates that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting for its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long lived asset exceeds its fair value. There are no impairment indicators in the current year.

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.

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.

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 could affect the reported 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 reporting period. Significant area requiring the use of management estimates relate to the determination of useful lives of capital assets for calculating amortization.

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the Organization may undertake in the future, and other assumptions that they believe are reasonable under the circumstances. Actual results could differ from those estimates.

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 long term investment. Financial liabilities measured at amortized cost include accounts payable, deferred revenue and long term debt. There are no financial assets or liabilities subsequently measured at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Impairment
For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss shall be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

3. CASH AND CASH EQUIVALENTS

	2019	2018
Cash in operating bank account	$ 47,290	43,538
Outstanding deposits	13,763	-
Cheques issued and outstanding	(4,323)	(1,676)
	56,730	41,862
Capital project account	6,101	16,646
Savings account	9	24
Undeposited funds	-	2,350
Petty cash	-	100
	$ 62,840	$ 60,982

4. ACCOUNTS RECEIVABLE

	2019	2018
Accounts receivable	$ 8,140	$ 9,506
GST receivable	-	3,456
	$ 8,140	$ 12,962

Accounts receivable are recorded net of doubtful accounts, if any. In 2019 the allowance for doubtful accounts was $ NIL (2018 - $ NIL).

5. LONG TERM NVESTMENT

	2019	2018
Abundance Canada GIC, 1.95%, matures June 30, 2022	$ 14,150	$ 13,879

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	$ 110,000	$ -	$ 110,000	$ 110,000
Buildings and equipment	1,369,793	1,166,518	203,275	258,068
Timber frame cabins and boats	121,668	-	121,668	64,356
Office equipment	158,814	107,925	50,889	54,952
Automotive equipment	52,397	46,010	6,387	10,062
Computer equipment	3,967	3,379	588	772
Computer software	5,200	5,200	-	-
	$ 1,821,839	$ 1,329,032	$ 492,807	$ 498,210

7. BANK INDEBTEDNESS

The Organization has a revolving line of credit with Mennonite Trust. The line of credit is secured by specific property of the Organization. At December 31, 2019, the balance owing is $ 39,123 (2018 - $ 49,462) and bears interest at the rate of 3.65% (2018 - 3.65%) which is paid monthly. The credit limit of the line of credit is $ 50,000.

8. ACCOUNTS PAYABLE AND ACCRUALS

	2019	2018
Trade payables	$ 30,907	$ 34,979
Employee deductions payable	3,843	268
GST payable	3,329	-
Vacation payable	2,260	3,256
Wages payable	1,533	15,704
PST payable	1,164	8,290
Housing deposits	975	975
	$ 44,011	$ 63,472

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.

10. CALLABLE LONG TERM DEBT

	2019	2018
Abundance Canada mortgage. Payable in monthly instalments of $ 1,655 including interest at a fixed rate of 3.95%. Secured by land and buildings with a net book value of $ 434,944. The loan renewal date is November 27, 2021.	$ 263,522	$ 272,860
Less current portion of long-term debt	(9,657)	(9,284)
	$ 253,865	$ 263,576

The estimated loan principal payments required over the next five years are as follows:

2020	$ 9,657
2021	10,045
2022	10,449
2023	10,870
2024	11,307
	$ 52,328

11. RESTRICTED FUNDS

	2019	2018
Travis Fehr Campership Fund	$ 16,239	15,969
Campership Subsidy Fund	7,220	8,927
Menno Nickel Fund	3,065	3,065
School Subsidy Fund	(84)	(84)
	$ 26,440	$ 27,877

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 interest or credit risk arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transactions to purchase goods and services on credit, borrows funds from creditors, etc. for which repayment is required at various maturity dates. Liquidity is measured by reviewing the Organizations future net cash flows for the possibility of a negative cash flow. The Organization manages the liquidity risk resulting from its accounts payable by investing in liquid assets.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(CONTINUED)*

Credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of accounts receivable. The maximum credit risk is $ 8,140 (2018 - $ 9,506). 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.

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.