

CARMAN AREA FOUNDATION INC.

FINANCIAL STATEMENTS

(Unaudited)

DECEMBER 31, 2019

NAKONECHNY & POWER

CHARTERED PROFESSIONAL ACCOUNTANTS LTD.

CARMAN AREA FOUNDATION INC.

DECEMBER 31, 2019

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Independent practitioners' review engagement report

To the Directors of
Carman Area Foundation Inc.

We have reviewed the accompanying financial statements of Carman Area Foundation Inc. that comprise the statement of financial position as at December 31, 2019 and the statements of operations and 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 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.

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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Carman Area Foundation Inc. as at December 31, 2019 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.

June 1, 2020



CARMAN AREA FOUNDATION INC.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

(Unaudited)

(with prior year's figures for comparison)

ASSETS

CURRENT	2019	2018
Cash	\$ 172,982	\$ 128,213
Investments (note 1)	24,776	23,596
Accrued interest receivable	-	253
GST receivable	665	573
Other receivable (note 2)	<u>-</u>	<u>20,459</u>
	198,423	173,094
ACCESS CREDIT UNION SHARES	15	15
INVESTMENTS, NON-CURRENT (note 1)	<u>2,558,920</u>	<u>1,949,391</u>
	<u>\$ 2,757,358</u>	<u>\$ 2,122,500</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 4,746	\$ 4,746
Boyne Care Project Pledge	<u>-</u>	<u>5,000</u>
	<u>4,746</u>	<u>9,746</u>
NET ASSETS		
Endowment Fund (note 3)	2,562,375	2,124,561
Operating Fund	51,276	42,065
Held for trading Fund	132,952	(59,436)
Restricted Fund	<u>6,009</u>	<u>5,564</u>
	<u>2,752,612</u>	<u>2,112,754</u>
	<u>\$ 2,757,358</u>	<u>\$ 2,122,500</u>

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

CARMAN AREA FOUNDATION INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unaudited)

(with prior year's figures for comparison)

	<u>Endowment Fund</u>	<u>Operating Fund</u>	<u>Held for Trading Fund</u>	<u>Restricted Fund</u>	<u>2019 Total</u>	<u>2018 Total</u>
REVENUE						
Endowment contributions (note 4)	\$ 355,047	\$ -	\$ -	\$ -	\$ 355,047	\$ 85,096
Fundraising - gala evening	64,080	575	-	-	64,655	70,366
Interest income	5,149	-	-	-	5,149	6,667
TWF (The Winnipeg Foundation)						
interest and dividends	95,140	-	-	-	95,140	80,763
TWF realized gains	49,810	-	-	-	49,810	50,044
Grants unused & returned	-	-	-	-	-	5,000
Donations - operating	-	2,100	-	-	2,100	1,800
Fundraising - golf tournament	-	14,940	-	-	14,940	12,930
Gifts in Kind	-	1,282	-	-	1,282	1,282
TWF affiliate fund grant	-	1,270	-	-	1,270	1,018
TWF operating grant	-	2,205	-	-	2,205	2,487
TWF threshold grant	-	6,000	-	-	6,000	5,000
TWF unrealized gains	-	-	192,388	-	192,388	-
	<u>569,226</u>	<u>28,372</u>	<u>192,388</u>	<u>-</u>	<u>789,986</u>	<u>322,453</u>

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

CARMAN AREA FOUNDATION INC.

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2019

(Unaudited)

(with prior year's figures for comparison)

	Endowment Fund	Operating Fund	Held for Trading Fund	Restricted Fund	2019 Total	2018 Total
EXPENSES						
Interest and bank charges	10	-	-	-	10	-
Gala evening expenses	11,358	2,003	-	-	13,361	13,282
TWF administration fees	12,517	-	-	-	12,517	10,230
TWF investment fees	8,754	-	-	-	8,754	6,817
TWF unrealized losses	-	-	-	-	-	176,981
Accounting and legal	-	4,857	-	-	4,857	4,927
Conference	-	3,049	-	-	3,049	425
Executive director fees	-	15,600	-	-	15,600	12,600
Golf tournament expenses	-	3,748	-	-	3,748	2,180
Insurance	-	1,282	-	-	1,282	1,282
Membership	-	634	-	-	634	563
Office	-	7,123	-	-	7,123	8,567
Community awareness	-	1,325	-	-	1,325	527
Grants paid (note 8)	-	-	-	77,868	77,868	81,042
	<u>32,639</u>	<u>39,621</u>	<u>-</u>	<u>77,868</u>	<u>150,128</u>	<u>319,423</u>
EXCESS REVENUES (EXPENSES)	536,587	(11,249)	192,388	(77,868)	639,858	3,030
Transfers between funds						
Granting allocation (note 6)	(78,313)	-	-	78,313	-	-
Admin fee allocation (note 7)	(20,460)	20,460	-	-	-	-
NET ASSETS - BEGINNING OF YEAR	<u>2,124,561</u>	<u>42,065</u>	<u>(59,436)</u>	<u>5,564</u>	<u>2,112,754</u>	<u>2,109,724</u>
NET ASSETS - END OF YEAR	<u>\$ 2,562,375</u>	<u>\$ 51,276</u>	<u>\$ 132,952</u>	<u>\$ 6,009</u>	<u>\$ 2,752,612</u>	<u>\$ 2,112,754</u>

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

CARMAN AREA FOUNDATION INC.

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

(Unaudited)

(with prior year's figures for comparison)

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES:		
Excess revenue	\$ 639,858	\$ 3,030
Adjusted for non-cash items:		
Contributions made directly to TWF (note 4)	(36,310)	(38,806)
Boyne Care Project Pledge	(5,000)	5,000
TWF net investment income	(316,067)	63,221
Annual admin fees received	<u>45,494</u>	<u>-</u>
	327,975	32,445
Net changes in non-cash working capital items:		
Accrued interest receivable	253	1,257
Other receivable	-	600
GST receivable	(92)	179
Accounts payable	<u>-</u>	<u>226</u>
	<u>328,136</u>	<u>34,707</u>
INVESTING ACTIVITIES:		
Granting allocation received from TWF	77,831	64,498
Proceeds from other investments	23,597	27,752
Transfers to TWF	<u>(384,795)</u>	<u>(137,535)</u>
	<u>(283,367)</u>	<u>(45,285)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	44,769	(10,578)
CASH AND CASH EQUIVALENTS, beginning of year	<u>128,213</u>	<u>138,791</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 172,982</u>	<u>\$ 128,213</u>
REPRESENTED BY:		
Access Credit Union chequing	\$ 156,141	\$ 118,435
Access Credit Union premium savings	10,971	5,353
Access Credit Union Linear Grain Fund	<u>5,870</u>	<u>4,425</u>
	<u>\$ 172,982</u>	<u>\$ 128,213</u>

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

CARMAN AREA FOUNDATION INC.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2019

(Unaudited)

Nature of Operations	<p>The Carman Area Foundation Inc. is a community foundation incorporated under the Manitoba Corporations Act on April 15, 1998. The organization invests the contributions it receives in a perpetuity endowment fund and uses the income earned to make grants to charitable groups in the Rural Municipalities of Roland, Dufferin and Grey, the Town of Carman and the Sperling area.</p> <p>The Carman Area Foundation Inc. is a registered charity under the Income Tax Act (Canada) and while registered is exempt from income taxes.</p>
Basis of Accounting	<p>Carman Area Foundation Inc. applies the Canadian accounting standards for not-for-profit organizations. These standards are part of Canadian generally accepted accounting principles.</p>
Endowment fund	<p>This fund has the purpose of receiving contributions in perpetuity and investing the funds to generate revenue. The revenue earned is used to make grants to a variety of charitable groups for the benefit of the local community. This fund is externally restricted by the fund agreements.</p>
Operating fund	<p>This fund's purpose is to receive revenue from donations, grants and fundraising intended to cover the operating expenses of the Foundation. This fund is unrestricted.</p>
Restricted fund	<p>This fund was set up to hold restricted funds which are typically grants approved by the board and allocated from the endowment fund but not paid out to the grant recipient in the fiscal year. This fund is externally restricted by the fund agreement with respect to the grant recipient.</p>
Held for trading fund	<p>This fund was set up to hold the unrealized gains and losses on investments. This fund is internally restricted.</p>
Use of estimates	<p>The preparation of financial statements in accordance 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, revenues and expenses.</p> <p>There are no specific areas where estimates are used on an ongoing basis.</p>
Financial Instruments	<p>The organization initially measures its financial assets and financial liabilities at fair value.</p> <p>The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost.</p>

CARMAN AREA FOUNDATION INC.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2019

(Unaudited)

Cash and cash equivalents	Cash and cash equivalents consist of cash on hand, balances with banks, and short-term deposits with a maturity of three months or less.
Investments	Investments in debentures are held to maturity and are measured at cost. Investments held at TWF are measured at fair market value.
Revenue Recognition	<p>The Foundation uses the restricted fund method of accounting for contributions. Under this method, all endowment contributions are recognized as revenue in the endowment fund.</p> <p>Donations, fundraising and gifts in kind are recognized in the applicable fund when received.</p> <p>Grants are recognized when confirmation is received that the organization has been successful in its application and has met any conditions required by the grantor.</p> <p>Investment income is recognized as revenue in the year it is realized.</p>
Contributed services	Volunteers contribute a significant amount of time to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

(Unaudited)

1. INVESTMENTS

The Foundation signed an affiliation agreement with The Winnipeg Foundation (TWF) to manage all of the investments of the Foundation.

This consists of the following, which are stated at cost unless otherwise noted:

	<u>2019</u>	<u>2018</u>
RM of Dufferin debenture at a rate of 5% repayable over a ten year term maturing December 1, 2020 (current portion - \$12,334; 2018 - \$11,746)	\$ 12,334	\$ 24,080
Town of Carman debenture at a rate of 6.25% repayable over a twenty year term maturing December 1, 2024 (current portion - \$6,570; 2018 - \$6,183)	37,221	43,404
RM of Grey debenture at a rate of 3.625% repayable over a ten year term maturing December 31, 2022 (current portion - \$5,872; 2018 - \$5,667)	18,262	23,929
Investments held at The Winnipeg Foundation, stated at fair market value	<u>2,515,879</u>	<u>1,881,574</u>
	2,583,696	1,972,987
Less: Current Investments	<u>24,776</u>	<u>23,596</u>
Total Non-Current Investments	<u>\$ 2,558,920</u>	<u>\$ 1,949,391</u>

2. OTHER RECEIVABLE

This represents the transfer of cash for the annual administration fee (note 7) from The Winnipeg Foundation to cover administrative costs due prior to year end but received after year end.

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

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

(Unaudited)

3. ENDOWMENT FUNDS 2019

	<u>Opening balance</u>	<u>Admin expense</u>	<u>Grants allocated</u>	<u>Contri- butions</u>	<u>Investment income</u>	<u>Ending balance</u>
General Fund	\$ 1,079,959	\$ (10,402)	\$ (40,178)	\$ 313,483	\$ 67,013	\$ 1,409,875
Mason's - Boyne Lodge Fund	15,294	(147)	(610)	-	866	15,403
Mason's - Carman Memorial Hospital	15,298	(147)	(610)	-	866	15,407
Mason's - Carman Collegiate Fund	15,123	(146)	(605)	-	856	15,228
Mason's - CES Fund	15,061	(145)	(605)	-	853	15,164
Carman Kinsmen Pool Fund	25,958	(250)	(965)	1,800	1,520	28,063
Sperling Community Fund	126,875	(1,222)	(4,825)	6,614	7,369	134,811
Linear Grain Fund	131,156	(1,263)	(5,110)	2,425	7,492	134,700
Theatre Fund	5,118	(49)	(205)	-	290	5,154
Roland Community Fund	118,824	(1,144)	(4,035)	7,664	6,943	128,252
Health and Wellness Fund	130,457	(1,256)	(5,205)	1,148	7,417	132,561
Boyne Regional Library Fund	44,970	(433)	(1,485)	1,398	2,585	47,035
Preston-Kitching Fund	60,381	(581)	(2,195)	5,000	3,560	66,165
RM of Grey Fund	131,542	(1,267)	(3,765)	28,957	8,269	163,736
Carman Lions Club Fund	12,298	(118)	(490)	-	696	12,386
Boyne Lodge Fund	61,349	(591)	(2,450)	-	3,472	61,780
Carman Memorial Hospital Fund	62,487	(602)	(2,470)	125	3,540	63,080
Arts Stabilization Manitoba Fund	15,551	(150)	(620)	-	880	15,661
Winston Simpson Memorial Fund	19,615	(189)	(770)	-	1,110	19,766
Carman Golf and Curling Club Fund	16,129	(155)	(610)	1,075	943	17,382
Carman Collegiate YIP Fund (note 5)	6,430	(62)	-	2,000	421	8,789
Carman Handi-Van Fund	14,686	(141)	(505)	1,250	867	16,157
Dane Nicolajsen Fund	-	-	-	34,830	990	35,820
Total	<u>\$ 2,124,561</u>	<u>\$ (20,460)</u>	<u>\$ (78,313)</u>	<u>\$ 407,769</u>	<u>\$ 128,818</u>	<u>\$ 2,562,375</u>

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

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

(Unaudited)

4. ENDOWMENT CONTRIBUTIONS

Included in endowment contributions are \$36,310 (2018 - \$38,806) of contributions that were made directly to The Winnipeg Foundation for the benefit of the Carman Area Foundation Inc..

5. THOMAS SILL FOUNDATION GRANT

In November, 2012, the Carman Area Foundation Inc. and the Thomas Sill Foundation entered into a six year agreement in support of the Youth in Philanthropy program at Carman Collegiate. The Thomas Sill Foundation and Carman Area Foundation Inc. agreed to provide financial assistance to the Youth in Philanthropy program. The Thomas Sill Foundation will provide the Youth in Philanthropy program \$3,500 a year for three years (2013 - 2015) and the Carman Area Foundation Inc. will provide \$3,500 a year for the following three years (2016 - 2018). This will allow the Youth in Philanthropy program to grant money to various organizations using the granting criteria of the Carman Area Foundation Inc. The board extended this for another three-year period (2019 - 2021) in 2018.

6. GRANTING ALLOCATION

The Foundation is required to pay out grants annually as specified by each of the endowment fund agreements. The granting allocation is a transfer of funds from each of the endowment funds to the restricted fund that is made once the Board of Directors has determined the annual grant amounts to be paid out.

7. ADMIN FEE ALLOCATION

The Foundation policy permits a transfer as set annually by the Board of Directors from the endowment fund to the operating fund to cover administrative expenses. On January 1, 2019, \$20,460 (2018 - \$19,117), or 1% (2018 - 1%) of the average fund balance from the prior two years was transferred from each endowment fund to the operating fund to cover administrative expenses.

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

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

(Unaudited)

8. GRANTS PAID

	<u>2019</u>	<u>2018</u>
Aspen Winds - The Stepping Stone	\$ 500	\$ -
Boyne Regional Library	9,500	5,500
Boyne Valley Hostel Corp.	4,000	10,000
Carman & Community Active Living Centre	-	4,000
Carman Family Resource Center	250	-
Carman Golf & Curling Club	610	-
Carman Handi-Van Corp.	5,005	215
Carman Memorial Hospital	1,995	1,580
Carman Palliative Care	5,588	3,500
Child & Family Services Foundation	2,250	2,000
Dufferin Agricultural Society	1,605	-
Dufferin Historical Society	1,500	900
Elm Creek Housing Corp.	-	2,000
Elm Creek Stay & Play Inc.	2,000	-
Golden Prairie Arts Council	1,370	2,920
Manitoba 4H Council	-	1,000
Manitoba SwimAbility	370	-
Pembina Valley Big Brothers Big Sisters	2,250	-
PRSD - Carman Collegiate	860	3,395
PRSD - Carman Elementary School	605	605
PRSD - Elm Creek School	-	1,000
PRSD - Roland School	2,600	-
PRSD - YIP Carman Collegiate (note 5)	3,500	3,500
RM of Dufferin - Homewood Cairn Committee	-	2,000
RM of Dufferin - Roseisle Planning Committee	-	1,900
RM of Grey - Almassippi Players	1,500	-
RM of Grey - Elm Creek Community Hall	3,000	-
RM of Grey - Elm Creek Skating Rink	1,500	6,000
RM of Grey - St Claude Childrens Center	1,000	-
RM of Roland - Historical Society	-	3,500
RM of Roland - Roland Golf Club	1,000	3,000
Roland Pumpkin Fair	1,000	615
Sperling Community Club	4,825	8,400
TLC Centre Inc.	-	500
Town of Carman - Carman Campground	1,350	1,500
Town of Carman - Carman Cardinals	1,800	-
Town of Carman - Carman Minor Ball	5,050	1,000
Town of Carman - Carman Minor Hockey	850	650
Town of Carman - Carman Pool	2,020	930
Town of Carman - Recreation	1,315	4,167
Town of Carman - Carman Community Hall	800	765
Wee Care Child Care Center Inc.	4,500	4,000
Total grants paid	<u>\$ 77,868</u>	<u>\$ 81,042</u>

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

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

(Unaudited)

9. FINANCIAL INSTRUMENTS

Risks and concentrations

The Foundation is exposed to various risk through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Foundation's risk exposure as at December 31, 2019.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. There are no major areas where the Foundation is exposed to liquidity risk and there has been no change to the risk exposures from the prior year.

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. There are no major areas where the Foundation is exposed to credit risk and there has been no change to the risk exposures from the prior year.

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.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to currency risk on its foreign investments managed by The Winnipeg Foundation as the prices denominated in foreign currencies are converted to Canadian dollar in determining fair value. The Winnipeg Foundation's investment policy has an objective to manage currency risk by maintaining a geographically diversified portfolio. There have been no changes in currency risk from the prior year.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk on its fixed rate financial instruments and its bond portfolios managed by The Winnipeg Foundation. The objective of The Winnipeg Foundation's investment policy is to manage its interest rate exposure. There have been no changes in interest rate risk from the prior year.

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

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

(Unaudited)

FINANCIAL INSTRUMENTS ctd.

Market risk ctd.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency 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 Foundation is exposed to other price risk on its investments in preferred and common stock managed by The Winnipeg Foundation. The objective of The Winnipeg Foundation's investment policy is to manage other price risk by maintaining a portfolio which is diversified across geographic and industry sectors. There have been no changes in other price risk from the prior year.

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