

CARMAN AREA FOUNDATION INC.

FINANCIAL STATEMENTS

(Unaudited)

DECEMBER 31, 2020

NAKONECHNY & POWER

CHARTERED PROFESSIONAL ACCOUNTANTS LTD.

CARMAN AREA FOUNDATION INC.

DECEMBER 31, 2020

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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, 2020 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, 2020 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.

May 31, 2021



CARMAN AREA FOUNDATION INC.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

(Unaudited)

(with prior year's figures for comparison)

ASSETS

CURRENT	<u>2020</u>	<u>2019</u>
Cash	\$ 199,455	\$ 172,982
Investments (note 1)	29,036	24,776
GST receivable	<u>348</u>	<u>665</u>
	228,839	198,423
ACCESS CREDIT UNION SHARES	15	15
INVESTMENTS, NON-CURRENT (note 1)	<u>2,796,284</u>	<u>2,558,920</u>
	<u>\$ 3,025,138</u>	<u>\$ 2,757,358</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ <u>4,928</u>	\$ <u>4,746</u>
NET ASSETS		
Endowment Fund (note 2)	2,695,205	2,562,375
Operating Fund	79,046	51,276
Held for trading Fund	242,545	132,952
Restricted Fund	<u>3,414</u>	<u>6,009</u>
	<u>3,020,210</u>	<u>2,752,612</u>
	<u>\$ 3,025,138</u>	<u>\$ 2,757,358</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, 2020

(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>2020 Total</u>	<u>2019 Total</u>
REVENUE						
Endowment contributions (note 3)	\$ 105,845	\$ -	\$ -	\$ -	\$ 105,845	\$ 355,047
Fundraising - gala evening	-	-	-	-	-	64,655
Fundraising - golf tournament	3,100	15,290	-	-	18,390	14,940
Interest income	4,646	-	-	-	4,646	5,149
TWF (The Winnipeg Foundation)						
interest and dividends	85,347	-	-	-	85,347	95,140
TWF realized gains	72,298	-	-	-	72,298	49,810
Donations - operating	-	2,700	-	-	2,700	2,100
Emergency Community Support Fund (note 4)	-	8,000	-	70,000	78,000	-
Gifts in Kind	-	1,282	-	-	1,282	1,282
TWF affiliate fund grant	-	1,555	-	-	1,555	1,270
TWF operating grant	-	1,591	-	-	1,591	2,205
TWF threshold grant	-	6,000	-	-	6,000	6,000
TWF unrealized gains	-	-	109,593	-	109,593	192,388
Manitoba Build 150 (note 5)	-	-	-	20,000	20,000	-
	<u>271,236</u>	<u>36,418</u>	<u>109,593</u>	<u>90,000</u>	<u>507,247</u>	<u>789,986</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, 2020

(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>2020 Total</u>	<u>2019 Total</u>
EXPENSES						
Interest and bank charges	-	-	-	-	-	10
Gala evening expenses	-	-	-	-	-	13,361
Loss on investment disposition	21	-	-	-	21	-
TWF administration fees	13,296	-	-	-	13,296	12,517
TWF investment fees	9,336	-	-	-	9,336	8,754
Accounting and legal	-	5,172	-	-	5,172	4,857
Conference	-	91	-	-	91	3,049
Executive director fees	-	15,600	-	-	15,600	15,600
Golf tournament expenses	264	2,890	-	-	3,154	3,748
Insurance	-	1,282	-	-	1,282	1,282
Membership	-	637	-	-	637	634
Office	-	6,845	-	-	6,845	7,123
Community awareness	-	1,165	-	-	1,165	1,325
Grants paid (note 9)	-	-	-	183,050	183,050	77,868
	<u>22,917</u>	<u>33,682</u>	<u>-</u>	<u>183,050</u>	<u>239,649</u>	<u>150,128</u>
EXCESS REVENUES (EXPENSES)	248,319	2,736	109,593	(93,050)	267,598	639,858
Transfers between funds						
Granting allocation (note 7)	(90,455)	-	-	90,455	-	-
Admin fee allocation (note 8)	(25,034)	25,034	-	-	-	-
NET ASSETS - BEGINNING 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>
NET ASSETS - END OF YEAR	<u>\$ 2,695,205</u>	<u>\$ 79,046</u>	<u>\$ 242,545</u>	<u>\$ 3,414</u>	<u>\$ 3,020,210</u>	<u>\$ 2,752,612</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, 2020

(Unaudited)

(with prior year's figures for comparison)

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES:		
Excess revenue	\$ 267,598	\$ 639,858
Adjusted for non-cash items:		
Contributions made directly to TWF (note 3)	(33,650)	(36,310)
Investment disposition gains	21	-
Contributed shares	(15,991)	-
Boyne Care Project Pledge	-	(5,000)
TWF net investment income	(244,606)	(316,067)
Annual admin fees received	<u>26,591</u>	<u>45,494</u>
	(37)	327,975
Net changes in non-cash working capital items:		
Accrued interest receivable	-	253
GST receivable	317	(92)
Accounts payable	<u>182</u>	<u>-</u>
	<u>462</u>	<u>328,136</u>
INVESTING ACTIVITIES:		
Granting allocation received from TWF	89,330	77,831
Proceeds from other investments	24,776	23,597
Transfers to TWF	<u>(88,095)</u>	<u>(384,795)</u>
	<u>26,011</u>	<u>(283,367)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	26,473	44,769
CASH AND CASH EQUIVALENTS, beginning of year	<u>172,982</u>	<u>128,213</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 199,455</u>	<u>\$ 172,982</u>
REPRESENTED BY:		
Access Credit Union chequing	\$ 59,169	\$ 156,141
Access Credit Union premium savings	137,012	10,971
Access Credit Union Linear Grain Fund	<u>3,274</u>	<u>5,870</u>
	<u>\$ 199,455</u>	<u>\$ 172,982</u>

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

CARMAN AREA FOUNDATION INC.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2020

(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 distribute grants to a variety of charitable groups for the benefit of the local communities. 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, 2020

(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 and CIBC Investor's Edge 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, 2020

(Unaudited)

1. INVESTMENTS

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

The investments consist of the following, which are stated at cost unless otherwise noted:

	<u>2020</u>	<u>2019</u>
RM of Dufferin debenture at a rate of 5% repayable over a ten year term matured December 1, 2020 (current portion - nil; 2019 - \$12,334)	\$ -	\$ 12,334
Town of Carman debenture at a rate of 6.25% repayable over a twenty year term maturing December 1, 2024 (current portion - \$6,981; 2019 - \$6,570)	30,651	37,221
RM of Grey debenture at a rate of 3.625% repayable over a ten year term maturing December 31, 2022 (current portion - \$6,085; 2019 - \$5,872)	12,390	18,262
137 shares of CIBC held with CIBC Investor's Edge, stated at fair market value	15,970	-
Investments held at The Winnipeg Foundation, stated at fair market value	<u>2,766,309</u>	<u>2,515,879</u>
	2,825,320	2,583,696
Less: Current Investments	<u>29,036</u>	<u>24,776</u>
Total Non-Current Investments	<u>\$ 2,796,284</u>	<u>\$ 2,558,920</u>

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

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Unaudited)

2. ENDOWMENT FUNDS 2020

	<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	\$ 1,409,875	\$ (13,785)	\$ (47,625)	\$ 65,346	\$ 77,099	\$ 1,490,910
Mason's - Boyne Lodge Fund	15,403	(150)	(625)	-	821	15,449
Mason's - Carman Memorial Hospital	15,407	(150)	(625)	-	821	15,453
Mason's - Carman Collegiate Fund	15,228	(148)	(615)	-	812	15,277
Mason's - CES Fund	15,164	(147)	(615)	-	808	15,210
Carman Kinsmen Pool Fund	28,063	(274)	(1,060)	-	1,495	28,224
Sperling Community Fund	134,811	(1,316)	(5,190)	9,900	7,438	145,643
Linear Grain Fund	134,700	(1,314)	(5,360)	-	7,178	135,204
Theatre Fund	5,154	(52)	(210)	-	275	5,167
Roland Community Fund	128,252	(1,252)	(4,780)	1,202	6,872	130,294
Health and Wellness Fund	132,561	(1,294)	(5,335)	-	7,064	132,996
Boyne Regional Library Fund	47,035	(459)	(1,780)	1,096	2,515	48,407
Preston-Kitching Fund	66,165	(646)	(2,475)	2,000	3,579	68,623
RM of Grey Fund	163,736	(1,598)	(5,220)	14,459	9,087	180,464
Carman Lions Club Fund	12,386	(122)	(500)	-	660	12,424
Boyne Lodge Fund	61,780	(603)	(2,500)	-	3,292	61,969
Carman Memorial Hospital Fund	63,080	(614)	(2,545)	-	3,374	63,295
Arts Stabilization Manitoba Fund	15,661	(153)	(635)	-	835	15,708
Winston Simpson Memorial Fund	19,766	(193)	(795)	-	1,053	19,831
Carman Golf and Curling Club Fund	17,382	(170)	(665)	788	948	18,283
Carman Collegiate YIP Fund (note 6)	8,789	(86)	-	1,000	495	10,198
Carman Handi-Van Fund	16,157	(158)	(550)	545	877	16,871
Dane Nicolajsen Fund	35,820	(350)	(750)	2,345	1,972	39,037
D.R. McClement Memorial Fund	-	-	-	10,000	268	10,268
Total	<u>\$ 2,562,375</u>	<u>\$ (25,034)</u>	<u>\$ (90,455)</u>	<u>\$ 108,681</u>	<u>\$ 139,638</u>	<u>\$ 2,695,205</u>

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

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Unaudited)

3. ENDOWMENT CONTRIBUTIONS

Included in endowment contributions are \$33,650 (2019 - \$36,310) of contributions that were made directly to The Winnipeg Foundation for the benefit of the Carman Area Foundation Inc..

4. EMERGENCY COMMUNITY SUPPORT FUND

The Emergency Community Support Fund was established as part of the Government of Canada's Covid-19 economic response plan. Through the Community Foundations of Canada, Carman Area Foundation Inc. qualified for \$70,000 in funding that was to be distributed to eligible recipients.

5. MANITOBA BUILD 150

As part of celebrating Manitoba's 150th birthday, Endow Manitoba granted out funds to various community foundations to be distributed to eligible recipients. To be eligible for funds, Carman Area Foundation Inc. had to agree to match the grants. \$20,000 was received by Carman Area Foundation Inc. in the year as part of this program.

6. 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.

7. 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.

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

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Unaudited)

8. 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, 2020, \$25,034 (2019 - \$20,460), or 1% (2019 - 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.

9. GRANTS PAID

	<u>2020</u>	<u>2019</u>
Aspen Winds - The Stepping Stone	\$ 500	\$ 500
Boyne Regional Library	1,780	9,500
Boyne Valley Hostel	9,325	4,000
Carman & Community Active Living Centre Inc.	2,000	-
Carman Family Resource Center	250	250
Carman Golf & Curling Club	-	610
Carman Handi-Van Corp	1,050	5,005
Carman Memorial Hospital	3,800	1,995
Carman Palliative Care	3,810	5,588
Carman United Church	1,000	-
Child & Family Services Foundation	2,000	2,250
Dufferin Agricultural Society	2,500	1,605
Dufferin Historical Society	1,000	1,500
Elm Creek Stay & Play Inc.	4,720	2,000
Elm Creek Housing Corp.	2,500	-
Golden Prairie Arts Council	2,435	1,370
Manitoba SwimAbility	-	370
Pembina Valley Big Brothers Big Sisters	1,230	2,250
PRSD - Carman Collegiate	1,700	860
PRSD - Carman Elementary School	1,200	605
PRSD - Elm Creek School	1,700	-
PRSD - Roland School	2,400	2,600
PRSD - YIP Carman Collegiate	3,500	3,500
RM of Dufferin - Roseisle Planning Committee	1,000	-
RM of Grey - Almassippi Players	-	1,500
RM of Grey - Elm Creek Canada Day Committee	3,500	-
RM of Grey - Elm Creek Community Hall	3,000	3,000
RM of Grey - Elm Creek Skating Rink	-	1,500
RM of Grey - St Claude Childrens Center	-	1,000
RM of Roland - Roland Golf Course	1,660	1,000
Roland Pumpkin Fair	1,120	1,000
South Central Centre on Family Violence	300	-
Sperling Community Club	7,850	4,825
St. Claude Community Centre	2,000	-
TLC Centre Inc.	2,500	-

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CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Unaudited)

GRANTS PAID ctd.

Town of Carman - Carman Campground	-	1,350
Town of Carman - Carman Cardinals	1,500	1,800
Town of Carman - Carman Community Hall	1,013	800
Town of Carman - Carman Farmers Market	1,000	-
Town of Carman - Carman Minor Ball	4,952	5,050
Town of Carman - Carman Minor Hockey	300	850
Town of Carman - Carman Pool	2,000	2,020
Town of Carman - Communities in Bloom	2,000	-
Town of Carman - Recreation	4,455	1,315
Wee Care Child Care Center Inc.	<u>2,500</u>	<u>4,500</u>
Total regular grants paid	93,050	77,868
Emergency Community Support Fund grants paid (note 4)	70,000	-
Manitoba Build 150 grants paid (note 5)	<u>20,000</u>	<u>-</u>
Total grants paid	<u>\$ 183,050</u>	<u>\$ 77,868</u>

10. 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, 2020.

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.

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CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Unaudited)

FINANCIAL INSTRUMENTS ctd.

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.

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.