

CARMAN AREA FOUNDATION INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

CARMAN AREA FOUNDATION INC.

DECEMBER 31, 2022

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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, 2022 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.

Practitioners' 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, 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.

May 29, 2023



CARMAN AREA FOUNDATION INC.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

(with prior year's figures for comparison)

ASSETS

CURRENT	<u>2022</u>	<u>2021</u>
Cash	\$ 280,883	\$ 196,932
Investments (note 1)	7,880	13,722
GST receivable	<u>374</u>	<u>462</u>
	289,137	211,116
ACCESS CREDIT UNION SHARES	15	15
INVESTMENTS, NON-CURRENT (note 1)	<u>2,939,456</u>	<u>3,193,913</u>
	<u>\$ 3,228,608</u>	<u>\$ 3,405,044</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ <u>5,040</u>	\$ <u>7,540</u>
NET ASSETS		
Endowment Fund		
Endowment Fund (note 2)	3,124,770	2,975,769
Held for trading Fund	<u>(25,659)</u>	<u>318,586</u>
	3,099,111	3,294,355
Operating Fund	119,321	98,055
Restricted Fund	<u>5,136</u>	<u>5,094</u>
	<u>3,223,568</u>	<u>3,397,504</u>
	<u>\$ 3,228,608</u>	<u>\$ 3,405,044</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, 2022

(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>2022 Total</u>	<u>2021 Total</u>
REVENUE						
Endowment contributions (note 3)	\$ 100,194	\$ -	\$ -	\$ -	\$ 100,194	\$ 105,500
Fundraising - gala evening	77,741	-	-	-	77,741	70,633
Fundraising - golf tournament	-	15,050	-	-	15,050	13,225
Interest income	3,329	-	-	-	3,329	3,563
TWF (The Winnipeg Foundation)						
interest and dividends	81,868	-	-	-	81,868	83,657
TWF realized gains	62,368	-	-	-	62,368	180,610
Grants unused & returned	-	-	-	532	532	-
Donations - operating	-	-	-	-	-	550
Gifts in Kind (note 4)	-	1,282	-	-	1,282	1,282
TWF affiliate fund grant	-	2,266	-	-	2,266	1,958
TWF operating grant	-	3,500	-	-	3,500	3,000
TWF threshold grant	-	6,000	-	-	6,000	7,000
TWF unrealized gains	-	-	-	-	-	76,041
	<u>325,500</u>	<u>28,098</u>	<u>-</u>	<u>532</u>	<u>354,130</u>	<u>547,019</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, 2022

(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>2022 Total</u>	<u>2021 Total</u>
EXPENSES						
Gala evening expenses	8,646	1,117	-	-	9,763	8,665
TWF administration fees	14,422	-	-	-	14,422	15,647
TWF investment fees	12,138	-	-	-	12,138	13,512
TWF unrealized losses	-	-	344,245	-	344,245	-
Accounting and legal	-	5,040	-	-	5,040	4,818
Community awareness	-	163	-	-	163	550
Conference	-	965	-	-	965	204
Community Foundation Coordinator	-	11,147	-	-	11,147	10,388
Golf tournament expenses	-	4,863	-	-	4,863	2,640
Insurance	-	1,282	-	-	1,282	1,282
Interest and bank charges	-	-	-	-	-	21
Loss on investment disposition	-	-	-	-	-	112
Membership	-	1,008	-	-	1,008	877
Office	-	12,540	-	-	12,540	11,689
Grants paid (note 8)	-	-	-	110,490	110,490	99,320
	<u>35,206</u>	<u>38,125</u>	<u>344,245</u>	<u>110,490</u>	<u>528,066</u>	<u>169,725</u>
EXCESS REVENUES (EXPENSES)	290,294	(10,027)	(344,245)	(109,958)	(173,936)	377,294
Transfers between funds						
Granting allocation (note 6)	(110,000)	-	-	110,000	-	-
Admin fee allocation (note 7)	(31,293)	31,293	-	-	-	-
NET ASSETS - BEGINNING OF YEAR	<u>2,975,769</u>	<u>98,055</u>	<u>318,586</u>	<u>5,094</u>	<u>3,397,504</u>	<u>3,020,210</u>
NET ASSETS - END OF YEAR	<u>\$ 3,124,770</u>	<u>\$ 119,321</u>	<u>\$ (25,659)</u>	<u>\$ 5,136</u>	<u>\$ 3,223,568</u>	<u>\$ 3,397,504</u>

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

CARMAN AREA FOUNDATION INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

(with prior year's figures for comparison)

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES:		
Excess (expenses) revenue	\$ (173,936)	\$ 377,294
Adjusted for non-cash items:		
Contributions made directly to TWF (note 3)	(26,696)	(19,345)
Investment disposition losses	-	112
TWF net investment expenses (income)	226,569	(311,149)
Annual admin fees received	<u>28,844</u>	<u>31,293</u>
	54,781	78,205
Net changes in non-cash working capital items:		
GST receivable	88	(114)
Accounts payable	<u>(2,500)</u>	<u>2,612</u>
	<u>52,369</u>	<u>80,703</u>
INVESTING ACTIVITIES:		
Granting allocation received from TWF (note 6)	140,950	102,732
Proceeds from other investments	13,722	28,924
Transfers to TWF	<u>(123,090)</u>	<u>(214,882)</u>
	<u>31,582</u>	<u>(83,226)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	83,951	(2,523)
CASH AND CASH EQUIVALENTS , beginning of year	<u>196,932</u>	<u>199,455</u>
CASH AND CASH EQUIVALENTS , end of year	<u>\$ 280,883</u>	<u>\$ 196,932</u>
REPRESENTED BY:		
Access Credit Union chequing	\$ 211,989	\$ 9,168
Access Credit Union premium savings	64,830	183,209
Access Credit Union Linear Grain Fund	<u>4,064</u>	<u>4,555</u>
	<u>\$ 280,883</u>	<u>\$ 196,932</u>

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

CARMAN AREA FOUNDATION INC.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2022

Nature of Operations

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.

The Carman Area Foundation Inc. is a registered charity under the Income Tax Act (Canada) and while registered is exempt from income taxes.

Basis of Accounting

Carman Area Foundation Inc. applies the Canadian accounting standards for not-for-profit organizations. These standards are part of Canadian generally accepted accounting principles.

Fund Accounting

For financial reporting purposes, the accounts of the foundation have been classified into funds. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Endowment fund

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. Included in this fund is the Held for trading fund which was set up to hold the unrealized gains and losses on investments. This fund is externally restricted by the various fund agreements and the held for trading fund is internally restricted.

Operating fund

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.

Restricted fund

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.

Use of estimates

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.

There are no specific areas where estimates are used on an ongoing basis.

CARMAN AREA FOUNDATION INC.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2022

Financial Instruments	<p>The Foundation initially measures its financial assets and financial liabilities at fair value.</p> <p>Investments are subsequently measured at fair value based on the market value at year end and realized and unrealized gains and losses are included in the Statement of Operation. All other financial instruments are subsequently measured at cost or amortized cost.</p>
Cash and cash equivalents	<p>Cash and cash equivalents consist of cash on hand, balances with banks, and short-term deposits with a maturity of three months or less.</p>
Investments	<p>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.</p>
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>
Gifts in Kind/Contributed services	<p>Only contributed materials and services that can be reliably measured at fair value are included in the financial statements. Volunteers contribute a significant amount of time to assist the organization in carrying out its activities. However, those services cannot be readily valued and are therefore not recognized in the financial statements.</p>

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

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>2022</u>	<u>2021</u>
Town of Carman debenture at a rate of 6.25% repayable over a twenty year term maturing December 1, 2024 (current portion - \$7,880; 2021 - \$7,417)	\$ 16,253	\$ 23,670
RM of Grey debenture at a rate of 3.625% repayable over a ten year term matured December 31, 2022 (current portion - \$nil; 2021 - \$6,305)	-	6,305
Investments held at The Winnipeg Foundation, stated at fair market value	<u>2,931,083</u>	<u>3,177,660</u>
	2,947,336	3,207,635
Less: Current Investments	<u>7,880</u>	<u>13,722</u>
Total Non-Current Investments	<u>\$ 2,939,456</u>	<u>\$ 3,193,913</u>

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

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

(Unaudited)

2. ENDOWMENT FUNDS 2022

	<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	\$ 1,628,168	\$ (17,985)	\$ (60,500)	\$ 119,218	\$ 66,844	\$ 1,735,745
Mason's - Boyne Lodge Fund	16,011	(159)	(625)	-	633	15,860
Mason's - Carman Memorial Hospital	16,073	(159)	(625)	-	636	15,925
Mason's - Carman Collegiate Fund	15,837	(157)	(615)	-	626	15,691
Mason's - CES Fund	15,764	(157)	(615)	-	624	15,616
Carman Kinsmen Pool Fund	29,283	(321)	(1,140)	-	1,157	28,979
Sperling Community Fund	188,643	(1,674)	(6,255)	7,688	7,625	196,027
Linear Grain Fund	144,388	(1,440)	(5,525)	4,197	5,776	147,396
Theatre Fund	5,345	(67)	(210)	-	211	5,279
Roland Community Fund	137,382	(1,543)	(5,280)	2,490	5,480	138,529
Health and Wellness Fund	138,876	(1,365)	(5,390)	1,206	5,520	138,847
Boyne Regional Library Fund	53,733	(593)	(1,990)	1,321	2,135	54,606
Preston-Kitching Fund	71,308	(852)	(2,750)	2,239	2,860	72,805
RM of Grey Fund	205,354	(1,934)	(7,325)	19,843	8,511	224,449
Carman Lions Club Fund	12,875	(128)	(500)	-	509	12,756
Boyne Lodge Fund	64,437	(638)	(2,510)	2,000	2,550	65,839
Carman Memorial Hospital Fund	66,098	(659)	(2,565)	3,945	2,656	69,475
Arts Stabilization Manitoba Fund	16,361	(187)	(635)	100	649	16,288
Winston Simpson Memorial Fund	20,558	(206)	(800)	-	813	20,365
Carman Golf and Curling Club Fund	20,195	(227)	(745)	1,677	834	21,734
Carman Collegiate YIP Fund (note 5)	10,981	(104)	(400)	-	418	10,895
Carman Handi-Van Fund	19,565	(191)	(700)	1,259	797	20,730
Dane Nicolajsen Fund	67,951	(426)	(1,900)	2,106	2,723	70,454
D.R. McClement Memorial Fund	10,583	(121)	(400)	-	418	10,480
Total	<u>\$ 2,975,769</u>	<u>\$ (31,293)</u>	<u>\$ (110,000)</u>	<u>\$ 169,289</u>	<u>\$ 121,005</u>	<u>\$ 3,124,770</u>

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

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

3. ENDOWMENT CONTRIBUTIONS

Included in endowment contributions are \$26,696 (2021 - \$19,345) of contributions that were made directly to The Winnipeg Foundation for the benefit of the Carman Area Foundation Inc..

4. GIFTS IN KIND

During the year, a donor paid a premium in the amount of \$1,282 (2021 - \$1,282) towards a life insurance policy to which the Foundation is the beneficiary. A donation receipt was issued to the donor for the amount of the premiums paid.

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. However, due to Covid-19 the Youth in Philanthropy group was not able to operate to grant in 2021 or 2022. Therefore, the term was extended to 2023.

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, 2022, \$31,293 (2021 - \$26,591), or 1% (2021 - 1%) of the average fund balance from the prior three years as calculated by The Winnipeg Foundation 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, 2022

8. GRANTS PAID

	<u>2022</u>	<u>2021</u>
Boyne Regional Library	\$ 1,990	\$ 1,880
Boyne River Ukulele Group	1,500	-
Carman Wellness Connections Inc.	2,000	-
Carman Community Seniors Resource Council	-	2,250
Carman Family Resource Centre Inc.	650	570
Carman Golf & Curling Club	1,802	700
Carman Handi-Van Corp	700	4,140
Carman Palliative Care	9,075	4,225
Child & Family Services Foundation	3,500	2,720
Dufferin Agricultural Society	8,083	2,125
Dufferin Historical Society	1,500	465
Elm Creek Stay & Play Inc.	5,000	4,000
Elm Creek Housing Corp.	-	7,000
Golden Prairie Arts Council	5,635	5,635
Pembina Valley Big Brothers Big Sisters	3,000	-
PRSD - Carman Collegiate	400	1,000
PRSD - Carman Elementary Parent Advisory Council	5,000	-
PRSD - Elm Creek School Parent Advisory Council	1,500	-
RM of Dufferin - Roseisle Planning Committee	-	1,000
RM of Grey - Elm Creek Canada Day Committee	3,000	5,000
RM of Grey - Elm Creek Community Hall	2,500	2,500
RM of Grey - Elm Creek Skating Rink	2,800	1,972
RM of Roland	3,580	-
RM of Roland - Roland Golf Course	-	4,800
Rock Lake United Church Camp Inc.	500	-
Roland Pumpkin Fair	1,700	-
Southern Health	-	5,000
Sperling Cemetery Board	1,000	-
Sperling Community Club	6,000	8,000
TLC Centre Inc.	5,000	3,600
Town of Carman - Boyne River Keepers	-	2,000
Town of Carman - Carman Chamber of Commerce	2,400	1,350
Town of Carman - Carman Community Garden	1,000	-
Town of Carman - Carman Minor Ball	2,620	3,000
Town of Carman - Carman Minor Hockey	-	600
Town of Carman - Carman Pool	1,140	-
Town of Carman - Communities in Bloom	3,000	3,000
Town of Carman - Midland Nursery School	1,500	1,200
Town of Carman - Recreation	10,915	9,088
Visions of Independence Inc.	-	5,000
Wee Care Child Care Center Inc.	4,500	5,500
Youth for Christ	6,000	-
Total grants paid	<u>\$ 110,490</u>	<u>\$ 99,320</u>

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

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

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, 2022.

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.

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.