

CARMAN AREA FOUNDATION INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023

CARMAN AREA FOUNDATION INC.

DECEMBER 31, 2023

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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, 2023 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, 2023 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 27, 2024



CARMAN AREA FOUNDATION INC.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

(with prior year's figures for comparison)

ASSETS

CURRENT	<u>2023</u>	<u>2022</u>
Cash	\$ 214,721	\$ 280,883
Investments (note 1)	8,373	7,880
GST receivable	<u>344</u>	<u>374</u>
	223,438	289,137
ACCESS CREDIT UNION SHARES	15	15
INVESTMENTS, NON-CURRENT (note 1)	<u>3,376,004</u>	<u>2,939,456</u>
	<u>\$ 3,599,457</u>	<u>\$ 3,228,608</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ <u>5,040</u>	\$ <u>5,040</u>
NET ASSETS		
Endowment Fund		
Endowment Fund (note 6)	3,402,431	3,124,770
Held for trading Fund	<u>114,969</u>	<u>(25,659)</u>
	3,517,400	3,099,111
Operating Fund	67,423	119,321
Restricted Fund	<u>9,594</u>	<u>5,136</u>
	<u>3,594,417</u>	<u>3,223,568</u>
	<u>\$ 3,599,457</u>	<u>\$ 3,228,608</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, 2023

(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>2023 Total</u>	<u>2022 Total</u>
REVENUE						
Dividend income	\$ 33	\$ -	\$ -	\$ -	\$ 33	\$ -
Endowment contributions (note 2)	181,151	-	-	-	181,151	100,194
Fundraising - gala evening	76,717	-	-	-	76,717	77,741
Interest income	5,603	-	-	-	5,603	3,329
TWF (The Winnipeg Foundation)						
interest and dividends	90,741	-	-	-	90,741	81,868
TWF realized gains	78,814	-	-	-	78,814	62,368
Community Foundations of Canada grant	-	10,000	-	-	10,000	-
Fundraising - golf tournament	-	8,250	-	-	8,250	15,050
Gifts in Kind (note 3)	-	1,282	-	-	1,282	1,282
TWF affiliate fund grant	-	2,538	-	-	2,538	2,266
TWF operating grant	-	2,000	-	-	2,000	3,500
TWF threshold grant	-	7,000	-	-	7,000	6,000
TWF unrealized gains	-	-	140,628	-	140,628	-
Grants unused & returned	-	-	-	-	-	532
	<u>433,059</u>	<u>31,070</u>	<u>140,628</u>	<u>-</u>	<u>604,757</u>	<u>354,130</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, 2023

(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>2023 Total</u>	<u>2022 Total</u>
EXPENSES						
Gala evening expenses	18,597	3,372	-	-	21,969	9,763
TWF administration fees	15,657	-	-	-	15,657	14,422
TWF investment fees	12,300	-	-	-	12,300	12,138
Accounting and legal	-	4,928	-	-	4,928	5,040
Community awareness	-	-	-	-	-	163
Conference	-	1,587	-	-	1,587	965
Community Foundation Coordinator	-	11,698	-	-	11,698	11,147
Golf tournament expenses	-	3,767	-	-	3,767	4,863
Insurance	-	1,282	-	-	1,282	1,282
Membership	-	1,072	-	-	1,072	1,008
Office	-	24,106	-	-	24,106	12,540
TWF unrealized losses	-	-	-	-	-	344,245
Grants paid out from returned & unused	-	-	-	532	532	-
Grants paid (note 8)	-	-	-	135,010	135,010	110,490
	<u>46,554</u>	<u>51,812</u>	<u>-</u>	<u>135,542</u>	<u>233,908</u>	<u>528,066</u>
EXCESS REVENUES (EXPENSES)	386,505	(20,742)	140,628	(135,542)	370,849	(173,936)
Transfers between funds						
Granting allocation (note 4)	(140,000)	-	-	140,000	-	-
Admin fee allocation (note 5)	(28,844)	28,844	-	-	-	-
Transfer of op fund net assets (note 7)	60,000	(60,000)	-	-	-	-
NET ASSETS - BEGINNING 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>
NET ASSETS - END OF YEAR	<u>\$ 3,402,431</u>	<u>\$ 67,423</u>	<u>\$ 114,969</u>	<u>\$ 9,594</u>	<u>\$ 3,594,417</u>	<u>\$ 3,223,568</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, 2023

(with prior year's figures for comparison)

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES:		
Excess revenue (expenses)	\$ 370,849	\$ (173,936)
Adjusted for non-cash items:		
Contributions made directly to TWF (note 2)	(41,454)	(26,696)
TWF net investment (income) expenses	(282,226)	226,569
Annual admin fees received	<u>31,315</u>	<u>28,844</u>
	78,484	54,781
Net changes in non-cash working capital items:		
GST receivable	29	88
Accounts payable	<u>-</u>	<u>(2,500)</u>
	<u>78,513</u>	<u>52,369</u>
INVESTING ACTIVITIES:		
Granting allocation received from TWF (note 4)	135,498	140,950
Proceeds from other investments	7,880	13,722
Transfers to TWF	<u>(288,053)</u>	<u>(123,090)</u>
	<u>(144,675)</u>	<u>31,582</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(66,162)	83,951
CASH AND CASH EQUIVALENTS , beginning of year	<u>280,883</u>	<u>196,932</u>
CASH AND CASH EQUIVALENTS , end of year	\$ <u>214,721</u>	\$ <u>280,883</u>
REPRESENTED BY:		
Access Credit Union chequing	\$ 180,596	\$ 211,989
Access Credit Union premium savings	25,071	64,830
Access Credit Union Linear Grain Fund	<u>9,054</u>	<u>4,064</u>
	\$ <u>214,721</u>	\$ <u>280,883</u>

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

CARMAN AREA FOUNDATION INC.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DECEMBER 31, 2023

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, 2023

Financial Instruments

The Foundation initially measures its financial assets and financial liabilities at fair value.

Investments held at TWF 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.

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

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.

Donations, fundraising and gifts in kind are recognized in the applicable fund when received.

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.

Investment income is recognized as revenue in the endowment fund in the year it is realized.

Gifts in Kind/Contributed services

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.

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. INVESTMENTS

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

	<u>2023</u>	<u>2022</u>
Town of Carman debenture at a rate of 6.25% repayable over a twenty year term maturing December 1, 2024 (current portion - \$8,373; 2022 - \$7,880)	\$ 8,373	\$ 16,253
Investments held at TWF stated at fair market value	<u>3,376,004</u>	<u>2,931,083</u>
	3,384,377	2,947,336
Less: Current Investments	<u>8,373</u>	<u>7,880</u>
Total Non-Current Investments	<u>\$ 3,376,004</u>	<u>\$ 2,939,456</u>

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

2. ENDOWMENT CONTRIBUTIONS

Included in endowment contributions are \$41,454 (2022 - \$26,696) of contributions that were made directly to TWF for the benefit of the Carman Area Foundation Inc..

3. GIFTS IN KIND

During the year, a donor paid a premium in the amount of \$1,282 (2022 - \$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.

4. 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.

5. 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, 2023, \$28,844 (2022 - \$31,293), or 1% (2022 - 1%) of the average fund balance from the prior three years as calculated by TWF 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, 2023

(Unaudited)

6. ENDOWMENT FUNDS 2023

	Opening balance	Admin expense	Grants allocated	Contri- butions	Investment income	Ending balance
General Fund	\$ 1,735,745	\$ (16,377)	\$ (78,130)	\$ 63,218	\$ 79,445	\$ 1,783,901
Mason's - Boyne Lodge Fund	15,860	(138)	(720)	-	713	15,715
Mason's - Carman Memorial Hospital	15,925	(137)	(720)	-	716	15,784
Mason's - Carman Collegiate Fund	15,691	(136)	(710)	400	715	15,960
Mason's - CES Fund	15,616	(136)	(710)	-	702	15,472
Carman Kinsmen Pool Fund	28,979	(278)	(1,320)	-	1,303	28,684
Sperling Community Fund	196,027	(1,787)	(8,670)	19,969	9,265	214,804
Linear Grain Fund	147,396	(1,287)	(6,550)	1,893	6,672	148,124
Theatre Fund	5,279	(58)	(240)	750	254	5,985
Roland Community Fund	138,529	(1,359)	(6,200)	3,874	6,315	141,159
Health and Wellness Fund	138,847	(1,194)	(6,300)	145	6,249	137,747
Boyne Regional Library Fund	54,606	(525)	(2,500)	7,745	2,630	61,956
Preston-Kitching Fund	72,805	(741)	(3,250)	2,000	3,317	74,131
RM of Grey Fund	224,449	(1,873)	(9,700)	105,585	12,480	330,941
Carman Lions Club Fund	12,756	(110)	(580)	-	574	12,640
Boyne Lodge Fund	65,839	(573)	(3,000)	-	2,962	65,228
Carman Memorial Hospital Fund	69,475	(608)	(3,100)	27,129	3,732	96,628
Arts Stabilization Manitoba Fund	16,288	(164)	(740)	100	734	16,218
Winston Simpson Memorial Fund	20,365	(178)	(930)	-	916	20,173
Carman Golf and Curling Club Fund	21,734	(213)	(940)	1,288	1,006	22,875
Carman Collegiate YIP Fund	10,895	(90)	(495)	3,000	558	13,868
Carman Handi-Van Fund	20,730	(174)	(910)	1,332	962	21,940
Dane Nicolajsen Fund	70,454	(604)	(3,115)	843	3,188	70,766
D.R. McClement Memorial Fund	10,480	(104)	(470)	-	471	10,377
CAF Administration Fund	-	-	-	60,000	1,355	61,355
Total	<u>\$ 3,124,770</u>	<u>\$ (28,844)</u>	<u>\$ (140,000)</u>	<u>\$ 299,271</u>	<u>\$ 147,234</u>	<u>\$ 3,402,431</u>

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

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

7. TRANSFER FROM OPERATING FUND TO CAF ADMINISTRATION FUND

The Foundation approved the establishment of a new fund, CAF Administration Fund, during the year. In addition, the board approved the transfer of \$60,000 from the operating fund net assets to the new fund.

8. GRANTS PAID

	<u>2023</u>	<u>2022</u>
Boyne Valley Hostel	\$ 6,550	\$ -
Boyne River Ukulele Group	-	1,500
Carman & Community Active Living Centre Inc.	3,500	-
Carman Wellness Connections Inc.	3,500	2,000
Carman Community Seniors Resource Council	2,067	-
Carman Family Resource Centre Inc.	1,300	650
Carman Golf & Curling Club	-	1,802
Carman Handi-Van Corp	910	700
Carman Memorial Hospital	5,400	-
Carman Palliative Care	8,000	9,075
Child & Family Services Foundation	-	3,500
Dufferin Agricultural Society	5,000	8,083
Dufferin Historical Society	2,250	1,500
Elm Creek 4H Activity Club	500	-
Elm Creek Stay & Play Inc.	2,500	5,000
Elm Creek Housing Corp.	3,500	-
Golden Prairie Arts Council	5,000	5,635
Historical Society of the RM of Roland Inc.	1,500	-
Pembina Valley Big Brothers Big Sisters	-	3,000
PRSD - Carman Collegiate	5,110	400
PRSD - Carman Elementary Parent Advisory Council	710	5,000
PRSD - Elm Creek School Parent Advisory Council	4,000	1,500
PRSD - Roland School	4,250	-
PRSD - YIP Carman Collegiate	3,500	-
RM of Grey - Elm Creek Canada Day Committee	2,500	3,000
RM of Grey - Elm Creek Community Hall	-	2,500
RM of Grey - Elm Creek Skating Rink	2,800	2,800
RM of Roland	2,093	3,580
RM of Roland - Roland Golf Course	1,500	-
RM of Roland - Roland Pumpkin Fair	1,270	1,700
Rock Lake United Church Camp Inc.	-	500
Sperling Cemetery Board	-	1,000
Sperling Community Club	8,605	6,000
TLC Centre Inc.	2,000	5,000

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

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

8. GRANTS PAID ctd.

	<u>2023</u>	<u>2022</u>
Town of Carman - Boyne Book it Fun Run	2,900	-
Town of Carman - Boyne Regional Library	5,000	1,990
Town of Carman - Boyne River Keepers	6,000	-
Town of Carman - Carman Community Pathway	225	-
Town of Carman - Carman Chamber of Commerce	1,000	2,400
Town of Carman - Carman Community Garden	-	1,000
Town of Carman - Carman Minor Ball	7,115	2,620
Town of Carman - Carman Pool	2,880	1,140
Town of Carman - Communities in Bloom	3,000	3,000
Town of Carman - Midland Nursery School	2,100	1,500
Town of Carman - Recreation	7,375	10,915
Town of Carman - Back on Cue	1,500	-
Wee Care Child Care Center Inc.	2,500	4,500
Youth for Christ	<u>3,600</u>	<u>6,000</u>
Total grants paid	<u>\$ 135,010</u>	<u>\$ 110,490</u>

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

CARMAN AREA FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

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, 2023.

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 TWF as the prices denominated in foreign currencies are converted to Canadian dollar in determining fair value. TWF'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 TWF. The objective of TWF'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 TWF. The objective of TWF'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.