

CARMAN AREA FOUNDATION INC

FINANCIAL STATEMENTS

(Prepared without audit)

DECEMBER 31, 2012

NAKONECHNY & POWER

CHARTERED ACCOUNTANTS LTD.

CARMAN AREA FOUNDATION INC

DECEMBER 31, 2012

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Review Engagement Report

To the Directors of
Carman Area Foundation Inc

We have reviewed the balance sheet of Carman Area Foundation Inc as at December 31, 2012, December 31, 2011 and January 1, 2011 and the statement of operations and net assets and cash flow statement for the years ended December 31, 2012 and December 31, 2011. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

The Carman Area Foundation Inc has stated their investments that are quoted in an active market at amortized cost. This constitutes a departure from Canadian accounting standards for not-for-profit organizations which require investments that are quoted in an active market to be stated at market value. The directors feel that stating investments at amortized cost is more useful information to the users of these financial statements. Had the directors stated their investments that are quoted in an active market at fair market value instead of amortized cost, an increase in investments to fair market value at December 31, 2012 would have been required in the amount of \$9,988, operating fund excess revenue for the year ended December 31, 2012 would have increased by \$8,800, and the general fund undistributed income at December 31, 2012 would have increased by \$1,208.

Except for the departure from Canadian accounting standards for not-for-profit organizations as explained in the preceding paragraph, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

March 16, 2013

CARMAN AREA FOUNDATION INC

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012

(Prepared without audit)

(with prior year's figures for comparison)

ASSETS

CURRENT	December 31 2012	December 31 2011	January 1 2011
Cash	\$ 41,175	\$ 53,202	\$ 44,799
Premium savings	393,064	309,792	147,918
Investments (note 1)	193,540	193,131	209,420
Accrued interest receivable	14,097	9,905	8,995
GST receivable	<u>1,347</u>	<u>771</u>	<u>575</u>
	643,223	566,801	411,707
INVESTMENTS, NON-CURRENT (note 1)	<u>613,782</u>	<u>625,527</u>	<u>695,955</u>
	<u>\$1,257,005</u>	<u>\$1,192,328</u>	<u>\$1,107,662</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ <u>3,364</u>	\$ <u>3,362</u>	\$ <u>2,800</u>
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NET ASSETS

Endowment fund (note 2)			
Balance, beginning of the year	1,138,164	1,050,021	939,629
Donations received	<u>64,107</u>	<u>88,143</u>	<u>110,392</u>
Balance, end of the year	<u>1,202,271</u>	<u>1,138,164</u>	<u>1,050,021</u>
General fund			
Undistributed income	<u>51,370</u>	<u>50,802</u>	<u>54,841</u>
	<u>\$1,257,005</u>	<u>\$1,192,328</u>	<u>\$1,107,662</u>

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

CARMAN AREA FOUNDATION INC

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2012

(Prepared without audit)

(with prior year's figures for comparison)

	<u>2012</u>	<u>2011</u>
INCOME		
Donations for current operations	\$ 200	\$ -
Operating grant - The Winnipeg Foundation	2,349	2,397
Fundraising - Celebration	41,475	49,289
Fundraising - Golf tournament	15,200	11,850
Interest income	41,202	47,520
Gifts in Kind	1,282	1,282
Dividend income	1,575	-
Gain on disposal of investments	245	-
	<u>103,528</u>	<u>112,338</u>
EXPENSES		
Accounting and legal	3,452	3,718
Advertising	3,139	1,431
Brochures and distribution	214	526
Conference	50	149
Director wages	7,380	7,380
Fundraising - Celebration	6,612	8,550
Fundraising - Golf tournament	2,370	4,806
Insurance	1,282	1,282
Interest and bank charges	228	64
Membership	450	350
Office	1,428	2,525
Special projects - AED (note 4)	-	4,856
	<u>26,605</u>	<u>35,637</u>
EXCESS REVENUE FOR THE YEAR	76,923	76,701
Undistributed income at beginning of year	50,802	54,841
Transfer net proceeds from fundraising activities to endowment fund (note 5)	<u>(35,855)</u>	<u>(41,522)</u>
UNDISTRIBUTED INCOME AVAILABLE FOR DISTRIBUTION	<u>91,870</u>	<u>90,020</u>
GRANTS PAID		
Designated		
Mason's Health Care Fund - Boyne Lodge	520	520
Mason's Health Care Fund -Carman Memorial Hospital	520	520
Mason's Education Fund - Carman Collegiate	520	520
Mason's Education Fund - Carman Elementary School	520	520
Carman Kinsmen Pool Fund	360	350
Sperling Community Fund	2,750	2,700
Linear Grain - Underprivileged Children's Fund	3,300	3,298
Theatre Fund	175	175

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

CARMAN AREA FOUNDATION INC

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2012

(Prepared without audit)

(with prior year's figures for comparison)

	<u>2012</u>	<u>2011</u>
GRANTS PAID - CONTINUED		
Roland Community Fund	950	830
Health and Wellness Fund	4,450	5,800
Boyne Regional Library Fund	515	515
Carman Lions Club Fund	420	420
RM of Grey	660	600
Preston - Kitching Fund	650	650
Carman Memorial Hospital Fund	2,100	700
Boyne Lodge Fund	<u>2,100</u>	<u>2,100</u>
Total designated	<u>20,510</u>	<u>20,218</u>
Discretionary		
Boyne Regional Library	-	595
Boyne Valley Hostel Corp	3,000	1,055
Carman and Area Palliative Care	2,230	-
Carman Community Health Board	2,436	-
Carman Family Resource Center	1,100	600
Carman Hospital	-	1,151
Child & Family Services	800	-
Cornerstone Christian Care Society	-	1,000
Dufferin Historical Society	750	1,644
Elm Creek Stay & Play Inc.	300	900
Golden Prairie Arts Council	1,500	1,100
Linear Grain Fund	284	-
Prairie Rose SD - Carman Collegiate	2,305	2,305
Prairie Rose SD - Carman Elementary School	480	480
RM of Dufferin - Pumpkin Creek Ski Club	500	-
RM of Dufferin - Roseisle Rink	-	1,000
RM of Grey - Elm Creek Housing	340	1,000
Roland Golf Club	-	170
Roland Pumpkin Fair	50	500
Sperling Community Club	750	-
TLC Centre Inc.	-	2,500
Town of Carman - Carman Dufferin Fire Dept	550	-
Town of Carman - Carman Dufferin Recreation	1,140	-
Town of Carman - Carman Community Pathway	-	2,000
Town of Carman - Ryall Park Rink	200	-
Wee Care Child Care Center Inc.	<u>1,275</u>	<u>1,000</u>
Total discretionary	<u>19,990</u>	<u>19,000</u>
Total grants paid	<u>40,500</u>	<u>39,218</u>
UNDISTRIBUTED INCOME AT END OF YEAR	<u>\$ 51,370</u>	<u>\$ 50,802</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, 2012

(Prepared without audit)

(with prior year's figures for comparison)

	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES:		
Excess revenue	\$ 76,923	\$ 76,701
Less:		
Transfer to endowment fund	<u>(35,855)</u>	<u>(41,522)</u>
	41,068	35,179
Net changes in non-cash working capital items:		
Accrued interest receivable	(4,192)	(910)
GST receivable	(576)	(196)
Accounts payable and accrued liabilities	<u>2</u>	<u>562</u>
	<u>36,302</u>	<u>34,635</u>
INVESTING ACTIVITIES:		
Donations received	64,107	88,143
Grants paid	(40,500)	(39,218)
Proceeds from investments	212,304	286,717
Purchase of new investments	(200,968)	(200,000)
Net change in premium savings	<u>(83,272)</u>	<u>(161,874)</u>
	<u>(48,329)</u>	<u>(26,232)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(12,027)	8,403
CASH AND CASH EQUIVALENTS , beginning of year	<u>53,202</u>	<u>44,799</u>
CASH AND CASH EQUIVALENTS , end of year	<u>\$ 41,175</u>	<u>\$ 53,202</u>

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

CARMAN AREA FOUNDATION INC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DECEMBER 31, 2012

(Prepared without audit)

Nature of Operations	<p>The Carman Area Foundation Inc was incorporated under the Manitoba Corporations Act on April 15, 1998 and began operations in February, 1999.</p>
Basis of Accounting	<p>The organization has elected to apply the Canadian accounting standards for not-for-profit organizations of Part III of the CICA Accounting Handbook.</p> <p>These financial statements are the first financial statements for which the entity has applied accounting standards for not-for-profit organizations.</p> <p>The financial statements for the year ended December 31, 2012 were prepared in accordance with the Canadian accounting standards for not-for-profit organizations and provisions set out in First-Time Adoption, Section 1501, for first-time adopters of this basis of accounting.</p> <p>There is no impact on net assets of adopting these standards.</p> <p>The organization has not designated any financial asset or financial liability to be measured at fair value.</p>
Use of estimates	<p>The preparation of financial statements in conformity 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 and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. There are no specific areas where estimates are used on an ongoing basis.</p>
Financial Instruments	<p>The organization utilizes various financial instruments. The organization's financial instruments consist of cash, investments, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.</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>

CARMAN AREA FOUNDATION INC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DECEMBER 31, 2012

(Prepared without audit)

Investments

Investments in GIC's, bonds and debentures are held to maturity and are measured at the lower of amortized cost or fair market value. Investments in equities are measured at the lower of cost and fair market value.

Revenue Recognition

The Foundation uses the deferral method of accounting for contributions. Under this method, endowment contributions are added to the Foundations' net assets.

Donations, fundraising and gifts in kind are recognized 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.

Interest income is recognized on a time proportioned basis.

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

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, 2012

(Prepared without audit)

1. INVESTMENTS

	<u>2012</u>	<u>2011</u>
This consists of the following, which are stated at cost unless otherwise noted:		
A 4.0% guaranteed investment certificate with the Access Credit Union, Carman maturing August 14, 2015	\$ 200,000	\$ 200,000
A 2.5% guaranteed investment certificate with the Access Credit Union, Carman maturing December 31, 2012	-	30,000
A 3.9% guaranteed investment certificate with the Access Credit Union, Carman maturing July 30, 2013	50,000	50,000
Town of Carman debenture at a rate of 5% over a ten year term maturing December 1, 2020	83,702	92,050
Town of Carman debenture at a rate of 6.25% over a twenty year term maturing December 1, 2024	73,573	77,618
Rural Municipality of Dufferin series B debenture at a rate of 6.25% over a ten year term maturing December 31, 2012	-	13,121
Rural Municipality of Dufferin series B debenture at a rate of 6.25% over a ten year term maturing December 31, 2013	3,604	6,995
A 4.5% guaranteed investment certificate with the Access Credit Union Limited, Winkler maturing December 22, 2012.	-	100,000
A 4.8% guaranteed investment certificate with the Access Credit Union Limited, Winkler maturing December 22, 2013.	100,000	100,000
2,490 shares of BMO Canadian Dividend Exchange Traded Funds	39,937	-
A 3% 5 year GIC held by Manulife Bank, maturing January 23, 2017	160,000	-
A 7.768% Manulife bond held with Credential Securities, maturing April 8, 2019, stated at amortized cost	96,506	98,864
A 4.513% Cdn Cr Card TR bond held with Credential Securities, maturing April 24, 2012	<u>-</u>	<u>50,010</u>
	807,322	818,658
Less: Current Investments	<u>193,540</u>	<u>193,131</u>
Total Long-term Investments	<u>\$ 613,782</u>	<u>\$ 625,527</u>

CARMAN AREA FOUNDATION INC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Prepared without audit)

2. ENDOWMENT FUNDS

These funds have been specified by the donor to be retained in perpetuity. Interest earned is distributed annually at the rate of 3.5% of the average of the previous 2 years Endowment Fund balance. For the designated funds, the distribution is as specified by the donor. For the undesignated funds the distribution is determined by the board of the Foundation.

	<u>2012</u>	<u>2011</u>
Designated:		
Mason's Health Care Fund - Boyne Lodge	\$ 14,738	\$ 14,738
Mason's Health Care Fund -Carman Memorial Hospital	14,772	14,738
Mason's Education Fund - Carman Collegiate	14,788	14,738
Mason's Education Fund - Carman Elementary School	14,738	14,738
Carman Kinsmen Pool Fund	12,780	10,580
Sperling Community Fund	88,323	80,692
Linear Grain - Underprivileged Children's Fund	95,465	94,156
Theatre Fund	5,000	5,000
Roland Community Fund	36,284	30,494
Health and Wellness Fund	126,873	126,406
Boyne Regional Library Fund	14,605	14,605
Preston Kitching Fund	21,938	18,643
RM of Grey Fund	22,262	20,576
Carman Lions Club Fund	12,000	12,000
Boyne Lodge Fund	59,949	59,949
Carman Memorial Hospital Fund	59,121	59,121
Arts Stabilization Manitoba Fund	10,000	10,000
Winston Simpson Memorial Fund	<u>18,220</u>	<u>18,220</u>
	641,856	619,394
Undesignated	<u>560,416</u>	<u>518,770</u>
	<u>\$1,202,272</u>	<u>\$1,138,164</u>

3. ADMINISTRATIVE EXPENSES

The Foundation policy permits a transfer from the endowment fund to the operating account to cover administrative expenses. The maximum amount is 1% of the average of the previous 2 years Endowment Fund balance. Funds are transferred only if the operating account requires the funds. Starting in 2011, the Foundation chose to designate the net proceeds generated from the Carman golf tournament to contribute to the administrative costs.

CARMAN AREA FOUNDATION INC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Prepared without audit)

4. SPECIAL PROJECTS - AED

During the 2011 year the Foundation subsidized the purchase of several Automated External Defibrillator's (AED) to be placed in various buildings in the area. In 2011, the Foundation distributed \$9,712 for this project - \$4,856 was paid out of the endowment funds as a grant and \$4,856 was paid out of the operating fund. In 2012, the Foundation distributed \$4,856 for this project, all of it was paid out of the endowment funds as a grant.

5. TRANSFER TO ENDOWMENT FUND

The net proceeds generated from the celebration is transferred to the endowment fund. The transfer is calculated as follows:

	<u>2012</u>	<u>2011</u>
Fundraising revenue - Celebration	\$ <u>41,475</u>	\$ <u>49,289</u>
Expenses - Celebration	6,612	8,550
Expenses covered by the Foundation	<u>(992)</u>	<u>(783)</u>
	<u>5,620</u>	<u>7,767</u>
	<u>\$ 35,855</u>	<u>\$ 41,522</u>