

**CARMAN AREA FOUNDATION INC**

**FINANCIAL STATEMENTS**  
(Unaudited)

**DECEMBER 31, 2013**

# CARMAN AREA FOUNDATION INC

DECEMBER 31, 2013

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# NAKONECHNY & POWER

CHARTERED ACCOUNTANTS LTD.

## 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, 2013 and the statement of income and retained earnings and cash flow statement for the year then ended. 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 directors of Carman Area Foundation Inc have stated their investments that are quoted in an active market at cost, which constitutes a departure from Canadian accounting standards for not-for-profit organizations. Had the directors stated their investments that are quoted in an active market at fair market value instead of cost, at December 31, 2013 an amount of \$12,028 (\$9,988 - 2012) would have been required to increase investments to fair market value. As well, operating fund excess revenue for the year ended December 31, 2013 and the general fund undistributed income at December 31, 2013 would have increased by \$2,039 (\$11,197 - 2012).

Except for the failure, as described in the preceding paragraph, to report investments at fair market value, based on our review, 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.

May 26, 2014



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# CARMAN AREA FOUNDATION INC

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

(Unaudited)

(with prior year's figures for comparison)

### ASSETS

<b>CURRENT</b>	<b>2013</b>	<b>2012</b>
Cash	\$ 39,845	\$ 41,175
Premium savings	602,939	393,064
Investments (note 1)	41,411	193,540
Accrued interest receivable	13,531	14,097
GST receivable	543	1,347
Accounts receivable	<u>1,000</u>	<u>-</u>
	699,269	643,223
<b>INVESTMENTS, NON-CURRENT (note 1)</b>	<u>647,782</u>	<u>613,782</u>
	<u>\$1,347,051</u>	<u>\$1,257,005</u>

### LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ <u>3,393</u>	\$ <u>3,364</u>
<b>NET ASSETS</b>		
Endowment fund (note 2)		
Balance, beginning of the year	1,202,271	1,138,164
Donations received	<u>88,818</u>	<u>64,107</u>
Balance, end of the year	<u>1,291,089</u>	<u>1,202,271</u>
General fund		
Undistributed income	<u>52,569</u>	<u>51,370</u>
	<u>\$1,347,051</u>	<u>\$1,257,005</u>

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

**CARMAN AREA FOUNDATION INC**  
**STATEMENT OF OPERATIONS & NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

(Unaudited)

(with prior year's figures for comparison)

	<u>2013</u>	<u>2012</u>
<b>INCOME</b>		
Donations for current operations	\$ -	\$ 200
Youth in Philanthropy Grant (note 4)	3,500	-
Operating grant - The Winnipeg Foundation	2,213	2,349
Fundraising - Celebration	58,037	41,475
Fundraising - Golf tournament	16,610	15,200
Interest income	42,559	41,202
Gifts in Kind	1,822	1,282
Dividend income	1,801	1,575
Gain on disposal of investments	-	245
	<u>126,542</u>	<u>103,528</u>
<b>EXPENSES</b>		
Accounting and legal	3,482	3,452
Advertising	2,176	3,139
Brochures and distribution	-	214
Conference	195	50
Director wages	7,275	7,380
Fundraising - Celebration	10,493	6,612
Fundraising - Golf tournament	3,148	2,370
Insurance	1,282	1,282
Interest and bank charges	102	228
Membership	450	450
Office	1,586	1,428
Youth in Philanthropy grant paid (note 4)	3,500	-
	<u>33,689</u>	<u>26,605</u>
<b>EXCESS REVENUE FOR THE YEAR</b>	92,853	76,923
Undistributed income at beginning of year	51,370	50,802
Transfer net proceeds from fundraising activities to endowment fund (note 5)	<u>(49,309)</u>	<u>(35,855)</u>
<b>UNDISTRIBUTED INCOME AVAILABLE FOR DISTRIBUTION</b>	<u>94,914</u>	<u>91,870</u>

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

**CARMAN AREA FOUNDATION INC**  
**STATEMENT OF OPERATIONS & NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

(Unaudited)

(with prior year's figures for comparison)

	<u>2013</u>	<u>2012</u>
<b>GRANTS PAID</b>		
<b>Designated</b>		
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	425	360
Sperling Community Fund	3,000	2,750
Linear Grain - Underprivileged Children's Fund	3,325	3,300
Theatre Fund	175	175
Roland Community Fund	1,175	950
Health and Wellness Fund	4,450	4,450
Other Health Care Fund	-	-
Boyne Regional Library Fund	515	515
Carman Lions Club Fund	420	420
RM of Grey	750	660
Preston - Kitching Fund	725	650
Carman Memorial Hospital Fund	2,100	2,100
Boyne Lodge Fund	2,100	2,100
Arts Stabilization Manitoba Fund	670	-
Winston Simpson Memorial Fund	640	-
Total designated	22,550	20,510
<b>Discretionary</b>		
Boyne Regional Library	485	-
Boyne Valley Hostel Corp	-	3,000
Carman and Area Palliative Care	735	2,230
Carman Community Health Board	-	2,436
Carman Family Resource Center	-	1,100
Carman Handi-Van Corp.	705	-
Child & Family Services	1,000	800
Dufferin Agricultural Society	2,000	-
Dufferin Historical Society	1,500	750
Elm Creek Parent Advisory Council	250	-
Elm Creek Stay & Play Inc.	500	300
Golden Prairie Arts Council	1,530	1,500
Habitat for Humanity	500	-
Linear Grain Fund	-	284
Prairie Rose SD - Carman Collegiate	5,305	2,305
Prairie Rose SD - Carman Elementary School	380	480
Prairie Rose SD - Roland school	5	-
Rainbow Residence	2,000	-
RM of Dufferin - Pumpkin Creek Ski Club	-	500
RM of Grey - Elm Creek Housing	-	340

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

**CARMAN AREA FOUNDATION INC**  
**STATEMENT OF OPERATIONS & NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

(Unaudited)

(with prior year's figures for comparison)

	<u>2013</u>	<u>2012</u>
<b>GRANTS PAID continued</b>		
Roland Pumpkin Fair	-	50
Roseisle Memorial Rose Garden	400	-
Sperling Community Club	-	750
TLC Centre Inc.	500	-
Town of Carman - Carman Dufferin Fire Dept	-	550
Town of Carman - Carman Dufferin Recreation	-	1,140
Town of Carman - Ryall Park Rink	-	200
Wee Care Child Care Center Inc.	<u>2,000</u>	<u>1,275</u>
Total discretionary	<u>19,795</u>	<u>19,990</u>
Total grants paid	<u>42,345</u>	<u>40,500</u>
<b>UNDISTRIBUTED INCOME AT END OF YEAR</b>	<u>\$ 52,569</u>	<u>\$ 51,370</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, 2013

(Unaudited)

(with prior year's figures for comparison)

	<u>2013</u>	<u>2012</u>
<b>OPERATING ACTIVITIES:</b>		
Excess revenue	\$ 92,853	\$ 76,923
Less:		
Transfer to endowment fund	<u>(49,309)</u>	<u>(35,855)</u>
	43,544	41,068
Net changes in non-cash working capital items:		
Accrued interest receivable	566	(4,192)
GST receivable	804	(576)
Accounts receivable	(1,000)	-
Accounts payable and accrued liabilities	<u>29</u>	<u>2</u>
	<u>43,943</u>	<u>36,302</u>
<b>INVESTING ACTIVITIES:</b>		
Donations received	88,818	64,107
Grants paid	(42,345)	(40,500)
Proceeds from investments	173,867	212,304
Purchase of new investments	(55,738)	(200,968)
Net change in premium savings	<u>(209,875)</u>	<u>(83,272)</u>
	<u>(45,273)</u>	<u>(48,329)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,330)	(12,027)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>41,175</u>	<u>53,202</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 39,845</u>	<u>\$ 41,175</u>

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



# CARMAN AREA FOUNDATION INC

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DECEMBER 31, 2013

(Unaudited)

<b>Nature of Operations</b>	<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>
<b>Basis of Accounting</b>	<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>
<b>Use of estimates</b>	<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>
<b>Financial Instruments</b>	<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>
<b>Cash and cash equivalents</b>	<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>
<b>Investments</b>	<p>Investments in GIC's, bonds and debentures are held to maturity and are measured at the lower of cost, amortized cost or fair market value.</p>

**CARMAN AREA FOUNDATION INC**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**DECEMBER 31, 2013**

(Unaudited)

**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, 2013

(Unaudited)

### 1. INVESTMENTS

	<u>2013</u>	<u>2012</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 3.9% guaranteed investment certificate with the Access Credit Union, Carman maturing July 30, 2013	-	50,000
Town of Carman debenture at a rate of 5% repayable over a ten year term maturing December 1, 2020	74,936	83,702
Town of Carman debenture at a rate of 6.25% repayable over a twenty year term maturing December 1, 2024	69,275	73,573
Rural Municipality of Dufferin series B debenture at a rate of 6.25% repayable over a ten year term maturing December 31, 2013	-	3,604
Rural Municipality of Grey debenture at a rate of 3.625% repayable over a ten year term maturing December 31, 2022	49,423	-
100 shares of Manulife Financial Corp held with CIBC Investor's Edge	1,738	-
A 4.8% guaranteed investment certificate with the Access Credit Union Limited, Winkler maturing December 22, 2013.	-	100,000
2,490 shares of BMO Canadian Dividend Exchange Traded Funds	39,673	39,937
A 3% 5 year GIC held by Manulife Bank, maturing January 23, 2017	160,000	160,000
A 7.768% Manulife bond held with Credential Securities, maturing April 8, 2019, stated at amortized cost	<u>94,148</u>	<u>96,506</u>
	689,193	807,322
Less: Current Investments	<u>41,411</u>	<u>193,540</u>
Total Long-term Investments	<u>\$ 647,782</u>	<u>\$ 613,782</u>

# CARMAN AREA FOUNDATION INC

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

(Unaudited)

### 2. ENDOWMENT FUNDS

These funds have been donated with the understanding that they be retained in perpetuity. Grants are paid 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>2013</u>	<u>2012</u>
Designated:		
Mason's Health Care Fund - Boyne Lodge	\$ 14,738	\$ 14,738
Mason's Health Care Fund -Carman Memorial Hospital	14,951	14,772
Mason's Education Fund - Carman Collegiate	14,788	14,788
Mason's Education Fund - Carman Elementary School	14,738	14,738
Carman Kinsmen Pool Fund	15,051	12,780
Sperling Community Fund	94,289	88,323
Linear Grain - Underprivileged Children's Fund	107,208	95,465
Theatre Fund	5,000	5,000
Roland Community Fund	44,912	36,284
Health and Wellness Fund	127,037	126,872
Boyne Regional Library Fund	14,605	14,605
Preston Kitching Fund	25,176	21,938
RM of Grey Fund	25,415	22,262
Carman Lions Club Fund	12,000	12,000
Boyne Lodge Fund	59,949	59,949
Carman Memorial Hospital Fund	59,221	59,121
Arts Stabilization Manitoba Fund	10,000	10,000
Winston Simpson Memorial Fund	18,220	18,220
Carman Golf & Curling Club Fund	9,090	-
Carman Collegiate Youth in Philanthropy Fund	<u>1,000</u>	<u>-</u>
	687,388	641,855
Undesignated	<u>603,701</u>	<u>560,416</u>
	<u>\$1,291,089</u>	<u>\$1,202,271</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, 2013

(Unaudited)

#### 4. THOMAS SILL FOUNDATION GRANT

In November, 2012 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 which commenced in 2013. The Thomas Sill Foundation and Carman Area Foundation Inc agreed to assist the Youth in Philanthropy program grant \$3,500 a year. The Thomas Sill Foundation will provide the funds for the annual grants for the first three years and the Carman Area Foundation Inc will provide the funds out of their grant money for the subsequent three years.

#### 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>2013</u>	<u>2012</u>
Fundraising revenue - Celebration	\$ <u>58,037</u>	\$ <u>41,475</u>
Expenses - Celebration	10,493	6,612
Expenses covered by the Foundation	<u>(1,765)</u>	<u>(992)</u>
	<u>8,728</u>	<u>5,620</u>
	<u>\$ 49,309</u>	<u>\$ 35,855</u>

# CARMAN AREA FOUNDATION INC

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

(Unaudited)

### 6. FINANCIAL INSTRUMENTS

#### Risks and concentrations

The organization is exposed to various risk through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the organization's risk exposure as at December 31, 2013.

#### 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 organization 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 organization 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. There has been no change to the risk exposures from the prior year.

#### *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. There are no major areas where the organization is exposed to currency risk and there has been no change to the risk exposures 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 organization is exposed to interest rate risk on its fixed rate financial instruments. Fixed-interest instruments subject the organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. There has been no change to the risk exposures 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. There are no major areas where the organization is exposed to other price risk and there has been no change to the risk exposures from the prior year.