

THE MORRIS AREA FOUNDATION INC

Financial Statements

Year Ended December 31, 2017

(Unaudited)

THE MORRIS AREA FOUNDATION INC
Index to Financial Statements
Year Ended December 31, 2017
(Unaudited)

	Page
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 12



Pro Vue Business Group

CHARTERED PROFESSIONAL ACCOUNTANTS Inc / COMPTABLES PROFESSIONNELS AGRÉÉS Inc.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of The Morris Area Foundation Inc

We have reviewed the accompanying financial statements of The Morris Area Foundation Inc that comprise the statement of financial position as at December 31, 2017 and the statements of operations, 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.

(continues)

Independent Practitioner's Review Engagement Report to the Members of The Morris Area Foundation Inc *(continued)*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of The Morris Area Foundation Inc as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

A handwritten signature in blue ink, appearing to read "Jolys", is positioned to the right of the conclusion text.

St Pierre Jolys, Manitoba
May 31, 2018

Pro Vue Business Group CPA Inc
Chartered Professional Accountants

THE MORRIS AREA FOUNDATION INC
Statement of Financial Position
December 31, 2017
(Unaudited)

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 10,466	\$ 13,726
YIP fund	3,258	-
	13,724	13,726
ENDOWMENT FUND HELD IN TRUST <i>(Note 4)</i>	181,603	137,778
	\$ 195,327	\$ 151,504
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 9,005	\$ 12,480
NET ASSETS	186,322	139,024
LIABILITIES AND NET ASSETS	\$ 195,327	\$ 151,504

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

THE MORRIS AREA FOUNDATION INC
Statement of Operations
Year Ended December 31, 2017
(Unaudited)

	Administration 2017	Endowment Fund 2017	YIP Fund 2017	Total 2017	Total 2016
RECEIPTS					
Donations received	\$ 2,725	\$ 36,433	\$ 3,500	\$ 42,658	\$ 93,319
Contributions to administration from endowment funds	1,513	-	-	1,513	796
Investment earnings on endowment funds	-	5,603	7	5,610	3,212
Realized gains on endowment funds	-	1,906	-	1,906	1,191
Net change in unrealized capital gain on endowment funds	-	6,592	-	6,592	2,464
	4,238	50,534	3,507	58,279	100,982
DISBURSEMENTS					
Advertising	736	-	-	736	835
Grants paid to qualified donees	-	3,927	-	3,927	11,000
Bank charges	4	-	3	7	-
Administration fees	792	2,782	246	3,820	3,383
Stationary and supplies	758	-	-	758	380
Professional fees	1,733	-	-	1,733	1,645
	4,023	6,709	249	10,981	17,243
EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ 215	\$ 43,825	\$ 3,258	\$ 47,298	\$ 83,739

The attached notes are an integral part of this financial statement.

THE MORRIS AREA FOUNDATION INC
Statement of Changes in Net Assets
Year Ended December 31, 2017
(Unaudited)

	Administration	Endowment Fund	YIP Fund	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 1,246	\$ 137,778	\$ -	\$ 139,024	\$ 55,285
Excess of receipts over disbursements	215	43,825	3,258	47,298	83,739
NET ASSETS - END OF YEAR	\$ 1,461	\$ 181,603	\$ 3,258	\$ 186,322	\$ 139,024

The attached notes are an integral part of this financial statement.

THE MORRIS AREA FOUNDATION INC
Statement of Cash Flows
Year Ended December 31, 2017
(Unaudited)

	2017	2016
OPERATING ACTIVITIES		
Excess Of Receipts Over Disbursements	\$ 47,298	\$ 83,739
Change in non-cash working capital:		
Accounts payable	(3,475)	10,630
Cash flow from operating activities	43,823	94,369
INVESTING ACTIVITY		
Net increase in endowment fund held in trust	(43,825)	(83,295)
Cash flow used by investing activity	(43,825)	(83,295)
INCREASE (DECREASE) IN CASH FLOW	(2)	11,074
Cash - beginning of year	13,726	2,652
CASH - END OF YEAR	13,724	13,726
CASH CONSISTS OF:		
Cash	\$ 10,466	\$ 13,726
YIP fund	3,258	-
	\$ 13,724	\$ 13,726

The attached notes are an integral part of this financial statement.

THE MORRIS AREA FOUNDATION INC

Notes to Financial Statements

Year Ended December 31, 2017

(Unaudited)

1. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Some users may require further information as these statements have not been prepared for general purposes.

2. DESCRIPTION OF OPERATIONS

The organization is a public foundation serving the area of Morris, Manitoba.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Fund accounting

The Morris Area Foundation Inc follows the restricted fund method of accounting for contributions. The Endowment and YIP funds report only the resources that are to be used for the funds' purposes. The Operating Fund accounts for the Foundation's program delivery and administrative activities.

Revenue recognition

Bequests and other donations are recorded when received. Unless a donor specified otherwise, donations received are generally considered contributions to the capital of the Foundation and are, therefore, reflected as revenue of the Endowment and YIP funds. If a donor specifies that the contribution is not to be retained permanently, it is recognized as revenue of the Operating Fund.

Endowment Funds

Endowment funds are established for donations which will remain under the Foundation's management in perpetuity.

Investments

The funds held in trust are recorded at year-end market values. Revenue includes interest, dividends, realized capital gains (losses), and the net change in unrealized capital gains (losses) for the year.

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THE MORRIS AREA FOUNDATION INC
Notes to Financial Statements
Year Ended December 31, 2017
(Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Goods and Services Tax

Contributed materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

4. FUNDS HELD IN TRUST

The Endowment Fund is held in a pooled trust fund by The Winnipeg Foundation. Income earned on the funds is reinvested within the fund. Annually, the fund is reduced by its allocation for granting plus its administration fees and actual investment management costs. Granting and administration fees are set by the Morris Area Foundation from time to time and for 2017 was 4% and 1% respectively (2016 - 4% and 1%). The Winnipeg Foundation charges the fund administrative and investment management fees that in 2017 totaled .83% (2016 .85%) of the September 30th market value of the fund.

The budgeted asset allocation policy of the fund is 30% fixed income, 60% equity, and 10 real estate assets.

THE MORRIS AREA FOUNDATION INC

Notes to Financial Statements

Year Ended December 31, 2017

(Unaudited)

5. FINANCIAL INSTRUMENTS

The foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the foundation's risk exposure and concentration as of December 31, 2017.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The foundation is not exposed to significant credit risk as assets are held with a bank and in trust with the Winnipeg Foundation. There has been no significant change in exposure to this risk from the prior year.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The foundation is exposed to this risk mainly in respect of its receipt of funds from its donors and other related sources and accounts payable. There has been no significant change in exposure to this risk from the prior year.

(c) 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 rate risk, interest rate risk and other price risk. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Currency risk is the risk to the organization's capital that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates.

The foundation is mainly exposed to interest rate risk and currency risk with respect to its funds invested in trust with the Winnipeg Foundation. There has been no significant change in exposure to this risk from the prior year.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the foundation manages exposure through its normal operating and financing activities. The foundation is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the foundation is not exposed to significant other price risks arising from these financial instruments.

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Notes to Financial Statements
Year Ended December 31, 2017
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6. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
