

**THE MORRIS AREA FOUNDATION INC**  
**Financial Statements**  
**Year Ended December 31, 2018**

**THE MORRIS AREA FOUNDATION INC**  
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**Year Ended December 31, 2018**

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## ***Pro Vue Business Group***

CHARTERED PROFESSIONAL ACCOUNTANTS Inc / COMPTABLES PROFESSIONNELS AGRÉÉS Inc.

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### **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

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To the Members of The Morris Area Foundation Inc

We have reviewed the accompanying financial statements of The Morris Area Foundation Inc which comprise the statement of financial position as at December 31, 2018 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 for the Financial Statements*

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 these financial statements do not present fairly, in all material respects, the financial position of The Morris Area Foundation Inc as at December 31, 2018, 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.

St Pierre Jolys, Manitoba  
May 6, 2019

Pro Vue Business Group CPA Inc  
Chartered Professional Accountants

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**THE MORRIS AREA FOUNDATION INC**  
**Statement of Financial Position**  
**December 31, 2018**

	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 8,015	\$ 10,466
YIP fund	3,519	3,258
Accounts receivable	1,936	-
	13,470	13,724
ENDOWMENT FUNDS HELD IN TRUST <i>(Note 4)</i>	203,070	181,603
<b>TOTAL ASSETS</b>	<b>\$ 216,540</b>	<b>\$ 195,327</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 7,499	\$ 9,005
<b>NET ASSETS</b>		
Net assets	209,041	186,322
<b>LIABILITIES AND NET ASSETS</b>	<b>\$ 216,540</b>	<b>\$ 195,327</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Director*

\_\_\_\_\_ *Director*

**THE MORRIS AREA FOUNDATION INC**  
**Statement of Operations**  
**Year Ended December 31, 2018**

	Administration 2018	Endowment Funds 2018	YIP Fund 2018	Total 2018	Total 2017
<b>RECEIPTS</b>					
Donations received	\$ 300	\$ 34,184	\$ 3,888	\$ 38,372	\$ 42,658
Transfer from YIP fund to endowment fund	-	1,150	(1,150)	-	-
Contributions to administration from endowment funds	3,764	-	-	3,764	1,513
Investment earnings on endowment funds	-	7,993	27	8,020	5,610
Realized gains on endowment funds	-	4,865	-	4,865	1,906
Net change in unrealized capital gain on endowment funds	-	(17,779)	-	(17,779)	6,592
	4,064	30,413	2,765	37,242	58,279
<b>DISBURSEMENTS</b>					
Advertising	545	-	-	545	736
Grants paid to qualified donees	-	5,378	2,500	7,878	3,927
Bank charges	-	-	4	4	7
Administration fees	525	3,567	-	4,092	3,820
Stationary and supplies	119	-	-	119	758
Professional fees	1,885	-	-	1,885	1,733
	3,074	8,945	2,504	14,523	10,981
<b>EXCESS OF RECEIPTS OVER DISBURSEMENTS</b>	<b>\$ 990</b>	<b>\$ 21,468</b>	<b>\$ 261</b>	<b>\$ 22,719</b>	<b>\$ 47,298</b>

See notes to financial statements

**THE MORRIS AREA FOUNDATION INC**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2018**

	Administration	Endowment Funds	YIP Fund	<b>2018</b>	2017
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,461	\$ 181,603	\$ 3,258	<b>\$ 186,322</b>	\$ 139,024
<b>Excess of receipts over disbursements</b>	990	21,468	261	<b>22,719</b>	47,298
<b>NET ASSETS - END OF YEAR</b>	\$ 2,451	\$ 203,071	\$ 3,519	<b>\$ 209,041</b>	\$ 186,322

See notes to financial statements

**THE MORRIS AREA FOUNDATION INC**  
**Statement of Cash Flows**  
**Year Ended December 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of receipts over disbursements	\$ 22,719	\$ 47,298
Changes in non-cash working capital:		
Accounts receivable	(1,937)	-
Accounts payable	(1,505)	(3,475)
	(3,442)	(3,475)
Cash flow from operating activities	19,277	43,823
<b>INVESTING ACTIVITY</b>		
Net increase in endowment fund held in trust	(21,467)	(43,825)
Cash flow used by investing activity	(21,467)	(43,825)
<b>DECREASE IN CASH FLOW</b>	<b>(2,190)</b>	<b>(2)</b>
Cash - beginning of year	13,724	13,726
<b>CASH - END OF YEAR</b>	<b>\$ 11,534</b>	<b>\$ 13,724</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest received	\$ -	\$ -
Interest paid	\$ 4	\$ 3
Income taxes recovered	\$ -	\$ -
<b>CASH CONSISTS OF:</b>		
Cash	\$ 8,015	\$ 10,466
YIP fund	3,519	3,258
	\$ 11,534	\$ 13,724

**THE MORRIS AREA FOUNDATION INC**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**  
*(Unaudited)*

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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.

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2. DESCRIPTION OF OPERATIONS

The organization is a public foundation serving the area of the RM of Morris, including the Town of Morris.

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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, 2018**  
*(Unaudited)*

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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.

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4. ENDOWMENT 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 2018 was 4% and 1% respectively (2017 - 4% and 1%). The Winnipeg Foundation charges the fund administrative and investment management fees that in 2018 totaled 0.95% (2017 0.83%) 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.

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## THE MORRIS AREA FOUNDATION INC

### Notes to Financial Statements

Year Ended December 31, 2018

(Unaudited)

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#### 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, 2018.

##### **(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.

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