

THE MORRIS AREA FOUNDATION INC
Financial Statements
Year Ended December 31, 2019

THE MORRIS AREA FOUNDATION INC
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Year Ended December 31, 2019

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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 (the Foundation) that comprise the statement of financial position as at December 31, 2019, 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 (ASNPO), 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.

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 The Morris Area Foundation Inc as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

St Pierre Jolys, Manitoba
April 29, 2020

Pro Vue Business Group CPA Inc
Chartered Professional Accountants

THE MORRIS AREA FOUNDATION INC
Statement of Financial Position
December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 13,643	\$ 8,015
YIP fund	3,548	3,519
Southern Health Fund	397,016	-
Accounts receivable	44	1,936
	414,251	13,470
ENDOWMENT FUNDS HELD IN TRUST <i>(Note 4)</i>	276,317	203,070
TOTAL ASSETS	\$ 690,568	\$ 216,540
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 11,798	\$ 7,499
NET ASSETS		
Administration Fund	1,823	2,451
Endowment Funds	276,387	203,071
YIP Fund	3,544	3,519
Southern Health Fund	397,016	-
	678,770	209,041
	\$ 690,568	\$ 216,540

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

THE MORRIS AREA FOUNDATION INC
Statement of Operations
Year Ended December 31, 2019

	Administration Fund 2019	Endowment Funds 2019	YIP Fund 2019	Southern Health Fund 2019	Total 2019	Total 2018
RECEIPTS						
Donations received	\$ -	\$ 48,957	\$ 3,965	\$ 391,704	\$ 444,626	\$ 38,372
Transfer from YIP fund to endowment fund	-	1,420	(1,420)	-	-	-
Contributions to administration from endowment funds	4,266	-	-	-	4,266	3,764
Investment earnings on endowment funds	-	9,564	47	5,312	14,923	8,020
Realized gains on endowment funds	-	4,962	-	-	4,962	4,865
Net change in unrealized capital gain on endowment funds	-	20,217	-	-	20,217	(17,779)
	4,266	85,120	2,592	397,016	488,994	37,242

See notes to financial statements

THE MORRIS AREA FOUNDATION INC

EXPENSES

Administration fees	525	4,504	-	-	5,029	4,092
Advertising	1,057	-	63	-	1,120	545
Bank charges	-	-	4	-	4	4
Grants paid to qualified donees	-	7,300	2,500	-	9,800	7,878
Professional fees	2,154	-	-	-	2,154	1,885
Stationary and supplies	1,158	-	-	-	1,158	119
	4,894	11,804	2,567	-	19,265	14,523
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENSES	\$ (628)	\$ 73,316	\$ 25	\$ 397,016	\$ 469,729	\$ 22,719

THE MORRIS AREA FOUNDATION INC
Statement of Changes in Net Assets
Year Ended December 31, 2019

	Administration Fund	Endowment Funds	YIP Fund	Southern Health Fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 2,451	\$ 203,071	\$ 3,519	\$ -	\$ 209,041	\$ 186,322
Excess of receipts over expenses	(628)	73,316	25	397,016	469,729	22,719
NET ASSETS - END OF YEAR	\$ 1,823	\$ 276,387	\$ 3,544	\$ 397,016	\$ 678,770	\$ 209,041

See notes to financial statements

THE MORRIS AREA FOUNDATION INC
Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of receipts over expenses	\$ 469,729	\$ 22,719
Changes in non-cash working capital:		
Accounts receivable	1,892	(1,937)
Accounts payable	4,299	(1,505)
	6,191	(3,442)
Cash flow from operating activities	475,920	19,277
INVESTING ACTIVITY		
Net increase in endowment fund held in trust	(73,247)	(21,467)
Cash flow used by investing activity	(73,247)	(21,467)
INCREASE (DECREASE) IN CASH FLOW	402,673	(2,190)
Cash - beginning of year	11,534	13,724
CASH - END OF YEAR	\$ 414,207	\$ 11,534
CASH CONSISTS OF:		
Cash	\$ 13,643	\$ 8,015
YIP fund	3,548	3,519
Southern Health Fund	397,016	-
	\$ 414,207	\$ 11,534

THE MORRIS AREA FOUNDATION INC
Notes to Financial Statements
Year Ended December 31, 2019
(Unaudited)

1. BASIS OF PRESENTATION

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

2. DESCRIPTION OF OPERATIONS

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

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 (ASNFPPO).

Fund accounting

The Morris Area Foundation Inc follows the restricted fund method of accounting for contributions.

This Administration 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.

The YIP fund is an internally restricted fund to support youth.

The Endowment has the purpose of receiving contributions in perpetuity and investing the funds to generate revenue. The revenue earned is used to make grants to a variety of charitable groups for the benefit of the local community. This fund is externally restricted by the fund agreements.

The Southern Health Fund's purpose is to provide donations to Southern Health for improvements to the Morris General Hospital and the Red River Valley Lodge. This fund is externally restricted by an agreement.

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 Administration Fund..

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

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THE MORRIS AREA FOUNDATION INC
Notes to Financial Statements
Year Ended December 31, 2019
(Unaudited)

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

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.

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.

THE MORRIS AREA FOUNDATION INC
Notes to Financial Statements
Year Ended December 31, 2019
(Unaudited)

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 2019 was 4% and 1% respectively (2018 - 4% and 1%). The Winnipeg Foundation charges the fund administrative and investment management fees that in 2019 totaled 0.95% (2018 0.95%) 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.

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, 2019.

(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.

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THE MORRIS AREA FOUNDATION INC
Notes to Financial Statements
Year Ended December 31, 2019
(Unaudited)

5. FINANCIAL INSTRUMENTS *(continued)*

(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.
