

Morden Area Foundation Inc.

Financial Statements

August 31, 2023

Morden Area Foundation Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Morden Area Foundation Inc.

Opinion

We have audited the financial statements of **Morden Area Foundation Inc.** which comprise the statement of financial position as at **August 31, 2023** and the statements of operations, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of **Morden Area Foundation Inc.** as at **August 31, 2023** and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operation, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, it based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

December 8, 2023
Morden, MB

K. J. Giesbrecht, CPA
Chartered Professional Accountant

Morden Area Foundation Inc.
Statement of Financial Position

August 31

2023

2022

Assets

Current

Cash and cash equivalents	\$ 124,627	\$ 101,129
Receivables	140	-
Goods and services tax receivable	341	264
Prepays	-	600

	125,108	101,993
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Investments (Note 4)

	4,120,695	3,857,071
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	\$ 4,245,803	\$ 3,959,064
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Liabilities

Current

Payables and accruals	\$ 2,000	\$ 9,363
Grants payable	32,863	12,564

	34,863	21,927
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Net Assets

Unrestricted	65,920	52,147
Restricted - for endowment purposes (Note 6)	4,145,020	3,884,990

	4,210,940	3,937,137
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	\$ 4,245,803	\$ 3,959,064
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Approved on behalf of the Board:

 Director

 Director

Morden Area Foundation Inc.
Statement of Operations

For the year ended August 31

	2023	2022
Revenue		
Investment income	\$ 215,938	\$ 202,041
Grant income	24,785	12,766
Fundraising and sponsorship	9,250	6,740
	<u>249,973</u>	<u>221,547</u>
Operating expenses		
Administration and other	23,261	18,914
Advertising and promotion	4,679	2,585
Conference expenses	4,865	201
Fundraising	5,720	5,214
Grants awarded	151,950	132,305
Subcontract	15,725	21,198
	<u>206,200</u>	<u>180,417</u>
Increase in unrestricted net assets from operations	<u>\$ 43,773</u>	<u>\$ 41,130</u>

Morden Area Foundation Inc.
Statement of Changes in Net Assets

For the year ended August 31

	Unrestricted	Restricted	2023	2022
Net assets, beginning of year	\$ 52,147	\$ 3,884,990	\$ 3,937,137	\$ 4,332,608
Increase in unrestricted net assets from operations	43,773	-	43,773	41,130
Transfer to endowment fund	(30,000)	30,000	-	-
Net change in endowment funds (Note 4)	-	61,283	61,283	(537,753)
Endowment donations received	<u>-</u>	<u>168,747</u>	<u>168,747</u>	<u>101,152</u>
Net assets, end of year	<u>\$ 65,920</u>	<u>\$ 4,145,020</u>	<u>\$ 4,210,940</u>	<u>\$ 3,937,137</u>

Morden Area Foundation Inc.
Statement of Cash Flow

For the year ended August 31

2023

2022

Operating activities

Increase in unrestricted net assets from operations **\$ 43,773** **\$ 41,130**

Non-cash items affecting operations:

Net change in non-cash working capital **13,319** **(792)**

57,092 **40,338**

Investing activities

Net transfer to long-term investments **(33,594)** **(32,795)**

Increase (decrease) in cash and equivalents **23,498** **7,543**

Cash and cash equivalents, beginning of year **101,129** **93,586**

Cash and cash equivalents, end of year **\$ 124,627** **\$ 101,129**

Morden Area Foundation Inc.

Notes to the Financial Statements

August 31, 2023

1. Purpose of the organization

Morden Area Foundation Inc. is a philanthropic organization, organized and operated primarily as a permanent collection of endowments funds, the earnings of which are used for the long-term benefit of the community. The Foundation is a registered charity and is classified as a public foundation for the purposes of the Income Tax Act. The Foundation is exempt from income tax.

2. Summary of significant accounting policies

The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

Capital assets

Capital assets are recorded as an expense in the year of acquisition. Capital assets of \$nil (2022: \$nil) were recorded as an expense during the year.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and unrestricted balances with banks.

Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Due to the difficulty of determining the fair market value, contributed services are not recognized in the financial statements.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments in marketable securities quoted in an active market, which the Foundation measures at fair value. The Foundation's investments in marketable securities are comprised of bonds, preferred shares and common shares. The fair value is based on published prices in an active market at yearend. Changes in unrealized gains and losses are reflected in the endowment fund.

Grant commitments

Grant commitments are recorded in the year approved. Multi-year plans to support community initiatives are subject to annual board approval of that respective year's grant amount.

Morden Area Foundation Inc.

Notes to the Financial Statements

August 31, 2023

2. Summary of significant accounting policies (continued)

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in restricted net assets. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Investment income is recognized as unrestricted revenue when earned.

Use of estimates

The preparation of the financial statements in the conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. These estimates are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates in future periods could be significant.

3. Investment policy

In accordance with the Foundation's mission to benefit the community by supporting not-for-profit, charitable, educational and cultural organizations, the Board of Directors has developed an Investment Policy, which endeavors to protect the purchasing power of the funds entrusted to the Foundation while achieving maximum returns consistent with prudent investment. The Foundation's investment policy applies to all investments and includes restrictions regarding the maximum amount of equity holdings as well as the maximum and nature of bond investments.

4. Investments

	<u>2023</u>	<u>2022</u>
Funds managed by The Winnipeg Foundation at market value (cost \$3,826,848; 2022: \$3,613,083)	<u>\$ 4,120,695</u>	<u>\$ 3,857,071</u>
Investment income		
Realized gains (loss)	\$ 103,084	\$ 191,287
Unrealized gains (loss)	95,282	(592,300)
Interest and dividends	112,159	105,626
Transfer to unrestricted net assets	(214,286)	(201,660)
Investment management fees	<u>(34,956)</u>	<u>(40,706)</u>
	<u>\$ 61,283</u>	<u>\$ (537,753)</u>

Investment income (losses) earned on the investment portfolio managed by The Winnipeg Foundation are allocated to endowment funds on a proportionate basis to the opening net asset balance in each endowment fund.

Morden Area Foundation Inc.

Notes to the Financial Statements

August 31, 2023

5. Risk management

The Foundation actively manages the risks that arise from its use of financial instruments, including liquidity, credit and market risk. The Foundation adheres to an investment policy that outlines the objectives, constraints and parameters related to its investing activities. The policy prescribes limits around the quality and concentration of investments held by the Foundation. The Foundation's investments are regularly reviewed to ensure all activities adhere to the investment policy. The Foundation does not engage in hedging transactions.

Liquidity risk

Liquidity risk is the risk that the Foundation cannot meet a demand for cash or fund its obligations as they come due. A key liquidity requirement for the Foundation is grant commitments. Liquidity risk is managed by investing the majority of the Foundation's assets in investments that are traded in an active market and can be readily liquidated. In addition, the Foundation aims to retain sufficient cash positions to maintain liquidity. The Foundation's investments are considered readily realizable and liquid, therefore the Foundation's risk is considered minimal.

Credit risk

Credit risk is the potential for financial loss should a counterparty in a transaction fail to meet its obligations. The Foundation's investments in bonds are subject to credit risk. The maximum exposure to credit risk on these financial instruments is their carrying value. The investment policy of the Foundation mandates that the bond portfolio have a minimum credit rating of A at the time of purchase. The Foundation monitors its credit risk management policies regularly to evaluate their effectiveness.

Market risk

Market risk is the potential for financial loss to the Foundation from changes in the values of its financial instruments due to changes in interest rates or equity prices. The investments of the Foundation are subjected to normal market fluctuations and to the risk inherent in investment in capital markets.

Morden Area Foundation Inc.

Notes to the Financial Statements

August 31, 2023

2023

2022

6. Endowment Funds

General Community Fund	\$ 899,625	\$ 813,585
Arts Stabilization Manitoba Fund	13,844	13,112
Bill and Linda Fehr Scholarship Fund	13,062	11,678
Canadian Fossil Discovery Centre Development Fund	33,255	32,952
Canadian Fossil Discovery Centre Heritage Fund	80,121	75,553
Canadian Fossil Discovery Centre Museum Sustainability	1,567,022	1,537,865
Caring and Sharing Committee Fund	45,953	45,556
City of Morden Fund	83,000	77,171
Clark Elder Memorial Fund	35,470	33,921
Diane McAndrew Scholarship Fund	8,469	8,390
Doug Cram Memorial Bursary Fund	17,942	17,227
Isaac and Dorothy Kroeker Memorial Fund	19,607	19,469
Jake Kenneth Warkentin Scholarship Fund	9,448	9,363
Joe and Annie Olafson Scholarship Fund	10,027	9,862
John and Isabel Reichert Scholarship Fund	24,983	24,653
Krueger Scholarship Fund	6,084	6,030
Lautenschlager Family Fund	14,151	12,971
Linda Wilson Skateboard Park Fund	6,960	6,900
Loreena McKennitt Fund	2,958	2,932
Manitoba Baseball Hall of Fame Fund	109,019	104,571
Midge and Lorne Kyle Memorial Fund	10,399	10,095
Morden Activity Centre Fund	25,877	-
Morden Area Foundation Managed Fund	92,451	89,464
Morden Area Foundation Scholarship Fund	62,621	62,076
Morden Area Foundation Support Fund	334,259	300,322
Morden Corn & Apple Festival Fund	53,546	42,360
Morden Festival of Arts Scholarship Fund	8,268	8,150
Morden Masonic Lodge Scholarship Fund	18,646	18,432
Morden Student Council Bursary Fund	4,143	4,098
Pembina Threshermen's Museum Fund	25,877	-
Power of the Purse Fund	134,707	120,891
Recreation and Sport Fund	131,811	130,669
South Central Cancer Resource Fund	50,060	49,618
South Central Regional Library Fund	21,161	20,924
United Way Fund	41,948	41,583
Victoria Rebekah Lodge Bursary Fund	2,963	2,935
William and Colleen Lyne Scholarship	108,625	103,145
Youth in Philanthropy Fund	16,658	16,467
	<u>\$ 4,145,020</u>	<u>\$ 3,884,990</u>