

McKenzie-Clearwater Fire Protection Corporation
Financial Statements
December 31, 2023

Independent Practitioner's Review Engagement Report

To the Board of McKenzie-Clearwater Fire Protection Corporation:

We have reviewed the accompanying financial statements of McKenzie-Clearwater Fire Protection Corporation (the "Corporation") that comprise the statement of financial position as at December 31, 2023, and the statements of operations and 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.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the Corporation derives contributions from donations and other sources, the completeness of which is not susceptible to satisfactory review verification. Accordingly, our review of these revenues did not extend beyond accounting for these contributions as recorded and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, or net assets.

Qualified Conclusion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, 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 McKenzie-Clearwater Fire Protection Corporation as at December 31, 2023 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.

Winnipeg, Manitoba

August 4, 2024



Chartered Professional Accountants

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McKenzie-Clearwater Fire Protection Corporation

Statement of Financial Position

As at December 31, 2023

	General Fund	Externally Restricted - Fire Protection Fund	Externally Restricted - Mapping Fund	2023	2022
Assets					
Current					
Cash	288,210	-	-	288,210	203,258
Restricted cash	100,000	-	14,486	114,486	172,553
Accounts receivable	17,770	-	-	17,770	9,715
Prepaid expenses and deposits	68,444	-	-	68,444	15,438
Investments (Note 3)	15,000	-	-	15,000	-
	489,424	-	14,486	503,910	400,964
Capital assets (Note 4)	58,116	-	-	58,116	77,848
Interfund receivable (payable) (Note 5)	(80,526)	80,526	-	-	-
	467,014	80,526	14,486	562,026	478,812
Liabilities					
Current					
Bank indebtedness (Note 6)	19	-	-	19	4,954
Accounts payable and accrued liabilities	47,705	-	-	47,705	11,156
Deferred contributions (Note 7)	-	-	14,486	14,486	72,553
	47,724	-	14,486	62,210	88,663
Net Assets (Deficit)					
Unrestricted	319,290	-	-	319,290	300,910
Internally restricted (Note 8)	100,000	-	-	100,000	100,000
Externally restricted	-	80,526	-	80,526	(10,761)
	419,290	80,526	-	499,816	390,149
	467,014	80,526	14,486	562,026	478,812

Approved on behalf of the Board of Directors

"Signed"

Director

The accompanying notes are an integral part of these financial statements

McKenzie-Clearwater Fire Protection Corporation

Statement of Operations and Changes in Net Assets

For the year ended December 31, 2023

	<i>General Fund</i>	<i>Externally Restricted - Fire Protection Fund</i>	<i>Externally Restricted - Mapping Fund</i>	2023	2022
Revenue					
The KeeMan Local Service Board	-	211,140	-	211,140	210,680
Fundraising	27,968	5,800	-	33,768	45,782
Donations	-	20,015	-	20,015	31,345
M.T.O.	19,821	-	-	19,821	16,272
M.N.R.	-	8,136	-	8,136	-
Interest	6,821	-	-	6,821	2,272
Emergency mapping response	-	-	70,402	70,402	-
	54,610	245,091	70,402	370,103	306,351
Expenses					
Bank charges and interest	1,908	55	7	1,970	531
Dispatch	2,173	5,661	-	7,834	3,817
District 2 station expenses	-	9,206	-	9,206	4,243
Emergency mapping consulting fees	-	-	70,395	70,395	-
Equipment	2,167	1,641	-	3,808	1,207
Firefighter's ball	8,779	-	-	8,779	13,956
Firefighter's expense	325	50,383	-	50,708	46,584
Fuel	1,116	2,255	-	3,371	6,907
Insurance	1,486	35,833	-	37,319	31,254
Land lease	-	308	-	308	308
Meals and entertainment	1,961	-	-	1,961	-
Miscellaneous	1,141	-	-	1,141	804
Office expense	7,347	603	-	7,950	9,220
Professional fees	2,485	6,221	-	8,706	7,415
Repairs and maintenance	-	57	-	57	4,637
Telephone	-	4,467	-	4,467	4,190
Training	5,342	2,175	-	7,517	6,342
Truck repairs	-	1,608	-	1,608	10,104
Utilities	-	8,145	-	8,145	9,530
	36,230	128,618	70,402	235,250	161,049
Excess of revenue over expenses before amortization	18,380	116,473	-	134,853	145,302
Amortization	25,186	-	-	25,186	33,941
Excess (deficiency) of revenue over expenses	(6,806)	116,473	-	109,667	111,361
Net assets, beginning of year	400,910	(10,761)	-	390,149	278,788
Transfer of fire protection asset amortization to the fire protection fund	25,186	(25,186)	-	-	-
Net assets, end of year	419,290	80,526	-	499,816	390,149

The accompanying notes are an integral part of these financial statements

McKenzie-Clearwater Fire Protection Corporation

Statement of Cash Flows

For the year ended December 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	109,667	111,361
Amortization	25,186	33,941
	134,853	145,302
Changes in working capital accounts		
Accounts receivable	(8,055)	(2,051)
Prepaid expenses and deposits	(53,006)	(365)
Accounts payable and accrued liabilities	36,549	(1,719)
Deferred contributions	(58,067)	6,340
	52,274	147,507
Financing		
Change in bank indebtedness	(4,935)	4,952
Investing		
Purchase of capital assets	(5,454)	(31,083)
Purchase of investments	(15,000)	-
Change in restricted cash	58,067	(6,340)
	37,613	(37,423)
Increase in cash resources	84,952	115,036
Cash, beginning of year	203,258	88,222
Cash, end of year	288,210	203,258

The accompanying notes are an integral part of these financial statements

McKenzie-Clearwater Fire Protection Corporation

Notes to the Financial Statements

For the year ended December 31, 2023

1. Incorporation and nature of the organization

McKenzie-Clearwater Fire Protection Corporation (the "Corporation") was incorporated as a not-for-profit, non-share capital corporation under the laws of the Province of Ontario. The Corporation provides support for the volunteer fire team, provides training, and promotes the development and maintenance of programs for relief of fire victims, community service programs and fire prevention and suppression training.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada.

Fund accounting

The Corporation follows the deferral method of accounting for contributions and reports using fund accounting. The Organization maintains three funds, namely the General Fund, Externally Restricted - Fire Protection Fund and Externally Restricted - Mapping Fund.

The General Fund reports the Corporation's unrestricted and internally restricted resources related to program delivery and administrative activities. Amortization of the fire protection assets is initially charged against the General Fund then transferred to the Fire Protection Fund through the statement of changes in net assets.

The Externally Restricted - Fire Protection Fund reports the Corporation's externally restricted resources related to fire protection operations.

The Externally Restricted - Mapping Fund reports the Corporation's externally restricted resources related to the Emergency Mapping Project.

Cash

Cash include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Buildings	25 years
Dock	10 years
Equipment	5 years
Fireboat	10 years
Fireboat #2	10 years
Rescue Truck	10 years
Snow Rescue	5 years
Tanker	20 years
Vehicles	5 years

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Corporation determines that a long-lived asset no longer has any long-term service potential to the Corporation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

McKenzie-Clearwater Fire Protection Corporation

Notes to the Financial Statements

For the year ended December 31, 2023

2. Significant accounting policies (Continued from previous page)

Revenue recognition

The Corporation uses the deferral method of accounting for contributions and reports on a fund accounting basis. Unrestricted contributions are recognized as revenue in the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Corporation's operations and would otherwise have been purchased.

Measurement uncertainty (use of estimates)

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. No allowance has been deemed necessary in the current year. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of operations in the periods in which they become known.

Financial instruments

The Corporation recognizes financial instruments when the Corporation becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Corporation may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Corporation has not made such an election during the year.

The Corporation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Corporation's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the statement of operations. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

McKenzie-Clearwater Fire Protection Corporation

Notes to the Financial Statements

For the year ended December 31, 2023

2. Significant accounting policies *(Continued from previous page)*

Financial asset impairment

The Corporation assesses impairment of all its financial assets measured at cost or amortized cost. The Corporation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc., Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Corporation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Corporation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Corporation reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Corporation reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the assets at the statement of financial position date.

Any impairment, which is not considered temporary, is included in the current year statement of operations.

The Corporation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the statement of operations in the year the reversal occurs.

Income taxes

As a non-for profit, the Corporation is exempt from paying income taxes.

3. Investments

	2023	2022
GIC, bearing interest at 5% per annum, maturing, October 17, 2024	15,000	-

McKenzie-Clearwater Fire Protection Corporation
Notes to the Financial Statements
For the year ended December 31, 2023

4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2023 Net book value</i>
Buildings	13,590	11,477	2,113
Dock	62,398	62,398	-
Equipment	133,428	108,534	24,894
Fireboat	10,626	10,626	-
Fireboat #2	74,820	74,820	-
Rescue Truck	45,557	29,111	16,446
Snow Rescue	20,000	20,000	-
Tanker	146,637	131,974	14,663
Vehicles	3,463	3,463	-
	510,519	452,403	58,116

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2022 Net book value</i>
Buildings	13,590	10,934	2,656
Dock	62,398	56,245	6,153
Equipment	127,974	101,316	26,658
Fireboat	10,626	10,626	-
Fireboat #2	74,820	70,880	3,940
Rescue Truck	45,557	29,111	16,446
Snow Rescue	20,000	20,000	-
Tanker	146,637	124,642	21,995
Vehicles	3,463	3,463	-
	505,065	427,217	77,848

The firehall building has not been recorded in these financial statements. It was constructed by volunteer labour and funding. It has an insured value of approximately \$208,200.

5. Interfund receivable (payable)

Income and expenses incurred in one fund on behalf of the other are accounted for in the interfund receivable (payable) on the statement of financial position. The liability has no specific terms of repayment and bears no interest.

6. Bank indebtedness

	<i>2023</i>	<i>2022</i>
Operating line of credit, to a maximum of \$5,000, bearing interest at 11.95% per annum	19	4,954
	19	4,954

McKenzie-Clearwater Fire Protection Corporation

Notes to the Financial Statements

For the year ended December 31, 2023

7. Deferred contributions

Deferred contributions reported in the Externally Restricted - Mapping Fund consist of donations received that were provided to fund the Emergency Mapping Project. Recognition of these amounts as revenue is deferred to periods when the designated disbursements are made. Changes in the deferred contribution account are as follows:

	2023	2022
Balance, beginning of year	72,553	66,213
Amount received during the year	12,335	6,340
Less: Amount recognized as revenue during the year	(70,402)	-
Balance, end of year	14,486	72,553

8. Net assets

The Corporation's Board of Directors internally restricted \$100,000 to be held for future replacement of firefighting equipment. Use of these internally restricted funds must be approved by the Board of Directors.

9. Financial instruments

The Corporation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.