



McKenzie-Clearwater Fire Protection Corporation

December 31, 2020

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June 7, 2021

Mr. Rick Suche
McKenzie-Clearwater Fire Protection Corporation
PO Box 20
Clearwater Bay, ON P0X 1S0

PRIVATE AND CONFIDENTIAL

Dear Rick:

RE: Fiscal Year-end December 31, 2020

We have completed our review of the financial statements of McKenzie-Clearwater Fire Protection Corporation (the "Organization") for the year ended December 31, 2020 and enclose the following:

FINANCIAL STATEMENTS

A PDF copy of the December 31, 2020 reviewed financial statements.

TAX RETURNS

A PDF copy of the Organization's December 31, 2020 federal registered charity return with supporting schedules. Please sign a copy, include a copy of the 2020 financial statements with it and send to CRA at the address below. Please also keep a copy for your records.

Charities Directorate
Canada Revenue Agency
105 - 275 Pope Road
Summerside, PEI O1N 6E6

OTHER ENCLOSURES

1. One copy of our Review Findings report to the Board of Directors.
2. One copy of our Independence Letter to the the Board of Directors.
3. One copy of the year-end journal entries and one copy of the closing trial balance for your records. Please ensure that these journal entries are posted to your general ledger, the general ledger is properly closed and your retained earnings balance agrees to the enclosed financial statements.
4. Our invoice for services rendered.

All records and documents should be retained in safekeeping for a minimum of seven years in the event that the Canada Revenue Agency demands them for audit purposes. This seven-year period is by Statute and, even after this time, the Canada Revenue Agency's permission to destroy records should be obtained.

We thank you for appointing our Firm as your accountants. Please contact us at any time if you have questions on accounting, finance, tax or other general business concerns. We would also be pleased to discuss our suite of services with your friends and business associates. We appreciate your business and any referrals you may make to our Firm.

If you have any questions or comments, or if we can be of additional assistance, please feel free to contact me at (204) 336-6205.

Yours truly,

A handwritten signature in cursive script, appearing to read "Mark Bullion".

Mark Bullion, CPA, CA
Assurance Services

encls.

McKenzie-Clearwater Fire Protection Corporation
Financial Statements
December 31, 2020
(Unaudited)

To the Board of McKenzie-Clearwater Fire Protection Corporation:

We have reviewed the accompanying financial statements of McKenzie-Clearwater Fire Protection Corporation that comprise the statement of financial position as at December 31, 2020, 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 non-profit organizations, the Organization derives contributions from donations and other sources, the completeness of which is not susceptible of 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 revenues, excess of revenues 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, 2020 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

June 2, 2021



Chartered Professional Accountants

McKenzie-Clearwater Fire Protection Corporation

Statement of Financial Position

As at December 31, 2020
(Unaudited)

| | General Fund | Externally Restricted - Fire Protection Fund | Externally Restricted - Mapping Fund | 2020 | 2019 |
|--|----------------|--|---|----------------|----------------|
| Assets | | | | | |
| Current | | | | | |
| Cash | 67,957 | - | - | 67,957 | 81,726 |
| Restricted cash | 100,000 | - | 64,389 | 164,389 | 159,613 |
| Accounts receivable | 20,398 | - | - | 20,398 | 2,581 |
| Prepaid expenses and deposits | 14,073 | - | - | 14,073 | 13,034 |
| | 202,428 | - | 64,389 | 266,817 | 256,954 |
| Capital assets (Note 3) | 103,745 | - | - | 103,745 | 107,294 |
| Interfund receivable (payable) (Note 4) | 69,311 | (69,311) | - | - | - |
| | 375,484 | (69,311) | 64,389 | 370,562 | 364,248 |
| Liabilities | | | | | |
| Current | | | | | |
| Bank indebtedness | 4,966 | - | - | 4,966 | - |
| Accounts payable and accruals | 16,258 | - | - | 16,258 | 17,644 |
| Deferred contributions (Note 5) | - | - | 64,389 | 64,389 | 59,613 |
| | 21,224 | - | 64,389 | 85,613 | 77,257 |
| Net Assets (Deficit) | | | | | |
| Unrestricted | 254,260 | - | - | 254,260 | 226,623 |
| Internally restricted (Note 6) | 100,000 | - | - | 100,000 | 100,000 |
| Externally restricted | - | (69,311) | - | (69,311) | (39,632) |
| | 354,260 | (69,311) | - | 284,949 | 286,991 |
| | 375,484 | (69,311) | 64,389 | 370,562 | 364,248 |

Approved on behalf of the Board of Directors

Signed by "Rick Suche"

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, 2020
(Unaudited)

| | <i>General Fund</i> | <i>Externally Restricted - Fire Protection Fund</i> | <i>Externally Restricted - Mapping Fund</i> | 2020 | 2019 |
|---|---------------------|---|---|----------------|----------------|
| Revenue | | | | | |
| The KeeMan Local Service Board | - | 134,301 | - | 134,301 | 110,400 |
| Fundraising - annual ball and other | - | - | - | - | 25,573 |
| Donations | 8,005 | - | - | 8,005 | 13,492 |
| M.T.O. | - | - | - | - | 2,700 |
| M.N.R. | - | 1,428 | - | 1,428 | 6,894 |
| O.F.M. | 11,359 | - | - | 11,359 | - |
| Interest | 862 | - | - | 862 | 1,653 |
| Emergency mapping response | - | - | 11,433 | 11,433 | - |
| | 20,226 | 135,729 | 11,433 | 167,388 | 160,712 |
| Expenses | | | | | |
| Bank charges and interest | 410 | 194 | - | 603 | 133 |
| Dispatch | - | 4,878 | - | 4,878 | 4,713 |
| District 2 station expenses | - | 5,630 | - | 5,630 | 5,821 |
| Emergency mapping consulting fees | - | - | 11,433 | 11,433 | - |
| Equipment | - | 2,969 | - | 2,969 | 2,289 |
| Firefighter's ball | - | - | - | - | 11,474 |
| Firefighter's expense | 10,331 | 39,347 | - | 49,678 | 39,397 |
| Fuel | - | 1,544 | - | 1,544 | 2,159 |
| Insurance | 1,052 | 24,913 | - | 25,965 | 24,884 |
| Land lease | - | 335 | - | 335 | 333 |
| Meals and entertainment | 1,435 | - | - | 1,435 | 1,674 |
| Miscellaneous | - | - | - | - | 657 |
| Office expense | - | 3,233 | - | 3,233 | 3,590 |
| Professional fees | 5,618 | 1,835 | - | 7,453 | 8,224 |
| Repairs and maintenance | - | 2,269 | - | 2,269 | 1,261 |
| Telephone | 1,726 | 2,107 | - | 3,834 | 3,395 |
| Training | 12,900 | 111 | - | 13,011 | 2,707 |
| Truck repairs | 754 | 1,803 | - | 2,557 | 1,298 |
| Utilities | - | 7,851 | - | 7,851 | 7,415 |
| | 34,226 | 99,019 | 11,433 | 144,678 | 121,424 |
| Excess (deficiency) of revenue over expenses before amortization | (14,000) | 36,710 | - | 22,710 | 39,288 |
| Amortization | 24,752 | - | - | 24,752 | 25,727 |
| Excess (deficiency) of revenue over expenses | (38,752) | 36,710 | - | (2,042) | 13,561 |
| Net assets, beginning of year | 326,623 | (39,632) | - | 286,991 | 273,430 |
| Transfer of fire protection asset amortization to the fire protection fund | 24,572 | (24,572) | - | - | - |
| Interfund transfer | 41,817 | (41,817) | - | - | - |
| Net assets, end of year | 354,260 | (69,311) | - | 284,949 | 286,991 |

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, 2020

(Unaudited)

| | 2020 | 2019 |
|---|-----------------|---------------|
| Cash provided by (used for) the following activities | | |
| Operating | | |
| Deficiency (excess) of revenue over expenses | (2,042) | 13,561 |
| Amortization | 24,752 | 25,727 |
| | 22,710 | 39,288 |
| Changes in working capital accounts | | |
| Accounts receivable | (17,817) | 4,456 |
| Prepaid expenses and deposits | (1,039) | (153) |
| Accounts payable and accruals | (1,386) | 9,109 |
| Deferred contributions | 4,776 | 11,618 |
| | 7,244 | 64,318 |
| Financing | | |
| Advances on bank indebtedness | 4,966 | - |
| Investing | | |
| Increase in restricted cash | (4,776) | (11,618) |
| Purchase of capital assets | (21,203) | - |
| | (25,979) | (11,618) |
| Increase (decrease) in cash resources | (13,769) | 52,700 |
| Cash, beginning of year | 81,726 | 29,026 |
| Cash, end of year | 67,957 | 81,726 |

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, 2020
(Unaudited)

1. Incorporation and nature of the organization

McKenzie-Clearwater Fire Protection Corporation (the "Organization") was incorporated as a not-for-profit, non-share capital corporation under the laws of Ontario. The Organization 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 Organization 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 Organization'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 Organization's externally restricted resources related to fire protection operations.

The Externally Restricted - Mapping Fund reports the Organization'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 Organization determines that a long-lived asset no longer has any long-term service potential to the organization, 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, 2020
(Unaudited)

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

Revenue recognition

The Organization 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 Organization'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. 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 excess of revenues and expenses in the periods in which they become known.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

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

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization 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 Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization 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; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Organization 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 year the reversal occurs.

McKenzie-Clearwater Fire Protection Corporation
Notes to the Financial Statements
For the year ended December 31, 2020
(Unaudited)

3. Capital assets

| | <i>Cost</i> | <i>Accumulated amortization</i> | <i>2020 Net book value</i> |
|--------------|----------------|-------------------------------------|------------------------------------|
| Buildings | 13,590 | 9,846 | 3,744 |
| Dock | 62,398 | 43,765 | 18,633 |
| Equipment | 113,189 | 87,384 | 25,805 |
| Fireboat | 10,626 | 10,626 | - |
| Fireboat #2 | 74,820 | 55,916 | 18,904 |
| Rescue Truck | 25,000 | 25,000 | - |
| Snow Rescue | 20,000 | 20,000 | - |
| Tanker | 146,637 | 109,978 | 36,659 |
| Vehicles | 3,463 | 3,463 | - |
| | 469,723 | 365,978 | 103,745 |

| | <i>Cost</i> | <i>Accumulated amortization</i> | <i>2019 Net book value</i> |
|--------------|----------------|-------------------------------------|------------------------------------|
| Buildings | 13,590 | 9,303 | 4,287 |
| Dock | 62,398 | 37,525 | 24,873 |
| Equipment | 91,986 | 84,229 | 7,757 |
| Fireboat | 10,626 | 10,626 | - |
| Fireboat #2 | 74,820 | 48,434 | 26,386 |
| Rescue Truck | 25,000 | 25,000 | - |
| Snow Rescue | 20,000 | 20,000 | - |
| Tanker | 146,637 | 102,646 | 43,991 |
| Vehicles | 3,463 | 3,463 | - |
| | 448,520 | 341,226 | 107,294 |

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.

4. 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.

McKenzie-Clearwater Fire Protection Corporation
Notes to the Financial Statements
For the year ended December 31, 2020
(Unaudited)

5. 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:

| | 2020 | 2019 |
|--|----------|--------|
| Balance, beginning of year | 59,613 | 47,995 |
| Amount received during the year | 16,209 | 11,618 |
| Less: Amount recognized as revenue during the year | (11,433) | - |
| Balance, end of year | 64,389 | 59,613 |

6. Net assets

Internally restricted net assets

The Organization's board of directors internally restricted \$100,000 of unrestricted net assets to be held for future replacement of firefighting equipment. Use of these internally restricted funds must be approved by the board of directors.

7. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The COVID-19 outbreak has had a small impact on the Organization's operations. At year-end there continues to be an impact to the organization and at this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.