

McKenzie-Clearwater Fire Protection Corporation
Financial Statements
December 31, 2018
(Unaudited)

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 that 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

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, the financial statements present fairly in all material respects the financial position of McKenzie-Clearwater Fire Protection Corporation 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.

Winnipeg, Manitoba

June 23, 2019

MNP LLP

Chartered Professional Accountants

McKenzie-Clearwater Fire Protection Corporation

Statement of Financial Position

As at December 31, 2018
(Unaudited)

	General Fund	Externally Restricted - Fire Protection Fund	Externally Restricted - Mapping Fund	2018	2017
Assets					
Current					
Cash	29,026	-	-	29,026	53,762
Restricted cash	100,000	-	47,995	147,995	112,080
Accounts receivable	7,037	-	-	7,037	11,688
Prepaid expenses	12,881	-	-	12,881	9,514
	148,944	-	47,995	196,939	187,044
Capital assets (Note 3)	133,021	-	-	133,021	167,268
Interfund receivable (payable) (Note 4)	48,018	(48,018)	-	-	-
	329,983	(48,018)	47,995	329,960	354,312
Liabilities					
Current					
Accounts payable and accruals (Note 5)	8,535	-	-	8,535	23,990
Deferred contributions (Note 6)	-	-	47,995	47,995	12,080
	8,535	-	47,995	56,530	36,070
Net Assets (Deficit)					
Unrestricted	221,448	-	-	221,448	241,665
Internally restricted (Note 7)	100,000	-	-	100,000	100,000
Externally restricted	-	(48,018)	-	(48,018)	(23,423)
	321,448	(48,018)	-	273,430	318,242
	329,983	(48,018)	47,995	329,960	354,312

Approved on behalf of

The accompanying notes are an integral part of these financial statements

McKenzie-Clearwater Fire Protection Corporation

Statement of Operations

For the year ended December 31, 2018
(Unaudited)

	General Fund	Externally Restricted - Fire Protection Fund	2018	2017
Revenue				
The KeeMan Local Service Board	-	101,400	101,400	101,400
Fundraising - annual ball, cookbook and rental	17,605	-	17,605	24,601
Donations	4,460	2,300	6,760	5,630
M.T.O.	6,021	-	6,021	9,850
M.N.R	-	2,519	2,519	4,295
Sales	60	-	60	949
Interest	974	-	974	707
Lifetime memberships	-	-	-	40
	29,120	106,219	135,339	147,472
Expenses				
Amortization	-	38,023	38,023	35,028
Bad debts	-	-	-	1,206
Bank charges and interest	90	24	114	219
Cost of goods sold	-	-	-	2,254
Dispatch	1,117	3,350	4,467	4,970
District 2 station expenses	-	4,965	4,965	5,753
Equipment	23	3,494	3,517	1,483
Firefighter's ball	9,001	-	9,001	9,420
Firefighter's expense	8,210	38,698	46,908	40,088
Fuel	-	1,715	1,715	2,490
Insurance	7,924	12,973	20,897	25,450
Land lease	-	333	334	337
Meals and entertainment	1,570	-	1,570	2,199
Miscellaneous	-	669	669	383
Office expense	103	3,423	3,525	3,834
Professional fees	2,723	6,768	9,491	13,323
Repairs and maintenance	239	1,545	1,784	2,351
Telephone	792	2,376	3,168	3,025
Training	12,731	1,531	14,262	6,417
Truck repairs	4,814	2,681	7,495	2,873
Utilities	-	8,246	8,246	8,556
	49,337	130,814	180,151	171,659
Deficiency of revenue over expenses	(20,217)	(24,595)	(44,812)	(24,187)

The accompanying notes are an integral part of these financial statements

McKenzie-Clearwater Fire Protection Corporation

Statement of Changes in Net Assets

For the year ended December 31, 2018
(Unaudited)

	<i>General Fund</i>	<i>Externally Restricted - Fire Protection Fund</i>	2018	2017
Balance, beginning of year	341,665	(23,423)	318,242	342,429
Deficiency of revenue over expenses	(20,217)	(24,595)	(44,812)	(24,187)
Balance, end of year	321,448	(48,018)	273,430	318,242

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, 2018

(Unaudited)

	2018	2017
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	(44,812)	(24,187)
Amortization	38,023	35,028
	(6,789)	10,841
Changes in working capital accounts		
Accounts receivable	4,651	6,608
Inventory	-	2,254
Prepaid expenses	(3,367)	2,000
Accounts payable and accruals	(15,455)	19,117
Deferred contributions	35,915	12,080
	14,955	52,900
Investing		
Increase in restricted cash	(35,915)	(12,080)
Purchase of capital assets	(3,776)	(50,008)
	(39,691)	(62,088)
Decrease in cash	(24,736)	(9,188)
Cash, beginning of year	53,762	62,950
Cash, end of year	29,026	53,762

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, 2018
(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.

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, 2018
(Unaudited)

3. 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. Provisions are made for slow moving and obsolete inventory. 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.

McKenzie-Clearwater Fire Protection Corporation

Notes to the Financial Statements

For the year ended December 31, 2018
(Unaudited)

3. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2018 Net book value</i>
Buildings	13,590	8,759	4,831
Dock	62,398	31,286	31,112
Equipment	91,986	80,100	11,886
Fireboat	10,626	10,626	-
Fireboat #2	74,820	40,951	33,869
Rescue Truck	25,000	25,000	-
Snow Rescue	20,000	20,000	-
Tanker	146,637	95,314	51,323
Vehicles	3,463	3,463	-
	448,520	315,499	133,021

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2017 Net book value</i>
Buildings	13,590	8,216	5,374
Dock	62,398	25,046	37,352
Equipment	88,210	63,674	24,536
Fireboat	10,626	10,626	-
Fireboat #2	74,820	33,469	41,351
Rescue Truck	25,000	25,000	-
Snow Rescue	20,000	20,000	-
Tanker	146,637	87,982	58,655
Vehicles	3,463	3,463	-
	444,744	277,476	167,268

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.

5. Accounts payable and accruals

	<i>2018</i>	<i>2017</i>
Trade payables	8,535	21,071
Government remittances payable	-	2,919
	8,535	23,990

McKenzie-Clearwater Fire Protection Corporation

Notes to the Financial Statements

For the year ended December 31, 2018
(Unaudited)

6. 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:

	2018	2017
Balance, beginning of year	12,080	-
Amount received during the year	35,915	12,080
Balance, end of year	47,995	12,080

7. 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.