

**McKenzie-Clearwater Fire Protection Corporation**  
**Financial Statements**  
*December 31, 2017*  
*(Unaudited)*

## Independent Practitioner's Review Engagement Report

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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, 2017, 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 Opinion*

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 Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects the financial position of McKenzie-Clearwater Fire Protection Corporation as at December 31, 2017 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.

### *Comparative Information*

Without modifying our conclusion, we draw attention to Note 2 to the financial statements which describes that McKenzie-Clearwater Fire Protection Corporation adopted Canadian accounting standards for not-for-profit organizations on January 1, 2017 with a transition date of January 1, 2016. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at December 31, 2016 and at January 1, 2016, and the statements of operations, changes in net assets and cash flows for the year ended December 31, 2017 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is neither audited nor reviewed.

Winnipeg, Manitoba

June 20, 2018

*MNP* LLP

Chartered Professional Accountants

# McKenzie-Clearwater Fire Protection Corporation

## Statement of Financial Position

As at  
(Unaudited)

	General Fund	Externally Restricted - Fire Protection Fund	Externally Restricted - Mapping Fund	December 31 2017	December 31 2016	January 1 2016
<b>Assets</b>						
<b>Current</b>						
Cash	53,762	-	-	53,762	62,950	29,175
Restricted cash	100,000	-	12,080	112,080	100,000	100,000
Accounts receivable	11,688	-	-	11,688	18,296	15,446
Inventory	-	-	-	-	2,254	5,230
Prepaid expenses	9,514	-	-	9,514	11,514	7,426
	<b>174,964</b>	<b>-</b>	<b>12,080</b>	<b>187,044</b>	<b>195,014</b>	<b>157,277</b>
<b>Capital assets (Note 4)</b>	<b>167,268</b>	<b>-</b>	<b>-</b>	<b>167,268</b>	<b>152,288</b>	<b>170,955</b>
<b>Interfund receivable (payable) (Note 5)</b>	<b>23,423</b>	<b>(23,423)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>365,655</b>	<b>(23,423)</b>	<b>12,080</b>	<b>354,312</b>	<b>347,302</b>	<b>328,232</b>
<b>Liabilities</b>						
<b>Current</b>						
Accounts payable and accruals (Note 6)	23,991	-	-	23,991	4,874	3,233
Deferred contributions (Note 7)	-	-	12,080	12,080	-	793
	<b>23,991</b>	<b>-</b>	<b>12,080</b>	<b>36,071</b>	<b>4,874</b>	<b>4,026</b>
<b>Net Assets (Deficit)</b>						
Unrestricted	241,664	-	-	241,664	242,428	224,206
Internally restricted (Note 8)	100,000	-	-	100,000	100,000	100,000
Externally restricted	-	(23,423)	-	(23,423)	-	-
	<b>341,664</b>	<b>(23,423)</b>	<b>-</b>	<b>318,241</b>	<b>342,428</b>	<b>324,206</b>
	<b>365,655</b>	<b>(23,423)</b>	<b>12,080</b>	<b>354,312</b>	<b>347,302</b>	<b>328,232</b>

Approved on behalf of

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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, 2017  
(Unaudited)

	General Fund	Externally Restricted - Fire Protection Fund	2017	2016
<b>Revenue</b>				
The KeeMan Local Service Board	-	101,400	101,400	103,200
Fundraising - annual ball, cookbook and rental	24,601	-	24,601	19,965
M.T.O.	9,850	-	9,850	-
Donations	5,630	-	5,630	13,807
M.N.R	-	4,295	4,295	2,743
Sales	949	-	949	3,360
Interest	707	-	707	740
Lifetime memberships	40	-	40	1,920
Amortization of deferred contributions	-	-	-	793
	<b>41,777</b>	<b>105,695</b>	<b>147,472</b>	<b>146,528</b>
<b>Expenses</b>				
Amortization	-	35,028	35,028	19,292
Bad debts	1,206	-	1,206	-
Bank charges and interest	180	39	219	191
Cost of goods sold	2,254	-	2,254	2,976
Dispatch	845	4,125	4,970	4,687
District 2 station expenses	-	5,753	5,753	7,788
Equipment	124	1,359	1,483	829
Fire truck repairs	-	2,873	2,873	3,968
Firefighter's ball	9,420	-	9,420	7,803
Firefighter's expense	5,835	34,253	40,088	30,433
Fuel	45	2,445	2,490	1,575
Insurance	11,789	13,661	25,450	18,730
Land lease	-	337	337	554
Meals and entertainment	1,850	349	2,199	2,024
Miscellaneous	-	383	383	821
Office expense	416	3,418	3,834	3,906
Professional fees	3,490	9,833	13,323	4,634
Repairs and maintenance	-	2,351	2,351	3,581
Telephone	514	2,511	3,025	2,829
Training	4,573	1,844	6,417	2,048
Utilities	-	8,556	8,556	9,639
	<b>42,541</b>	<b>129,118</b>	<b>171,659</b>	<b>128,308</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>(764)</b>	<b>(23,423)</b>	<b>(24,187)</b>	<b>18,220</b>

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, 2017*  
*(Unaudited)*

	<i>General Fund</i>	<i>Externally Restricted - Fire Protection Fund</i>	<i>2017</i>	<i>2016</i>
<b>Balance, beginning of year</b>	<b>342,428</b>	<b>-</b>	<b>342,428</b>	324,208
<b>Excess (deficiency) of revenue over expenses</b>	<b>(764)</b>	<b>(23,423)</b>	<b>(24,187)</b>	18,220
<b>Balance, end of year</b>	<b>341,664</b>	<b>(23,423)</b>	<b>318,241</b>	342,428

*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, 2017

(Unaudited)

	2017	2016
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	(24,187)	18,220
Amortization	35,028	19,292
Amortization of deferred contributions	-	(793)
	10,841	36,719
Changes in working capital accounts		
Accounts receivable	6,608	(2,850)
Inventory	2,254	2,976
Prepaid expenses	2,000	(4,088)
Accounts payable and accruals	19,117	1,642
Deferred contributions	12,080	-
	52,900	34,399
<b>Investing</b>		
Purchase of capital assets	(50,008)	(624)
<b>Increase in cash</b>	<b>2,892</b>	<b>33,775</b>
<b>Cash, beginning of year</b>	<b>162,950</b>	<b>129,175</b>
<b>Cash, end of year</b>	<b>165,842</b>	<b>162,950</b>
<b>Cash is composed of:</b>		
Cash	53,762	62,950
Restricted cash	112,080	100,000
	165,842	162,950

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, 2017  
(Unaudited)

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### 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. Impact of adopting accounting standards for not-for-profit organizations

The board has adopted thus these are the Organization's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The accounting policies in Note 3 have been applied in preparing the financial statements for the year ended December 31, 2017, the comparative information for the year ended December 31, 2016, and the opening ASNPO statement of financial position as at January 1, 2016 (the Organization's date of transition to ASNPO).

### 3. 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.

#### ***Inventory***

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

The cost of inventories recognized as an expense and included in cost of sales amounted to \$2,254 (2016 – \$2,976).

# McKenzie-Clearwater Fire Protection Corporation

## Notes to the Financial Statements

For the year ended December 31, 2017  
(Unaudited)

### 3. Significant accounting policies (Continued from previous page)

#### 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.

#### 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.

#### 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, 2017*  
(Unaudited)

#### 4. Capital assets

	<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	-
	<b>444,744</b>	<b>277,476</b>	<b>167,268</b>

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2016 Net book value</i>
Buildings	13,591	7,672	5,919
Dock	25,072	20,672	4,400
Equipment	75,527	48,378	27,149
Fireboat	10,626	10,626	-
Fireboat #2	74,820	25,987	48,833
Rescue Truck	25,000	25,000	-
Snow Rescue	20,000	20,000	-
Tanker	146,637	80,650	65,987
Vehicles	3,463	3,463	-
	<b>394,736</b>	<b>242,448</b>	<b>152,288</b>

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. Accounts payable and accruals

	<i>2017</i>	<i>2016</i>
Trade payables	21,072	4,877
Government remittances payable	2,919	-
	<b>23,991</b>	<b>4,877</b>

# McKenzie-Clearwater Fire Protection Corporation

## Notes to the Financial Statements

For the year ended December 31, 2017  
(Unaudited)

### 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:

	2017	2016
Balance, beginning of year	-	-
Amount received during the year	12,080	-
Balance, end of year	12,080	-

### 8. 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.