

The Killarney Foundation Inc.
Financial Statements
December 31, 2022

The Killarney Foundation Inc.
Statement of Financial Position

As at December 31, 2022

	<i>Operating Fund</i>	<i>Designated Endowment Fund</i>	<i>Undesignated Endowment Fund</i>	2022	2021
Assets					
Current					
Cash	7,500	112,640	134,215	254,355	353,010
Accounts receivable	-	14,850	17,694	32,544	13,901
	7,500	127,490	151,909	286,899	366,911
Investments (Note 4)	-	3,839,316	4,512,004	8,351,320	8,673,231
	7,500	3,966,806	4,663,913	8,638,219	9,040,142
Liabilities					
Current					
Accounts payable and accruals	7,500	46,210	61,523	115,233	51,537
Commitments (Note 5)					
Net Assets					
Net assets	-	3,920,596	4,602,390	8,522,986	8,988,605
	7,500	3,966,806	4,663,913	8,638,219	9,040,142

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

The Killarney Foundation Inc.
Statement of Operations

For the year ended December 31, 2022

	<i>Operating Fund</i>	<i>Designated Endowment Fund</i>	<i>Undesignated Endowment Fund</i>	2022	2021
Revenue					
Interest and dividends	-	157,456	183,769	341,225	310,758
Flow-through contributions	-	-	-	-	42,000
Grants	-	-	-	-	4,694
	-	157,456	183,769	341,225	357,452
Expenses					
Conferences	1,241	-	-	1,241	600
Advertising	2,101	-	-	2,101	2,801
Consulting fees	24,000	-	-	24,000	24,000
Grants (Note 6)	-	114,336	182,488	296,824	181,622
Meals	347	-	-	347	121
Membership fees	2,436	-	-	2,436	2,256
Professional fees	55,706	-	-	55,706	54,597
Supplies	541	-	-	541	3,090
	86,372	114,336	182,488	383,196	269,087
Excess (deficiency) of revenue over expenses before other items	(86,372)	43,120	1,281	(41,971)	88,365
Other items					
Gain (loss) on held for trading assets	-	(418,506)	(498,668)	(917,174)	873,054
Excess (deficiency) of revenue over expenses	(86,372)	(375,386)	(497,387)	(959,145)	961,419

The accompanying notes are an integral part of these financial statements

The Killarney Foundation Inc.
Statement of Changes in Net Assets
For the year ended December 31, 2022

	<i>Operating Fund</i>	<i>Designated Endowment Fund</i>	<i>Undesignated Endowment Fund</i>	2022	<i>2021</i>
Net assets, beginning of year	-	4,195,281	4,793,324	8,988,605	8,026,572
Excess (deficiency) of revenue over expenses	(86,372)	(375,386)	(497,387)	(959,145)	961,419
Endowment contributions <i>(Note 7)</i>	-	44,704	217,715	262,419	49,135
Net realized capital gain (loss)	-	105,454	125,653	231,107	(48,521)
Inter-fund transfers <i>(Note 8)</i>	86,372	(49,457)	(36,915)	-	-
Net assets, end of year	-	3,920,596	4,602,390	8,522,986	8,988,605

The accompanying notes are an integral part of these financial statements

The Killarney Foundation Inc.

Statement of Cash Flows

For the year ended December 31, 2022

	Operating Fund	Designated Endowment Fund	Undesignated Endowment Fund	2022	2021
Cash provided by (used for) the following activities					
Operating activities					
Cash received from grantors	-	-	-	-	4,694
Cash received from contributors	-	-	-	-	42,000
Dividends and interest received	-	142,051	165,260	311,311	310,460
Cash paid - grants	-	(73,750)	(159,378)	(233,128)	(222,476)
Cash paid - operating expenses	172	(39,449)	(47,005)	(86,282)	(87,332)
	172	28,852	(41,123)	(8,099)	47,346
Financing					
Endowment contributions received	-	44,704	217,715	258,419	49,135
Net realized capital gain (loss)	-	105,455	125,653	231,108	(48,521)
	-	150,159	343,368	489,527	614
Investing					
Purchase of investments	-	(1,277,713)	(1,607,454)	(2,885,167)	(1,559,961)
Proceeds on investments sold	-	1,051,810	1,253,274	2,305,084	1,757,569
	-	(225,903)	(354,180)	(580,083)	197,608
Increase (decrease) in cash resources	172	(46,892)	(51,935)	(98,655)	245,568
Cash resources, beginning of year	7,328	159,532	186,150	353,010	107,442
Cash resources, end of year	7,500	112,640	134,215	254,355	353,010

The accompanying notes are an integral part of these financial statements

1. Incorporation and operations

The Killarney Foundation Inc. (the "Foundation") was incorporated under the laws of the Province of Manitoba as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. Organization

The Killarney Foundation Inc. is a registered community fund established to support cultural, educational, recreational and charitable purposes in the Municipality of Killarney-Turtle Mountain and surrounding area.

The Foundation has a permanent pool of capital made up of gifts and bequests, carefully invested, which provides a perpetual stream of income to assist and support the changing needs of the community.

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, which are part of Canadian generally accepted accounting principles, using the following significant accounting policies:

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors.

Three funds are maintained: Operating Fund, Designated Endowment Fund and Undesignated Endowment Fund.

The Operating Fund is used to account for all expenses related to general and ancillary operations of the Foundation. Funds are transferred from the Endowment Funds to the Operating Fund to cover the administrative costs of the Foundation. The Designated Endowment Fund has been allocated its share of administrative overhead by the Board of Directors based on the average number of units held in the fund during the year. During the year an average of 45.63% (2021 - 46.15%) of all investments were held in the Designated Endowment Fund, therefore 45.63% of the administrative overhead has been allocated to the fund. The Undesignated Endowment Fund is allocated the remaining administrative costs.

The Designated and Undesignated Endowment Funds are restricted funds used to account for monies for specific purposes. Contributions are in the form of endowments from which only the income earned is expendable. In situations where contributions are specified to be used for operating purposes, the contributions would be fully expended.

Revenue recognition

The Foundation uses the deferral method of accounting for contributions and reports on a fund accounting basis. The Designated Endowment Fund contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. The Undesignated Endowment Fund and Operating Fund 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 the Endowment Fund balances. Restricted investment income is recognized in the appropriate deferred contribution balance or in net assets depending on the nature of the restrictions. Unrestricted investment income is recognized as revenue when earned.

Gains and losses on disposals of investments are reflected directly in the Endowment Funds. For the year, net capital gains realized were \$231,107 (2021 - net capital losses of \$48,521).

Pledges are recognized as revenue when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured. At December 31, 2022 the Foundation has no pledges receivable (2021 - \$NIL).

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

Accounts receivable

The accounts receivable consist mainly of accrued interest receivable and are recorded with no allowance for doubtful accounts.

Financial instruments

The Foundation recognizes its financial instruments when the Foundation 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 Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The Foundation has not made such an election. Cash and long-term investments have been designated to be subsequently measured at their fair value.

The Foundation subsequently measures long-term investments quoted in an active market and all derivative instruments at fair value. Fair value is determined by reference to quoted market prices. Long-term investments 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. As of December 31, 2022, all long-term investments have quotes in an active market.

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 for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The carrying values of financial assets measured at amortized cost or fair value are as follows:

	2022	2021
Financial assets measured at fair value:		
Cash	254,355	353,010
Investments	8,351,320	8,673,231
Financial assets measured at amortized cost:		
Accounts receivable	32,544	13,728

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

Financial asset impairment

The Foundation assesses impairment of all of its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Foundation 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 Foundation 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 the current year statement of operations.

The Foundation 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.

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 revenue and expenses during the reporting period.

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

Measurement uncertainty applies to the allocation between designated and undesignated amounts reported on the statement of financial position of the Foundation.

Contributed services

Volunteers contribute approximately 70 hours per year to assist the Killarney Foundation Inc. in carrying out its service-delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

The Killarney Foundation Inc.
Notes to the Financial Statements
For the year ended December 31, 2022

4. Investments

	2022		2021	
	Fair Market Value	Cost	Fair Market Value	Cost
DESIGNATED				
Investment in Bonds and Debentures:				
Provincial Government	28,136	27,317	28,459	27,630
Corporate/Guaranteed Certificates	<u>928,062</u>	<u>956,674</u>	<u>800,163</u>	<u>787,137</u>
	<u>956,198</u>	<u>983,991</u>	<u>828,622</u>	<u>814,767</u>
Investment in Shares:				
Canadian & International Equities	<u>2,546,937</u>	<u>2,051,083</u>	<u>2,808,417</u>	<u>1,957,179</u>
Investment in Mutual Funds	<u>279,112</u>	<u>299,716</u>	<u>334,000</u>	<u>328,596</u>
Winnipeg Foundation	52,548	45,298	59,459	45,298
Investment in Mineral Rights	<u>4,521</u>	<u>4,508</u>	<u>4,541</u>	<u>4,541</u>
	<u>57,069</u>	<u>49,806</u>	<u>64,000</u>	<u>49,839</u>
	<u>3,839,316</u>	<u>3,384,596</u>	<u>4,035,039</u>	<u>3,150,381</u>
UNDESIGNATED				
Investment in Bonds and Debentures:				
Provincial Government	33,531	32,554	33,208	32,241
Corporate/Guaranteed Certificates	<u>1,106,016</u>	<u>1,140,114</u>	<u>933,678</u>	<u>918,479</u>
	<u>1,139,547</u>	<u>1,172,668</u>	<u>966,886</u>	<u>950,720</u>
Investment in Shares:				
Canadian & International Equities	<u>3,035,305</u>	<u>2,444,373</u>	<u>3,277,033</u>	<u>2,283,756</u>
Investment in Savings Account	<u>332,631</u>	<u>357,186</u>	<u>389,732</u>	<u>383,426</u>
Investment in Mineral Rights:	<u>4,521</u>	<u>4,508</u>	<u>4,541</u>	<u>4,541</u>
	<u>4,512,004</u>	<u>3,978,735</u>	<u>4,638,192</u>	<u>3,622,443</u>
Total Investment	<u>8,351,320</u>	<u>7,363,331</u>	<u>8,673,231</u>	<u>6,772,824</u>

The Foundation's financial instruments that are exposed to interest rate risk are long-term investments. As of December 31, 2022, interest rates associated with corporate and provincial bonds range from 2.088% - 5.300% (2021 - 2.088% - 5.250%) with maturity dates from 2022 to 2030 (2021 - 2022 to 2030).

5. Commitments

As at December 31, 2022, the Foundation has grant commitments for designated funds of \$46,211 (2021 - \$5,625) and for undesignated funds of \$61,522 (2021 - \$38,412).

The Killarney Foundation Inc.
Notes to the Financial Statements
For the year ended December 31, 2022

6. Grants

	2022	2021
Designated		
Air Greenway Ltd.	-	430
Assiniboine Community College	9,226	-
Brandon University - scholarships	3,800	-
Community Florist & Gifts	95	336
Holy Trinity Anglican Church	-	4,249
Killarney Food Bank	-	397
Killarney Lakeside Golf Club	124	299
Killarney United Church	-	7,236
Kinsmen Club of Killarney	1,127	1,050
Municipality of Clanwilliam-Erickson	1,050	4,059
Municipality of Harrison-Park	4,200	11,955
Municipality of Killarney-Turtle Mountain	18,005	10,285
Prairie Mountain RHA	42,615	1,187
Rural Municipality of Argyle	15,519	-
Scholarship - other	1,625	17,425
Tri-Lake Health Centre Palliative Care	-	1,451
Turtle Mountain Flywheel Club	-	1,482
University of Jameson	2,026	-
University of Manitoba - scholarships	10,300	-
University of Saskatchewan	3,125	-
University of Winnipeg	1,500	-
	114,337	61,841
Undesignated		
Habitat for Humanity	-	5,000
Killarney Kiddie Korner	570	-
Killarney Turtle Mountain Arts Council	-	1,500
Lakeland Regional Library	2,100	-
Municipality of Killarney-Turtle Mountain	195,010	48,479
Prairie Mountain RHA	(25,000)	35,812
Rock Lake United Church	-	1,000
Scholarships	-	10,000
Turtle Mountain School Division	9,807	17,990
	182,487	119,781
	296,824	181,622

The Killarney Foundation Inc.
Notes to the Financial Statements
For the year ended December 31, 2022

7. Endowment contributions

Total Contributions prior to 2022	\$ 6,506,883**
 2022 Donations	
 Killarney High School Scholarship Fund	
Heather Sabad	100
 James Terekoff Fund	
Peter Terrekoff	1,000
 Baldur Area Fund	
Rural Municipality of Argyle	820
Gerald Dybish	100
Collen Vanwynsberghe	100
Baldur & Area Donor's Choice	1,919
Irene Onuch	50
 Tri-Lake Hospital Fund	
Angela Morrisseau	100
Debra Collyer	200
Wawanesa Belmont Transfer	25
Heather Sabad	100
 Sandy Lake Fund	
Dennis Hodgson	388
Ian Drul	388
 Killarney Golf Course Fund	
Patsy Gibson	100
James Muzeen and Patricia Pugh	125
 Municipality of Clanwilliam-Erickson Fund	
Leslie Dawn Barnett	500
Valeri Soltys	300
Erickson Women's Institute	2,000
Laura Nylén	25
Kathy Platt	40
Arthur Platt	20
Annette Beatty	32
Louis Maluk	10
Dianna Mitchell	30
Lain Edye	50
Norval Lee	1,000
Erickson Legion Bingo Fund	500
Laurence Bertram	1,000
Thuraya Weedon	100
Venton Beatty	100
Barbara Clarke	100
Margaret Neuls	100
Lorne MacKedenski	100
Brian Schnell	200
Cathy Hackenschmidt	30
Quinn Greavett	343
Municipality of Clanwilliam-Erikson	484
 Lakeland Regional Library Fund	
Heather Sabad	100
Janet Heming	2,000

7. Endowment contributions *(Continued from previous page)*

I. Wild Palliative Fund	
Wally Mitchell	25
Marringhurst Fund	
Mooney McCulloch	5,000
Other Community Funds	
B.P.O Elks	25,000
Other Donations	
Evelyn K Arnott	1,000
Estate of Robert G. Fox	14,443
Janet Heming	5,000
Killarney & Area Donor's Choice	4,156
Estate of Esther Lawson	100,000
Estate of Edith Madeline Randall	70,000
Dennis and Betty Turner	1,140
Winnipeg Foundation	8,390
Various	13,586
Total 2022 Donations	262,419
Total donations to December 31, 2022	<u><u>\$ 6,769,302</u></u>

** The total contributions prior to 2020 balance previously included accumulated capital income and gains from the past five years. Total contributions have now been adjusted to reflect donations only. This adjustment has no impact to the Foundation's financial statements.

The following funds have been established for the specific purposes indicated. These are maintained in the Designated Endowment Fund investment account.

In 1994, an Administrative Endowment Fund was created in order to provide for future administrative expenses. To date, \$174,447 (2021 - \$174,447) has been allocated to this fund.

In 1999, the Directors passed a motion to capitalize the interest earned on the High School Scholarship Fund and any further donations made to the fund until the fund contains the sum of \$20,000. To date, \$15,562 (2021 - \$15,462) has been allocated to this fund.

Under a 1999 written donor direction, any monies earned by the Willard and Margaret Clements Scholarship Fund but not distributed in the form of scholarships is to be capitalized in order to increase the original endowed value. To date, \$83,882 (2021 - \$83,882) has been allocated to this fund.

Under a 2000 written donor direction, any monies earned by the Keith Heming & Family Scholarship Fund but not distributed in the form of scholarships is to be capitalized in order to increase the original endowed value to a maximum of \$100,000. To date, \$87,577 (2021 - \$87,577) has been allocated to this fund.

Under a 2010 written donor direction, any monies earned by the John Arthur Ross Memorial Bursary Fund but not distributed in the form of scholarships is to be capitalized in order to increase the original endowed value. To date, \$25,696 (2021 - \$25,696) has been allocated to this fund.

In 2007, a fund was established with the Winnipeg Foundation to participate in the Province of Manitoba bursary initiative program. To date, \$45,298 (2021 - \$45,298) has been contributed.

8. Interfund transactions

During the year the Foundation transferred \$39,411 (2021 - \$40,365) from the Designated fund and \$46,960 (2021 - \$47,100) from the Undesignated Fund to provide for net expenditures in the Operating fund totaling \$86,372 (2021 - \$87,465). Additionally, \$10,045 (2021 - \$53,025) was transferred between the Undesignated and Designated funds.

9. Financial instruments

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

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Foundation is exposed to interest rate risk primarily relating to investments.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation enters into transactions to purchase shares or equities, for which the market price fluctuates.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation enters into investment transactions denominated in U.S. currency for which the related revenues, capital gains and losses and equity balances are subject to exchange rate fluctuations. As at December 31, 2022, no items are denominated in U.S. currency.

10. Directors

As at December 31, 2022 the members of the Board of Directors of the Foundation were as follows:

Janice Arlene Smith - Chairperson
Jaret Box - Director
Laurie Campbell - Director
Edward Dow - Director
David Jones - Director
Matthew Nichol- Director
Brett Skeoch - Director
Jackie Mitchell - Treasurer
Shelley Vandenberghe - Secretary

11. Income taxes

The Foundation is registered as a charitable organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

12. Significant risks

The Foundation continues to operate in an uncertain macroeconomic and geopolitical environment caused by high inflation, volatile interest rates, lingering COVID-19 impacts and supply chain disruptions resulting from these factors. The Foundation is closely monitoring the evolving macroeconomic and geopolitical conditions to assess potential impacts on its investments, including those resulting for its exposure to interest rate risks.