

The Temagami Community Foundation
Financial Statements
For the year ended December 31, 2018

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For the year ended December 31, 2018

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Independent Auditor's Report

To the Members of The Temagami Community Foundation

Qualified Opinion

We have audited the financial statements of The Temagami Community Foundation "the Organization", which comprise the statement of financial position as at December 31, 2018, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
May 27, 2019

The Temagami Community Foundation Statement of Financial Position

December 31 **2018** **2017**

Assets

Current

Cash and cash equivalents	\$	65,409	\$	87,608
Accounts receivable		3,748		9,387
Prepaid expenses		3,033		-

		72,190		96,995
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Investments (Note 2)		515,603		457,717
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	\$	587,793	\$	554,712
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Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities (Note 3)	\$	8,594	\$	5,400
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Fund balances

Externally restricted (Note 5)		581,797		545,822
Operating		(2,598)		3,490

		579,199		549,312
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	\$	587,793	\$	554,712
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On behalf of the Board:



_____ Director

_____ Director

The Temagami Community Foundation Statement of Operations and Changes in Fund Balances

For the year ended December 31

	Externally Restricted 2018	2017	Operating 2018	2017	Total 2018	Total 2017
Revenues						
Fundraising and donations:						
Biennial dinner	\$ 34,975	\$ -	\$ -	\$ -	\$ 34,975	\$ -
Other	34,450	60,159	43,219	14,200	77,669	74,359
Investment income:						
Realized and unrealized (loss) gain on investments	(23,294)	18,545	-	-	(23,294)	18,545
Interest and dividends	12,775	10,886	-	-	12,775	10,886
Grants	-	-	-	10,280	-	10,280
	58,906	89,590	43,219	24,480	102,125	114,070
Expenses						
Other administration expenses (Note 7)	-	-	16,663	13,250	16,663	13,250
Salaries and benefits	-	-	12,873	9,822	12,873	9,822
Investment management fees	6,595	6,193	-	-	6,595	6,193
Fundraising and other expenses	-	-	29,167	3,348	29,167	3,348
Administration fees	1,139	1,067	(1,139)	(1,067)	-	-
	7,734	7,260	57,564	25,353	65,298	32,613
Excess (deficiency) of revenues over expenses before other items	51,172	82,330	(14,345)	(873)	36,827	81,457
Grant expense (Note 4)	6,940	28,375	-	-	6,940	28,375
Excess (deficiency) of revenues over expenses	44,232	53,955	(14,345)	(873)	29,887	53,082
Fund Balances, beginning of year	545,822	499,044	3,490	(2,814)	549,312	496,230
Inter-fund transfers (Note 5)	(8,257)	(7,177)	8,257	7,177	-	-
Fund Balances, end of year	\$ 581,797	\$ 545,822	\$ (2,598)	\$ 3,490	\$ 579,199	\$ 549,312

The accompanying notes are an integral part of these financial statements.

The Temagami Community Foundation Statement of Cash Flows

For the year ended December 31	2018	2017
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses	\$ 29,887	\$ 53,082
Changes in non-cash working capital balances:		
Accounts receivable	5,639	(1,148)
Prepaid expenses	(3,033)	-
Accounts payable and accrued liabilities	3,194	(100)
	35,687	51,834
Investing activities		
Purchase of investments	(75,000)	-
Loss (gains) on investments	17,114	(23,239)
	(57,886)	(23,239)
(Decrease) increase in cash and cash equivalents during the year	(22,199)	28,595
Cash and cash equivalents, beginning of year	87,608	59,013
Cash and cash equivalents, end of year	\$ 65,409	\$ 87,608

The accompanying notes are an integral part of these financial statements.

The Temagami Community Foundation Notes to Financial Statements

December 31, 2018

1. Significant Accounting Policies

Nature and Purpose of Organization

The Temagami Community Foundation (the "Foundation") is a public foundation created to promote the well-being of members of the Temagami community by supporting cultural, artistic and educational activities; responsible stewardship of the natural heritage; sustainable community economic development and other charitable projects. The Foundation is incorporated without share capital under the laws of the Canada Corporations Act and is exempt from income taxes under Section 149.1 of the Income Tax Act.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions.

The Operating Fund comprises unrestricted resources available for immediate purposes at the discretion of the Board.

The Externally Restricted Fund comprises amounts that are restricted by the donor to be expended for a specified purpose.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and investments with a maturity of ninety days or less from the date of acquisition.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations, other than financial instruments related to restricted funds. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses relating to the restricted funds recorded directly in the restricted fund. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

The Temagami Community Foundation

Notes to Financial Statements

December 31, 2018

1. Significant Accounting Policies (continued)

Capital Assets	Capital assets are charged to operations when acquired.
Revenue Recognition	<p>The Foundation follows the restricted fund method of accounting for contributions. Externally restricted contributions and gains (losses) on the sale of the investments are recorded as revenue in the Externally Restricted Fund.</p> <p>Unrestricted contributions are recognized as revenue in the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Endowment contributions are recognized as revenue of the applicable Endowment Fund in the current period.</p> <p>Restricted investment income is recognized as revenue in the applicable restricted fund. Restricted investment income that must be maintained as an endowment is recognized in the applicable restricted fund. Unrestricted investment income is recognized as revenue when earned in the operating fund.</p> <p>Pledges to donate funds are not included in revenue until the funds are received.</p>
Contributed Materials and Services	The work of the Foundation is dependent on the voluntary services of many members and others. Since these services are not normally purchased by the Foundation and because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements. If the fair value of contributed materials can be reasonably determined these are recorded as donations of the current period.
Use of Estimates	The preparation of the 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. These estimates are periodically reviewed and, as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

The Temagami Community Foundation Notes to Financial Statements

December 31, 2018

2. Investments

	2018	2017
Fixed income	\$ 284,485	\$ 212,077
Equities (cost - \$201,166)	231,118	245,640
	\$ 515,603	\$ 457,717

All investments are held with Scotia McLeod investments and has been mandated that these investments are to be held 50% in equity and 50% in fixed income investments.

3. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$Nil (2017 - \$Nil) in government remittances payable.

4. Grant Expense

Project/Event	Qualified Donee	2018	2017
General Fund	Municipality of Temagami	\$ 1,400	\$ 12,030
Reconciliation	Municipality of Temagami	-	9,850
Summer Art Camp	Temagami First Nation	5,540	3,715
Bear Island Kids	Temagami First Nation	-	2,780
		\$ 6,940	\$ 28,375

The Temagami Community Foundation Notes to Financial Statements

December 31, 2018

5. Externally Restricted Fund

Fund	Balance, beginning of year	Donations	Investment income ⁽ⁱ⁾	Adminis- tration fee	Grant Expenses	Inter-Fund Transfers	Balance, end of year
Endowed:							
Council of 100	\$ 206,423	\$ 34,450	\$ 8,257	\$ -	\$ -	\$ (8,257)	\$ 240,873
General	195,566	23,225	(31,068)	-	-	-	187,723
Art Camp Forever	4,823	-	241	(48)	-	-	5,016
Kim Renaud	38,138	950	1,907	(381)	-	-	40,614
Laura McKenzie	37,217	950	1,861	(372)	-	-	39,656
Tracy Gauverau	33,763	-	1,688	(338)	(1,400)	-	33,713
Other:							
Summer Art Camp	1,463	9,850	-	-	(5,540)	-	5,773
Bear Island Kids	-	-	-	-	-	-	-
Canoe Raffle	3,800	-	-	-	-	-	3,800
John Guppy	2,040	-	-	-	-	-	2,040
Lorne Pacey	1,029	-	-	-	-	-	1,029
Reconciliation	14,425	-	-	-	-	-	14,425
Sherman Mine	1,500	-	-	-	-	-	1,500
St. Ursula's	3,275	-	-	-	-	-	3,275
Temagami Lions	2,360	-	-	-	-	-	2,360
	\$ 545,822	\$ 69,425	\$ (17,114)	\$ (1,139)	\$ (6,940)	\$ (8,257)	\$ 581,797

(i) Net of investment management fees.

Investment income is allocated to each donor advised fund at the rate of 5% per annum and to the Council of 100 Fund at the rate of 4% per annum as established by the Board. An administration fee of 1% of the value of the fund (minimum \$100) is charged to each donor advised endowed fund annually, and an administration fee of 2% of the value of disbursements is charged to each donor advised non-endowed (flow-through) fund annually.

6. Commitments

During the year the Organization entered into a lease for office space effective December 1, 2018 and expiring November 30, 2021 for a monthly amount of \$250.

Minimum lease payments over the next three years are as follows:

2019	\$3,000
2020	\$3,000
2021	\$2,750

The Temagami Community Foundation Notes to Financial Statements

December 31, 2018

7. Other Administration Expenses

	<u>2018</u>	<u>2017</u>
Legal and audit	\$ 7,247	\$ 6,257
Office and miscellaneous	4,391	1,403
Interest and bank charges	1,434	676
Telephone and internet	1,343	991
Travel and Accommodations	1,140	920
Memberships	1,108	1,592
Board meetings and travel	-	1,233
Conference attendance	-	178
	<u>\$ 16,663</u>	<u>\$ 13,250</u>

8. Financial Instrument Risk

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable from companies that operate in the same industry. The organization provides credit to its clients in the normal course of its operations. The organization is also exposed to credit risk arising from its notes receivable.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

Market Risk

The Foundation is exposed to fluctuations in equity markets on its short-term investments.

There have been no changes to the Foundation's financial instrument risk exposure from the prior year.