

The Temagami Community  
Foundation  
Financial Statements  
For the year ended December 31, 2013

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For the year ended December 31, 2013

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## Independent Auditor's Report

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### To the Members of the The Temagami Community Foundation

We have audited the accompanying financial statements of The Temagami Community Foundation which comprise the statement of financial position as at December 31, 2013 and the statements of operations and changes in fund balances 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

In common with many charitable organizations, The Temagami Community Foundation derives revenue from fundraising and donations 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donations revenue, excess of revenues over expenses and cash flows from operations for the years ended December 31, 2013 and 2012, current assets as at December 31, 2013 and 2012 and fund balances as at January 1, 2013 and December 31 for both the 2013 and 2012 years. Our audit opinion on the financial statements for the year ended December 31, 2012 was modified accordingly because of the possible effects of this limitation in scope.

### Qualified Opinion

In our opinion, except for the 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 The Temagami Community Foundation as at December 31, 2013 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.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

North Bay, Ontario  
July 11, 2014

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The Temagami Community Foundation  
Statement of Financial Position

December 31	2013	2012
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 74,573	\$ 76,562
Accounts receivable	3,316	613
Prepaid expenses	1,134	-
	<hr/>	<hr/>
	79,023	77,175
Investments (Note 2)	301,585	292,997
	<hr/>	<hr/>
	\$ 380,608	\$ 370,172

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**Liabilities and Fund Balances**

Current		
Accounts payable and accrued liabilities (Note 3)	\$ 4,974	\$ 4,211
	<hr/>	<hr/>
Fund balances		
Externally restricted (Note 5)	401,822	356,733
Operating	(26,188)	9,228
	<hr/>	<hr/>
	375,634	365,961
	<hr/>	<hr/>
	\$ 380,608	\$ 370,172

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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 2013	2012	Operating 2013	2012	Total 2013	Total 2012
<b>Revenues</b>						
Fundraising and donations	\$ 37,889	\$ 35,529	\$ 42,853	\$ 15,803	\$ 80,742	\$ 51,332
Investment income:						
Realized and unrealized gain on investments	33,001	11,729	5,472	5,024	38,473	16,753
Interest and dividends	559	1,919	-	-	559	1,919
	<u>71,449</u>	<u>49,177</u>	<u>48,325</u>	<u>20,827</u>	<u>119,774</u>	<u>70,004</u>
<b>Expenses</b>						
Other administration expenses (Note 6)	-	-	21,621	15,096	21,621	15,096
Administration fees	1,053	767	(1,053)	(767)	-	-
Salaries and benefits	-	-	44,252	6,698	44,252	6,698
Fundraising and other expenses	-	-	18,921	1,204	18,921	1,204
Investment management fees	3,682	1,298	-	-	3,682	1,298
	<u>4,735</u>	<u>2,065</u>	<u>83,741</u>	<u>22,231</u>	<u>88,476</u>	<u>24,296</u>
Excess (deficiency) of revenues before other items	66,714	47,112	(35,416)	(1,404)	31,298	45,708
Grant expense (Note 4)	21,625	8,349	-	-	21,625	8,349
Excess (deficiency) of revenues over expenses	45,089	38,763	(35,416)	(1,404)	9,673	37,359
Fund Balances, beginning of year	356,733	317,970	9,228	10,632	365,961	328,602
Fund Balances, end of year	<u>\$ 401,822</u>	<u>\$ 356,733</u>	<u>\$ (26,188)</u>	<u>\$ 9,228</u>	<u>\$ 375,634</u>	<u>\$ 365,961</u>

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

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The Temagami Community Foundation  
Statement of Cash Flows

For the year ended December 31	2013	2012
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses	\$ 9,673	\$ 37,359
Changes in non-cash working capital balances:		
Accounts receivable	(2,703)	895
Prepaid expenses	(1,134)	-
Accounts payable and accrued liabilities	763	1,362
	6,599	39,616
Investing activities		
Increase in investments	(8,588)	(18,559)
(Decrease) increase in cash and cash equivalents during the year	(1,989)	21,057
Cash and cash equivalents, beginning of year	76,562	55,505
Cash and cash equivalents, end of year	\$ 74,573	\$ 76,562

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

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# The Temagami Community Foundation

## Notes to Financial Statements

December 31, 2013

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### 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.

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# The Temagami Community Foundation

## Notes to Financial Statements

December 31, 2013

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### 1. Significant Accounting Policies (continued)

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.
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>

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# The Temagami Community Foundation

## Notes to Financial Statements

December 31, 2013

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### 1. Significant Accounting Policies (continued)

#### 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.

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## The Temagami Community Foundation Notes to Financial Statements

December 31, 2013

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### 2. Investments

	2013	2012
Fixed income	\$ 301,585	\$ 106,286
Equities	-	186,711
	<u>\$ 301,585</u>	<u>\$ 292,997</u>

Fixed income investments consist of units held in the Scotia McLeod Portfolio, all funds are invested in cash equivalent securities.

In 2013, Community Foundations of Canada discontinued their support for their investment arrangements with the Bank of Montreal and as a result investments were transferred to Scotia McLeod under a new mandate whereby funds are to be held 50% fixed income securities and 50% equity securities to commence in 2014. At the year end all securities were temporarily held in cash and cash equivalent instruments

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### 3. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$1,284 (2012 - \$1,466) in government remittances payable.

## The Temagami Community Foundation Notes to Financial Statements

December 31, 2013

### 4. Grant expense

Project/Event	Qualified Donee	2013	2012
Summer Art Camp	Temagami First Nation	\$ 5,121	\$ 5,508
Mark Corbett Scholarship	Kim Renaud Fund	-	2,650
Camper bursary	Foster Family Fund	-	191
Health project	North Bay / Temiskaming Health	13,000	-
PowWow	Municipality of Temagami	2,500	-
Canopy project	Municipality of Temagami	1,004	-
		<u>\$ 21,625</u>	<u>\$ 8,349</u>

### 5. Externally Restricted Fund

Fund	Balance, beginning of year	Donations	Investment income	Adminis- tration fee	Grant Expenses	Balance, end of year
Endowed:						
Kim Renaud	\$ 26,655	\$ 1,312	\$ 1,333	\$ (266)	\$ -	\$ 29,034
Tracy Gauverau	24,448	1,312	1,222	(244)	-	26,738
Laura McKenzie	28,274	38	1,414	(283)	-	29,443
Council of 100	136,812	9,508	-	-	-	146,320
General	112,286	14,150	25,909	-	(3,504)	148,841
Other:						
John Guppy	2,040	-	-	-	-	2,040
Lorne Pacey	1,029	-	-	-	-	1,029
Foster Family	-	-	-	-	-	-
Summer Art Camp	7,483	5,000	-	-	(5,121)	7,362
St. Ursula's	3,275	-	-	-	-	3,275
Bear Island Kinds	2,780	-	-	-	-	2,780
Temagami Lions	11,651	6,569	-	(260)	(13,000)	4,960
	<u>\$ 356,733</u>	<u>\$ 37,889</u>	<u>\$ 29,878</u>	<u>\$ (1,053)</u>	<u>\$ (21,625)</u>	<u>\$ 401,822</u>

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.

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## The Temagami Community Foundation Notes to Financial Statements

December 31, 2013

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### 6. Other Administration Expenses

	2013		2012
Telephone and internet	\$ 2,941	\$	4,651
Legal and audit	9,506		2,686
Conference attendance	3,533		2,684
Board meetings and travel	77		1,907
Memberships	924		1,557
Office and miscellaneous	2,474		788
Interest and bank charges	1,573		496
Newsletters, brochures and other	593		327
	<u>\$ 21,621</u>	<u>\$</u>	<u>15,096</u>

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### 7. 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 Foundation's cash and cash equivalents and short-term investments are all held at major financial institutions. The Foundation maintains cash and cash equivalents within federally insured limits, mitigating the credit risk faced by the Foundation. The Foundation is also exposed to credit risk arising from its accounts 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