

**The Temagami Community  
Foundation  
Financial Statements  
For the year ended December 31, 2015**

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**Financial Statements**  
For the year ended December 31, 2015

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## Independent Auditor's Report

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### To the Members of 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, 2015 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, 2015 and 2014, current assets as at December 31, 2015 and 2014 and fund balances as at January 1 and December 31 for both the 2015 and 2014 years. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effect 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, 2015 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.

*RAO Gaudet LLP*

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario  
October 5, 2016

## The Temagami Community Foundation Statement of Financial Position

**December 31** **2015** **2014**

### Assets

#### Current

Cash and cash equivalents	\$	24,171	\$	22,019
Accounts receivable		7,843		5,839

		32,014		27,858
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Investments (Note 2)		414,458		375,307
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	\$	446,472	\$	403,165
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### Liabilities and Fund Balances

#### Current

Accounts payable and accrued liabilities (Note 3)	\$	5,203	\$	5,001
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#### Fund balances

Externally restricted (Note 5)		459,008		423,162
Operating		(17,739)		(24,998)

		441,269		398,164
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	\$	446,472	\$	403,165
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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 2015	2014	Operating 2015	2014	Total 2015	Total 2014
<b>Revenues</b>						
Fundraising and donations	\$ 36,313	\$ 43,201	\$ 26,309	\$ 32,096	\$ 62,622	\$ 75,297
Investment income:						
Realized and unrealized gain on investments	18,956	22,901	-	-	18,956	22,901
Interest and dividends	11,314	10,454	-	-	11,314	10,454
	<b>66,583</b>	<b>76,556</b>	<b>26,309</b>	<b>32,096</b>	<b>92,892</b>	<b>108,652</b>
<b>Expenses</b>						
Other administration expenses (Note 6)	-	-	13,015	15,158	13,015	15,158
Administration fees	970	851	(970)	(851)	-	-
Salaries and benefits	-	-	-	37,164	-	37,164
Consulting fees	-	-	9,014	-	9,014	-
Fundraising and other expenses	-	-	4,349	10,288	4,349	10,288
Investment management fees	5,170	3,929	-	-	5,170	3,929
	<b>6,140</b>	<b>4,780</b>	<b>25,408</b>	<b>61,759</b>	<b>31,548</b>	<b>66,539</b>
<b>Excess (deficiency) of revenues over expenses before other items</b>	<b>60,443</b>	<b>71,776</b>	<b>901</b>	<b>(29,663)</b>	<b>61,344</b>	<b>42,113</b>
Grant expense (Note 4)	18,239	19,583	-	-	18,239	19,583
<b>Excess (deficiency) of revenues over expenses</b>	<b>42,204</b>	<b>52,193</b>	<b>901</b>	<b>(29,663)</b>	<b>43,105</b>	<b>22,530</b>
<b>Fund Balances, beginning of year</b>	<b>423,162</b>	<b>401,822</b>	<b>(24,998)</b>	<b>(26,188)</b>	<b>398,164</b>	<b>375,634</b>
Inter-fund transfers (Note 5)	(6,358)	(30,853)	6,358	30,853	-	-
<b>Fund Balances, end of year</b>	<b>\$ 459,008</b>	<b>\$ 423,162</b>	<b>\$ (17,739)</b>	<b>\$ (24,998)</b>	<b>\$ 441,269</b>	<b>\$ 398,164</b>

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	2015	2014
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenues over expenses	\$ 43,105	\$ 22,530
Changes in non-cash working capital balances:		
Accounts receivable	(2,001)	(2,522)
Prepaid expenses	-	1,134
Accounts payable and accrued liabilities	202	27
	41,306	21,169
<b>Investing activities</b>		
Increase in investments	(39,154)	(73,723)
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<b>2,152</b>	<b>(52,554)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>22,019</b>	<b>74,573</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 24,171</b>	<b>\$ 22,019</b>

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, 2015

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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.

#### 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.

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# The Temagami Community Foundation

## Notes to Financial Statements

December 31, 2015

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### 1. Significant Accounting Policies (continued)

<b>Capital Assets</b>	Capital assets are charged to operations when acquired.
<b>Revenue Recognition</b>	<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>
<b>Contributed Materials and Services</b>	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.
<b>Use of Estimates</b>	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, 2015**

### 2. Investments

	2015	2014
Fixed income	\$ 203,354	\$ 186,415
Equities	211,104	188,892
	\$ 414,458	\$ 375,307

All investments are held with Scotia McLoed 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 (2014 - \$Nil) in government remittances payable.

### 4. Grant Expense

Project/Event	Qualified Donee	2015	2014
Summer Art Camp	Temagami First Nation	\$ 2,150	\$ 3,954
PowWow	Temagami First Nation	500	1,000
Christmas Display	Temagami Lion's Club	500	-
Susan Aglukark Show	Temagami Artistic Collective	-	500
Temiskaming Hospital Foundation	Temagami Lion's Club	4,000	-
World Aboriginal Day	Temagami First Nation	391	-
Temagami Public Library Senior's project	Municipality of Temagami	-	1,500
Temagami Health Cents Stress Test Equipment	Municipality of Temagami	-	800
Temagami Community Market	Municipality of Temagami	-	2,100
Canoe Festival	Municipality of Temagami	1,587	-
Senior's Library Project	Municipality of Temagami	-	1,050
Old Growth Trails	Municipality of Temagami	4,011	8,679
Tracey Gauvreau Scholarship	Municipality of Temagami	600	-
Gerry Gooderham Grant	Municipality of Temagami	1,500	-
N'Daki Menan Stewardship	Municipality of Temagami	3,000	-
		\$ 18,239	\$ 19,583

## The Temagami Community Foundation Notes to Financial Statements

**December 31, 2015**

### 5. Externally Restricted Fund

Fund	Balance, beginning of year	Donations	Investment income <sup>(i)</sup>	Adminis- tration fee	Grant Expenses	Inter-Fund Transfers	Balance, end of year
Endowed:							
Kim Renaud	\$ 31,571	\$ 75	\$ 1,579	\$ (316)	\$ -	-	\$ 32,909
Tracy Gauverau	29,183	75	1,459	(292)	(600)	-	29,825
Laura McKenzie	32,317	735	1,616	(323)	-	-	34,345
Art Camp Forever	3,903	400	195	(39)	-	-	4,459
Council of 100	158,951	12,020	6,358	-	-	(6,358)	170,971
General	146,775	20,508	13,893	-	(11,489)	-	169,687
Other:							
John Guppy	2,040	-	-	-	-	-	2,040
Lorne Pacey	1,029	-	-	-	-	-	1,029
Summer Art Camp	3,408	2,500	-	-	(2,150)	-	3,758
St. Ursula's	3,275	-	-	-	-	-	3,275
Bear Island Kids	2,780	-	-	-	-	-	2,780
Temagami Lions	6,360	-	-	-	(4,000)	-	2,360
Sherman Mine Retirees	1,500	-	-	-	-	-	1,500
Old Growth Partnership	70	-	-	-	-	-	70
	<b>\$ 423,162</b>	<b>\$ 36,313</b>	<b>\$ 25,100</b>	<b>\$ (970)</b>	<b>\$ (18,239)</b>	<b>\$ (6,358)</b>	<b>\$ 459,008</b>

**(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.

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## The Temagami Community Foundation Notes to Financial Statements

December 31, 2015

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### 6. Other Administration Expenses

	2015	2014
Office and miscellaneous	\$ 3,659	\$ 1,882
Legal and audit	3,453	7,173
Telephone and internet	2,237	2,091
Memberships	1,025	1,075
Board meetings and travel	916	1,116
Conference attendance	895	250
Interest and bank charges	830	689
Newsletters, brochures and other	-	882
	<u>\$ 13,015</u>	<u>\$ 15,158</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 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.