

The Temagami Community Foundation
Financial Statements
For the year ended December 31, 2021

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For the year ended December 31, 2021

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Independent Auditor's Report

To the Board of Directors of The Temagami Community Foundation

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, 2021, the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, 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 Opinion

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.

Restated Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information for the year ended December 31, 2020 has been restated. Our opinion is not modified with respect of this matter.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
April 25, 2022

The Temagami Community Foundation Statement of Financial Position

December 31 2021 2020
(Restated -
See Note 2)

Assets

Current

Cash and cash equivalents	\$ 248,847	\$ 173,961
Investments (Note 3)	93,382	67,643
Accounts receivable	699	1,796
Prepaid expenses	472	472
	343,400	243,872

Restricted Investments (Note 3)

	462,368	444,189
	\$ 805,768	\$ 688,061

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 4)	\$ 10,046	\$ 5,334
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Net Assets

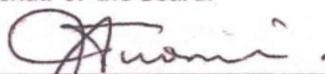
Restricted (Note 6)	462,368	444,189
Unrestricted	333,354	238,538
	795,722	682,727

	\$ 805,768	\$ 688,061
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Commitments (Note 8)

Uncertainty due to COVID-19 (Note 12)

On behalf of the Board:


 _____ Director


 _____ Director

The Temagami Community Foundation Statement of Operations and Changes in Net Assets

For the year ended December 31

	Restricted		Unrestricted		Total	Total
	2021	2020	2021	2020	2021	2020
						(Restated - see Note 2)
Revenues						
Lottery (Note 11)	\$ -	\$ -	\$ 247,740	\$ 16,110	\$ 247,740	\$ 16,110
Fundraising and other	-	-	9,040	4,253	9,040	4,253
Donations	17,696	19,252	55,620	130,681	73,316	149,933
Investment income:						
Gains on investments	15,338	13,151	23,757	14,209	39,095	27,360
Interest and dividends	12,930	13,666	-	-	12,930	13,666
Canada Summer Jobs	-	-	18,256	23,870	18,256	23,870
CEWS/Federal Wage Subsidy	-	-	5,486	9,981	5,486	9,981
	45,964	46,069	359,899	199,104	405,863	245,173
Expenses						
Administration (Note 9)	-	-	25,028	19,465	25,028	19,465
Salaries and benefits	-	-	10,722	40,502	10,722	40,502
Investment management fees	7,361	6,916	-	-	7,361	6,916
Fundraising and other (Note 7)	-	-	169,526	20,536	169,526	20,536
Administration fees	1,358	1,296	(1,358)	(1,296)	-	-
	8,719	8,212	203,918	79,207	212,637	87,419
Excess of revenues over expenses before other items	37,245	37,857	155,981	119,897	193,226	157,754
Charitable disbursements (Note 5)	7,770	8,593	72,461	133,172	80,231	141,765
Excess of revenues over expenses	29,475	29,264	83,520	(13,275)	112,995	15,989
Net Assets, beginning of year	444,189	690,131	238,538	(23,393)	682,727	666,738
Inter-fund transfers (Note 6)	(11,296)	(10,735)	11,296	10,735	-	-
Accounting correction (Note 2)	-	(264,471)	-	264,471	-	-
Net Assets, end of year	\$ 462,368	\$ 444,189	\$ 333,354	\$ 238,538	\$ 795,722	\$ 682,727

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	2021	2020 (Restated - See Note 2)
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses	\$ 112,995	\$ 15,989
Gains on investments	(39,095)	(27,360)
Changes in non-cash working capital balances:		
Accounts receivable	1,097	1,988
Accounts payable and accrued liabilities	4,712	(6,896)
	79,709	(16,279)
Investing activities		
Purchase of investments	(4,823)	(52,692)
	74,886	(68,971)
Increase (decrease) in cash and cash equivalents during the year	74,886	(68,971)
Cash and cash equivalents, beginning of year	173,961	242,932
Cash and cash equivalents, end of year	\$ 248,847	\$ 173,961

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

The Temagami Community Foundation

Notes to Financial Statements

December 31, 2021

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 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, 2021

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, 2021

2. Accounting Correction

The comparative figures included in these financial statements have been restated to reclassify certain restricted funds as unrestricted. The result of the restatement on the December 31, 2020 balances is as follows:

	<u>December, 31, 2020</u>
Decrease in restricted investments	259,119
Increase in cash and cash equivalents	173,961
Increase in investments	67,643
Decrease in bank indebtedness	17,515
Increase in unrestricted net assets	264,471
Decrease in restricted net assets	264,471
Increase in unrestricted revenue	40,946
Decrease in restricted revenue	40,946

3. Restricted Cash and Investments

	<u>2021</u>	<u>2020</u>
Equities (i)	\$ 353,323	\$ 307,099
Fixed income (ii)	202,427	204,733
	<u>\$ 555,750</u>	<u>\$ 511,832</u>

Of the above noted totals \$462,368 (2020 - \$444,189) are presented as restricted investments and \$93,382 (2020 \$67,643) are presented as unrestricted on the statement of financial position.

- (i) All of the investments in equities are held with Scotia McLeod investments and are comprised of public company shares.
- (ii) All of the investments in fixed income instruments are held with Scotia McLeod and are comprised of cash balances on hand as well as guaranteed investment certificates with short term renewal periods of typically one year or less.

The Temagami Community Foundation Notes to Financial Statements

December 31, 2021

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$905 (2020 - \$Nil) in government remittances payable.

5. Charitable Disbursements

	2021	2020
Arts Camp	\$ 4,270	\$ 4,233
Craig Macdonald's Map	10,361	10,661
EMS & Temagami Fire Dept & Marten River Fire Dept	-	8,000
Kim Renaud Scholarship - Krista Blais	1,500	-
Kim Renaud Scholarship - Sarah Wert	-	1,500
Living Temagami	1,000	24,760
Municipality of Temagami - Marten River Fire Department	-	10,800
Municipality of Temagami - Police Services Board	8,500	-
Municipality of Temagami - Temagami Public Library	-	7,500
Municipality of Temagami - Temagami Fire Department	10,400	4,000
NBRHC Foundation- Cancer Care Close to Home (Lions Club)	-	2,360
Robb Warren Hindson Memorial Bursary (i)	17,000	-
Temagami Area Fish Involvement Program	6,000	5,500
Temagami Family Health Team	2,500	20,805
Temagami Legion Branch 408	10,000	10,000
Temagami Lions Club	-	5,000
Temagami Public School	-	10,146
Temagami Seniors Support & Temagami Non Profit	-	16,000
Tracey Gauvreau Scholarship - Allison Lockhart	500	500
Tri-Town Sno Travellers	8,200	-
	\$ 80,231	\$ 141,765

(i) Charitable disbursements were made to the following recipients through the Robb Warren Hindson Memorial Bursary in 2021:

Alex Paul Jr.	1,500
Bradley Poirier	2,000
Emelia Daneault	1,500
Kendra White	3,500
Kiaya Mongrain	2,000
Krista Blais	3,500
Paige A Stevens	1,500
Rebecca Poirier	1,500

The Temagami Community Foundation Notes to Financial Statements

December 31, 2021

6. Externally Restricted Funds

Fund	Balance, beginning of year	Donations	Investment income ⁽ⁱ⁾	Adminis- tration fee	Grants Awarded	Inter-Fund Transfers	Balance, end of year
Externally Restricted Long-Term Funds:							
Council of 100	\$ 282,402	\$ 10,961	\$ 14,120	\$ -	\$ -	\$ (11,296)	\$ 296,187
Kim Renaud	40,039	-	2,002	(400)	(1,500)	-	40,141
Laura McKenzie	44,570	-	2,229	(446)	-	-	46,353
Tracy Gauvreau	37,664	1,735	1,883	(377)	(500)	-	40,405
Art Camp Forever	13,468	-	673	(135)	-	-	14,006
Externally Restricted Short-Term Funds:							
Summer Art Camp	-	5,000	-	-	(4,270)	-	730
John Guppy	2,040	-	-	-	-	-	2,040
Lorne Pacey	1,029	-	-	-	-	-	1,029
Reconciliation	14,502	-	-	-	-	-	14,502
Sherman Mine	1,500	-	-	-	(1,500)	-	-
St. Ursula's	5,975	-	-	-	-	-	5,975
Tom Saville	1,000	-	-	-	-	-	1,000
	\$ 444,189	\$ 17,696	\$ 20,907	\$ (1,358)	\$ (7,770)	\$ (11,296)	\$ 462,368

(i) Net of investment management fees.

Investment income is allocated to each externally restricted long-term 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 externally restricted long-term fund annually.

The Temagami Community Foundation Notes to Financial Statements

December 31, 2021

7. Related Party Transactions

During the year, the organization purchased needed supplies (storage trailer) from a board member for \$9,500 to support the annual Truck N Boat Lottery fundraisers. This has been recognized as a lottery expense and the transaction measured at its exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. Commitments

The Organization entered into a lease for office space effective December 1, 2018 and expiring November 30, 2021 for a monthly amount of \$250. The lease was renewed effective December 1, 2021 and expiring December 1, 2023 for a monthly amount of \$500.

Minimum lease payments over the next year is as follows:

2022	\$6,000
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9. Other Administration Expenses

	<u>2021</u>	<u>2020</u>
Legal and audit	\$ 9,414	\$ 8,512
Board meetings and travel	104	104
Insurance	6,238	2,965
Telephone and internet	922	1,315
Memberships	641	956
Office and miscellaneous	5,328	4,639
Interest and bank charges	2,381	974
	<u>\$ 25,028</u>	<u>\$ 19,465</u>

The Temagami Community Foundation Notes to Financial Statements

December 31, 2021

10. 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.

The Temagami Community Foundation Notes to Financial Statements

December 31, 2021

11. Lottery

During the year the Foundation was licensed to operate a lottery in the Temagami region. The resulting revenues and expenses of the Lottery, which are included on the statement of operations in Lottery and other revenues and Fundraising and other expenses, for the year ended December 31, 2021 are as follows:

Revenues	
Ticket revenue	\$ 231,240
Sponsorship revenue	<u>16,500</u>
	<u>247,740</u>
Expenses	
Prizes	114,905
Advertising	6,154
Administration and payroll	31,159
Supplies	15,327
License fee	<u>1,327</u>
	<u>168,872</u>
Net proceeds	<u>\$ 78,868</u>

As part of the Lottery Agreement, it is required for the Organization to maintain a letter of credit in the amount of \$135,000. As of year-end the Organization maintained a supporting GIC in the amount of \$135,000 to satisfy this condition.

12. Uncertainty due to COVID-19

The global pandemic, as a result of COVID-19, has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruptions and the related financial impact cannot be reasonably estimated at this time. The Co-Chairs and the Chair of Finance (the Executive) together with the Administrator are actively monitoring the effect on its financial condition, liquidity, and operations. The Foundation's ability to continue to meet obligations as they come due is dependent on the continued funding from donations and fundraising revenue.