

The Temagami Community Foundation
Financial Statements
For the year ended December 31, 2022

The Temagami Community Foundation
Financial Statements
For the year ended December 31, 2022

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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, 2022, 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, 2022, 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.

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
June 20, 2023

The Temagami Community Foundation Statement of Financial Position

December 31	2022	2021
Assets		
Current		
Cash and cash equivalents	\$ 125,857	\$ 248,847
Investments (Note 2)	136,995	93,382
Accounts receivable	3,437	699
Prepaid expenses	472	472
	266,761	343,400
Restricted Cash and Investments (Note 2)	701,859	462,368
	\$ 968,620	\$ 805,768

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 3)	\$ 7,337	\$ 10,045
Net Assets		
Restricted (Note 5)	701,859	462,368
Unrestricted	259,424	333,355
	961,283	795,723
	\$ 968,620	\$ 805,768

Commitments (Note 6)

On behalf of the Board:

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	<div style="border: 1px solid black; border-radius: 5px; padding: 2px;"> <small>DocuSigned by:</small> <i>Bill Kitts</i> <small>37A52188CA1110A...</small> </div>	Director

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

For the year ended December 31

	Restricted		Unrestricted		Total	Total
	2022	2021	2022	2021	2022	2021
Revenues						
Lottery (Note 9)	\$ -	\$ -	\$ 241,200	\$ 247,740	\$ 241,200	\$ 247,740
Fundraising and other (Note 9)	-	-	78,326	9,040	78,326	9,040
Donations	250,275	17,696	30,886	55,620	281,161	73,316
Investment income:						
Gain on investments	15,043	15,338	(84,945)	23,757	(69,902)	39,095
Interest and dividends	14,820	12,930	-	-	14,820	12,930
Canada Summer Jobs	-	-	17,018	18,256	17,018	18,256
CEWS/Federal Wage Subsidy	-	-	-	5,486	-	5,486
	280,138	45,964	282,485	359,899	562,623	405,863
Expenses						
Administration (Note 7)	-	-	25,666	18,993	25,666	18,993
Salaries and benefits	-	-	22,269	10,722	22,269	10,722
Investment management fees	7,217	7,361	-	-	7,217	7,361
Lottery (Note 9)	-	-	187,520	175,560	187,520	175,560
Administration fees	1,567	1,358	(1,567)	(1,358)	-	-
Fundraising and other	-	-	47,114	4,270	47,114	4,270
	8,784	8,719	281,002	208,187	289,786	216,906
Excess of revenues over expenses before other items	271,354	37,245	1,483	151,712	272,837	188,957
Charitable disbursements (Note 4)	20,016	7,770	87,261	68,191	107,277	75,961
Excess of revenues over expenses	251,338	29,475	(85,778)	83,521	165,560	112,996
Net Assets, beginning of year	462,368	444,189	333,355	238,538	795,723	682,727
Inter-fund transfers (Note 5)	(11,847)	(11,296)	11,847	11,296	-	-
Net Assets, end of year	\$ 701,859	\$ 462,368	\$ 259,424	\$ 333,355	\$ 961,283	\$ 795,723

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	2022	2021
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses	\$ 165,560	\$ 112,996
Gains on investments	69,902	(39,095)
Changes in non-cash working capital balances:		
Accounts receivable	(2,739)	1,097
Accounts payable and accrued liabilities	(2,708)	4,712
	230,015	79,710
Investing activities		
Purchase of investments	(292,600)	(4,824)
Increase in restricted cash and investments	(60,405)	-
	(353,005)	(4,824)
(Decrease) increase in cash and cash equivalents during the year	(122,990)	74,886
Cash and cash equivalents, beginning of year	248,847	173,961
Cash and cash equivalents, end of year	\$ 125,857	\$ 248,847

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

The Temagami Community Foundation

Notes to Financial Statements

December 31, 2022

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. The Foundation is a Restricted Charity.

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, 2022

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, 2022

2. Investments

	2022	2021
Cash (ii)	\$ 160,485	\$ -
Equities (i)	345,067	353,323
Fixed income (ii)	196,307	202,427
Guaranteed Investment Certificates (iii)	136,995	-
	<u>\$ 838,854</u>	<u>\$ 555,750</u>

Of the above noted totals \$701,859 (2021 - \$462,368) are presented as restricted investments and \$136,995 (2021 \$93,382) 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.
- (iii) GIC held with Scotiabank and is comprised of one GIC with an interest rate of 1.68% that matures on March 9, 2023.

3. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$3,011 (2021 - \$905) in government remittances payable.

The Temagami Community Foundation Notes to Financial Statements

December 31, 2022

4. Charitable Disbursements

The following charitable disbursements were made in the fiscal year:

	2022	2021
Craig Macdonald's Map	5,181	10,361
Temagami First Nations- Food bank	5,000	-
Nastawgan Trail	6,000	-
Kim Renaud Scholarship	2,000	1,500
Living Temagami - Truth and Reconciliation	1,500	1,000
Municipality of Temagami - Inclusive Ice	4,000	-
Municipality of Temagami - Police Services Board	-	8,500
Municipality of Temagami - Public School Board	5,000	-
Municipality of Temagami - Temagami Fire Department	-	10,400
Municipality of Temagami - Share Shed	5,395	-
Robb Warren Hindson Memorial Bursary (i)	9,750	17,000
Marten River - Fire Department	5,000	-
Temagami Area Fish Involvement Program	-	6,000
Temagami Family Health Team	11,945	2,500
Temagami First Nation - Truth and Reconciliation	1,500	-
Temagami Legion Branch 408	16,963	10,000
Temagami First Nation - Athletics	8,000	-
Living Temagami - Grant	14,543	-
Temagami Public School	4,500	-
Tracey Gauvreau Scholarship - Allison Lockhart	1,000	500
Tri-Town Sno Travellers	-	8,200
	\$ 107,277	\$ 75,961

(i) Charitable disbursements were made to the following recipients through the Robb Warren Hindson Memorial Bursary in 2022:

	2022	2021
Allison Lockhart	4,000	-
Wyatt L. Buttler	3,000	-
Rebecca Poirier	1,000	1,500
Paige Prescott	750	-
Destiny Pender- Nietlispach	500	-
Nixon Ball	500	-
Kendra White	-	3,500
Krista Blais	-	3,500
Bradley Poirier	-	2,000
Kiaya Mongrain	-	2,000
Alex Paul Jr.	-	1,500
Emelia Daneault	-	1,500
Paige A Stevens	-	1,500
	\$ 9,750	\$ 17,000

The Temagami Community Foundation Notes to Financial Statements

December 31, 2022

5. 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	\$ 296,187	\$ 6,619	\$ 14,809	\$ -	-	\$ (11,847)	\$ 305,768
Kim Renaud	40,141	500	2,007	(401)	(2,000)	-	40,247
Laura McKenzie	46,353	-	2,318	(464)	-	-	48,207
Tracy Gauvreau	40,405	500	2,020	(404)	(1,000)	-	41,521
Art Camp Forever	14,006	47,500	700	(140)	-	-	62,066
Robb Warren Hindson	-	190,156	792	(158)	(9,750)	-	181,040
Externally Restricted Short-Term Funds:							
Summer Art Camp	730	5,000	-	-	(4,197)	-	1,533
John Guppy	2,040	-	-	-	(2,040)	-	-
Lorne Pacey	1,029	-	-	-	(1,029)	-	-
Reconciliation	14,502	-	-	-	-	-	14,502
St. Ursula's	5,975	-	-	-	-	-	5,975
Tom Saville	1,000	-	-	-	-	-	1,000
	\$ 462,368	\$ 250,275	\$ 22,646	\$ (1,567)	\$ (20,016)	\$ (11,847)	\$ 701,859

(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.

6. Commitments

In the prior year the Organization renewed their lease for office space effective December 1, 2021 and expiring December 1, 2023 for a monthly amount of \$300.

Minimum lease payments over the next year is as follows:

2023	\$3,600
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The Temagami Community Foundation Notes to Financial Statements

December 31, 2022

7. Other Administration Expenses

	2022	2021
Legal and audit	\$ 12,158	\$ 9,414
Board meetings and travel	259	104
Advertising and promotion	1,729	654
Insurance	3,083	3,448
Telephone and internet	922	922
Memberships	2,141	641
Office and miscellaneous	3,647	3,600
Interest and bank charges	1,727	210
	<u>\$ 25,666</u>	<u>\$ 18,993</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.

The Temagami Community Foundation Notes to Financial Statements

December 31, 2022

9. 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, 2022 are as follows:

Revenues	2022	2021
Ticket revenue	\$ 224,200	\$ 231,240
Sponsorship revenue	17,000	16,500
	241,200	247,740
Expenses		
Prizes	124,681	114,905
Advertising	17,139	6,154
Administration and payroll	25,667	31,159
Office and other	9,381	6,689
Supplies	10,652	15,327
License fee	-	1,327
	187,520	175,561
Excess of revenues over expenses before charitable disbursements	\$ 53,680	\$ 72,179

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.