

**THE TEMISKAMING FOUNDATION**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

**PARTNERS**  
TERRY L. ELLIOTT, C.A.  
ROSS L. LATTER, C.A.  
STEVEN M. ACLAND, C.A.

**CHARTERED ACCOUNTANTS**

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Page 1

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**ACCOUNT MANAGER**  
RAYMOND E. BRAZEAU

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors:

We have audited the accompanying financial statements of THE TEMISKAMING FOUNDATION, which comprise the statement of financial position as at December 31, 2011, and the statement of financial activities and continuity of fund balances 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 generally accepted accounting principles 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.

**Auditors' 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 audit opinion.

**Basis for Qualified Opinion**

The foundation derives revenues from donations, fundraising and other miscellaneous sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the foundation and we were unable to determine whether any adjustments might be necessary for these types of revenues during the year.

**Qualified Opinion**

In our opinion, except for the possible 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 TEMISKAMING FOUNDATION as at December 31, 2011, and its financial activities and continuity of fund balances for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Kemp Elliott & Blair LLP

*Kemp Elliott + Blair LLP*

Licensed Public Accountants  
New Liskeard, Ontario  
March 27, 2012

Chartered Accountants

# THE TEMISKAMING FOUNDATION

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2011

ASSETS	2011	2010
Cash	\$ 99,355	\$ 44,331
Investments - note 3	<u>2,979,822</u>	<u>2,542,298</u>
	<u>\$ 3,079,177</u>	<u>\$ 2,586,629</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 1,360	\$ -
Deferred revenue - note 4	<u>51,002</u>	<u>15,300</u>
	<u>52,362</u>	<u>15,300</u>
<b>FUND BALANCES</b>		
Restricted and unrestricted funds - note 5	3,044,596	2,560,503
Operations	<u>(17,781)</u>	<u>10,826</u>
	<u>3,026,815</u>	<u>2,571,329</u>
	<u>\$ 3,079,177</u>	<u>\$ 2,586,629</u>

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

# THE TEMISKAMING FOUNDATION

## STATEMENT OF FINANCIAL ACTIVITIES AND CONTINUITY OF FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2011

### Restricted and Unrestricted Funds

	2011	2010
<b>Revenue and donations</b>		
Donations	\$ 625,474	\$ 86,555
Investment income (loss)	(43,452)	227,520
	<u>582,022</u>	<u>314,075</u>
<b>Expenses and grants provided</b>		
Administrative fee - note 7	-	32,315
Grants provided	97,929	92,390
	<u>97,929</u>	<u>124,705</u>
Net increase in fund balance	484,093	189,370
Fund balance, beginning of year	<u>2,560,503</u>	<u>2,371,133</u>
Fund balance, end of year	<u>\$ 3,044,596</u>	<u>\$ 2,560,503</u>

### Operations

#### **Revenue**

	2011	2010
Administrative fee - note 7	\$ -	\$ 32,315
Donations - administration - note 8	11,733	4,662
Donations - flow through - note 9	13,500	3,000
Fundraising - net	4,700	5,110
	<u>29,933</u>	<u>45,087</u>

#### **Expenses**

Wages and benefits	18,280	16,476
Consulting fees	1,778	1,268
Annual report	3,029	2,763
Insurance	2,236	2,237
Rent	2,400	2,400
Telephone	1,314	1,447
Office	5,267	2,368
Computer expenses	3,459	2,871
Bank charges	293	196
Other	939	541
Grants - flow through - note 9	13,500	3,853
Conference and education	6,045	897
	<u>58,540</u>	<u>37,317</u>

<b>Net revenue (deficit)</b>	(28,607)	7,770
Fund balance, beginning of year	<u>10,826</u>	<u>3,056</u>
<b>Fund (deficit) balance, end of year</b>	<u>\$ (17,781)</u>	<u>\$ 10,826</u>

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

# THE TEMISKAMING FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2011

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1. **The nature of the Foundation**

The Temiskaming Foundation was incorporated without share capital under Part II of the Canada Corporations Act with the object of raising funds by way of charitable donations for the furtherance of the welfare of the Community. The Foundation is a registered charity (Business Number 88853 5465 RR 0001) and is classified as a public foundation under Section 149.1(1) of the Income Tax Act (Canada).

The Temiskaming Foundation primarily receives donations which are to be held in perpetuity. These donations are invested and the investment income generated is used to provide grants for the betterment of the community.

2. **Significant accounting policies**

The following is a summary of significant accounting policies of the Foundation:

a) **Method of accounting**

These financial statements have been prepared on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

b) **Revenue recognition**

Donations and bequests are recorded only as received. Investment income is recorded as it is earned and includes dividends, interest, realized gains (losses), the net change in unrealized gains (losses) for the year less investment council fees.

c) **Administrative and other expenses**

Administrative and other expenses are recorded as incurred on the accrual basis;

d) **Capital assets**

Furniture and equipment costs (and any other expenses of a capital nature) are expensed as incurred on the accrual basis;

e) **Investments**

Investments are recorded on the statement of financial position at market value.

f) **Financial instruments**

The Foundation's financial instruments consist of cash, short term and long term investments. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The carrying values of the Foundation's financial instruments approximate their fair values unless otherwise noted.

The Foundation is exposed to market fluctuation risk in the market prices of equities and to interest rate fluctuation risk related to fixed income investments. The Foundation manages these risks by using the services of an experienced Professional Fund Management company to look after all investments.

# THE TEMISKAMING FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2011

#### 3. Investments

The investments are currently managed by Connor, Clark & Lunn Private Capital Ltd. The general investment strategy of The Temiskaming Foundation is to maximize returns within an appropriate level of risk while preserving capital.

Investments (reflected at market value) are as follows:

	2011	2010
Fixed income	\$ 1,024,438	\$ 893,085
Income fund	220,422	133,166
Canadian equity fund	628,931	669,944
United States equity fund	441,170	337,832
International equity fund	215,946	268,046
Cash and cash equivalents	4,262	(7,064)
Other	344,653	247,289
	<u>\$ 2,979,822</u>	<u>\$ 2,542,298</u>

#### 4. Deferred revenue

Deferred revenue represents funds received to be spent or granted for a specific purpose in the near future and the required expenditure or grant has not yet taken place. These funds will be recognized as revenue when the specific expenditure is made. Of the \$51,002 balance at December 31, 2011 \$48,452 is for the Carter Antila Memorial Skate Park Fund.

#### 5. Restricted and unrestricted funds

##### Unrestricted community fund

The unrestricted community fund is a pooling of all funds where the grants related to these funds are determined by the Board of Directors each year according to the most pressing needs of the community. Total unrestricted funds (includes principal, reserve and grant making) are represented as follows:

	2011	2010
Canon Sims memorial	\$ 29,342	\$ 30,948
Community Fund	44,830	39,890
Founding Donors	22,913	24,050
Ralph and Isabel Ramsay	12,230	12,300
Dick Taylor memorial	20,742	21,775
Michael Taylor memorial	10,627	11,155
Three H Furniture	22,875	24,052
Jennie Low Fund	6,270	6,582
Austin and Sybil Cooper memorial	6,837	6,661
Foundation development fund	7,915	8,323
Northern Tel Mobility Fund	9,642	10,138
Boyd Fund	87,039	7,263
Bryan and Louisa Wilson Fund	4,523	3,420
	<u>\$ 285,785</u>	<u>\$ 206,557</u>

**THE TEMISKAMING FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

5. **Restricted and unrestricted funds - continued**

**Restricted funds**

Restricted funds consist of donor designated, donor advised, field of interest and agency endowed funds. Grants related to these funds are for designated specific purposes as determined by the fund donors. Total of restricted funds (includes principal, reserve and grant making) are represented as follows:

	2011	2010
Robert and Margaret Pollock memorial	\$ 84,198	\$ 87,370
Northdale Manor	10,509	11,176
Haileybury Heritage Museum endowment	85,945	91,209
Rotary Club of Haileybury endowment	52,458	48,285
George Morissette	10,597	9,788
Elsie Jean Taylor memorial	10,585	10,761
Temiskaming Art Gallery	46,222	49,237
M. Gertrude Grant memorial	36,559	38,922
Temiskaming Festival of Music	5,188	5,514
Temiskaming Music Festival - Linda Story bursary	6,281	6,687
Peter Grant	498,378	533,003
Englehart and Area Museum – Ruby G. Bryan Memorial	9,406	9,571
Walter Light Scholarship	25,594	27,043
Cobalt's Mining Museum	5,633	5,992
C.C. Farr TDSS Scholarship	11,541	11,535
Youth Fund – For Kids' Sake	221,000	231,119
George L. Cassidy Bursary	14,231	15,181
Haileybury Public Library	7,072	7,542
Smylie Family Scholarship	11,590	12,300
New Liskeard Public Library – May Ball Trust	214,469	223,059
New Liskeard Public Library	846	902
Holmes Fund	9,683	10,360
Pied Piper Kids Show	16,361	17,450
Bud Price – Ernie Tresidder	15,663	16,705
Bruce Lonsdale Memorial Scholarship fund	20,089	20,939
Lena and Andrew Kuchar Memorial fund	18,182	19,002
Englehart and Area Community fund	89,239	89,482
Barney Morris Fund	22,592	24,002
Food Forever Fund	270,789	283,447
Pat Birnie Fund	13,786	14,456
Walter and Maria Pape Fund	12,820	12,339
Daniel and Christel McKinnon Fund	8,991	9,589
Kiwanis Club of Cobalt – Johnston Estate	6,154	6,563
Kiwanis Club of Cobalt – Scholarship	17,582	18,648
Kiwanis Club of Cobalt – General Fund	259,674	274,030
Zetta Greer Fund	15,428	15,293
Eric C Smith Fund	1,557	1,690
Silver Lodge AF & AM No 480	11,754	11,408
Marshall Franklin Moore Child	10,397	5,273
Englehart & District Hospital	10,671	10,865
Cleo Lulubelle, Vern Montgomery Fund	20,674	21,083
Danny Wilson Scholarship Fund	24,849	-
Community Cancer Support Fund	420,735	-
Willie & Marie Gelinis	10,000	-
Bob Pollock Scholarship	30,969	-
	<u>\$ 2,706,941</u>	<u>\$ 2,318,820</u>

# THE TEMISKAMING FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

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5.	<b>Restricted and unrestricted funds – continued</b>		
	<b>Donor advised</b>	2011	2010
	Herbert C. Sweetnam memorial	\$ 7,416	\$ 7,542
	Dorothy Houston community	12,617	12,816
	Gordon Zubyck Memorial Fund	21,628	-
	George Taylor Fund	10,209	-
		<u>\$ 51,870</u>	<u>\$ 20,358</u>
	<b>Summary of funds</b>	2011	2010
	Unrestricted funds	\$ 285,785	\$ 216,736
	Restricted funds	2,706,941	2,323,409
	Donor advised	51,870	20,358
		<u>\$ 3,044,596</u>	<u>\$ 2,560,503</u>

Included in the balance of each fund is a reserve allocation to allow for paying out of grants in years of low investment income.

6. **What do we do and how do we do it?**

Generally The Temiskaming Foundation uses the investment income earned in one year to:

1. **Pay for the operating of the Foundation**

A fee of approximately 1.5% of the invested funds is charged as an expenditure to the funds and allocated as revenue to the operations of the Foundation. The fee was \$28,056 in 2010 but in 2011 the investment income was negative (a loss) of \$43,452. The Temiskaming Foundation Board decided that no allocation toward running the operations of the Foundation would be made in 2011.

2. **Grant Making**

Approximately 3.5% of the invested funds is allocated for the next year's grant making. Due to investment losses in 2011 all 2012 grant making allocations will be coming from reserves.

# THE TEMISKAMING FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

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6. **What do we do and how do we do it? - continued**

3. **Additional Earnings**

Any additional earnings are allocated on a year by year basis as determined by the Board of Directors. Allocations can be to increase the fund balances or future grant making or to increase the reserves of the funds. In 2010 The Temiskaming Foundation had an investment income of \$227,520. In 2011 we had investment losses so no allocation is made.

	2011	2010
Operations of the Foundation (Administration Fee)	\$ -	\$ 32,315
Next year's Grant Making	-	84,389
Additional Earnings: To fund reserves	-	75,384
To additional grant making	-	35,432
	<u>\$ -</u>	<u>\$ 227,520</u>

In 2008 investment losses caused a reduction in fund principal balances of \$405,385. In 2009 \$105,382 of these losses were paid back to the funds with additional earnings. The board currently intends to repay the balance of \$300,000 with additional earnings in future years where investment returns are extraordinarily high.

7. **Administrative Fee**

Restricted, Donor Advised and Unrestricted Funds pay an administrative fee (an expense) towards the operations of The Temiskaming Foundation (where it is a revenue). This is an internal charge to provide funds for the operation of The Temiskaming Foundation.

This fee is generally 1.5% of the fund balance principal at the start of the year. In 2011 income was a loss and the Board has elected not to charge fees.

8. **Administration donations**

Administration donations are those received specifically to help the Foundation with its operating costs (it can include donations from some of the actual funds of the Foundation).

9. **Flow through donations**

Flow through donations are funds received to be granted in the near future and not held in perpetuity. The flow through donations are reflected as a revenue and an expense of the operating fund as they are paid out. If the funds are not paid out by the year end they are reflected in deferred revenue on the statement of financial position and reflected as revenue and as expense in a subsequent year when paid out.

10. **Donated goods and services**

Donations of a non monetary nature (goods and/or services) and the many hours of volunteer time donated are greatly appreciated by The Temiskaming Foundation but not reflected in these statements.