

Financial Statements of

**THE TEMISKAMING FOUNDATION**

Year ended December 31, 2017



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## INDEPENDENT AUDITORS' REPORT

To Directors of The Temiskaming Foundation

We have audited the accompanying financial statements of The Temiskaming Foundation, which comprise the statement of financial position as at December 31, 2017 and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising 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.

### *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 our 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, we consider 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 Temiskaming Foundation derives revenue from donations and fundraising activities 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 Temiskaming Foundation and we were not able to determine whether any adjustments might be necessary to fundraising and donations revenues, excess of revenues over expenses, assets and fund balances.

*Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of The Temiskaming Foundation as at December 31, 2017 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.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

April 12, 2018

# THE TEMISKAMING FOUNDATION


## Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
<b>Assets</b>		
Current assets:		
Cash	\$ 44,026	32,908
HST receivable	2,517	1,487
Prepaid rent	625	-
Investments (note 2)	7,325,437	6,787,532
	<u>\$ 7,372,605</u>	<u>6,821,927</u>
<b>Liabilities and Fund Balances</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,482	5,444
Fund balances:		
Restricted and endowment fund (note 4)	7,227,831	6,698,686
Operating fund	139,292	117,797
	<u>7,367,123</u>	<u>6,816,483</u>
	<u>\$ 7,372,605</u>	<u>6,821,927</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

# THE TEMISKAMING FOUNDATION

## Statement of Operations and Changes in Fund Balances

Year ended December 31, 2017, with comparative information for 2016

	Operating		Restricted and Endowment Fund		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenue:</b>						
Donations	\$ 6,144	4,587	502,408	1,163,673	508,552	1,168,240
Investment income (note 3)	-	-	504,555	390,853	504,555	390,853
Administrative fees (note 5)	84,222	74,418	-	-	84,222	74,418
Fundraising	-	4,902	-	-	-	4,902
Government grants	3,382	-	-	-	3,382	-
	<u>93,748</u>	<u>83,887</u>	<u>1,006,963</u>	<u>1,554,526</u>	<u>1,100,711</u>	<u>1,638,413</u>
<b>Expenses:</b>						
Grants	-	-	391,155	302,823	391,155	302,823
Administrative fees (note 5)	-	-	84,222	74,418	84,222	74,418
Service Charges	-	-	2,441	-	2,441	-
Wages and benefits	34,888	26,676	-	-	34,888	26,676
Fundraising	-	3,152	-	-	-	3,152
Other expenses	37,365	28,592	-	-	37,365	28,592
	<u>72,253</u>	<u>58,420</u>	<u>477,618</u>	<u>377,241</u>	<u>550,071</u>	<u>435,661</u>
Excess of revenue over expenses	21,495	25,467	529,145	1,177,285	550,640	1,202,752
Fund balances, beginning of year	117,797	92,330	6,698,686	5,521,401	6,816,483	5,613,731
Fund balances, end of year	\$ <u>139,292</u>	<u>117,797</u>	<u>7,227,831</u>	<u>6,698,686</u>	<u>7,367,123</u>	<u>6,816,483</u>

See accompanying notes to financial statements.

# THE TEMISKAMING FOUNDATION

## Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 550,640	1,202,752
Changes in non-cash working capital:		
Increase in HST receivable	(1,030)	(1,487)
Increase in accounts payable and accrued liabilities	38	144
Increase in prepaids	(625)	-
	<u>549,023</u>	<u>1,201,409</u>
Cash flows from investing activities:		
Purchase of investments	(937,905)	(1,591,878)
Proceeds from investments	400,000	327,312
	<u>(537,905)</u>	<u>(1,264,566)</u>
Increase (decrease) in cash	11,118	(63,157)
Cash, beginning of year	32,908	96,065
Cash, end of year	<u>\$ 44,026</u>	<u>32,908</u>

See accompanying notes to financial statements.

# THE TEMISAKMING FOUNDATION

Notes to Financial Statements

Year ended December 31, 2017

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The Temiskaming Foundation (the "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 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.

## 1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting.

### (a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions.

The operating fund reports revenues and expenses related to the operation and administration of the Foundation and the operating revenues and expenses from all fundraising activities.

The restricted and endowment fund reports the donations and the bequests received and the related investment income earned thereon. This fund also reports investment management fees and the grants distributed from each endowment. The endowment fund is externally restricted in that the original donated capital cannot be disbursed and the income earned can only be disbursed according to the policies stipulated by the donor. Restricted funds are utilized for grants as stipulated by the donor and include flow-through amounts and excess income on endowments not yet granted.

### (b) Revenue recognition:

Restricted contributions received are recognized as revenue of the endowment fund in the year received since the related restriction generally prohibits the disbursement of the original capital.

Restricted contributions received in the form of flow-through grants are recognized as revenue of the fund in the year when the related grant disbursement has been incurred.

Unrestricted contributions including donations are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

# THE TEMISAKMING FOUNDATION

Notes to Financial Statements

Year ended December 31, 2017

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## 1. Significant accounting policies (continued):

### (c) Investments:

Investments are carried at market value and net investment income includes the realized and unrealized change in market value.

### (d) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the reporting periods. Items subject to such estimates and assumptions include valuation of investments. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

### (e) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

### (f) Contributed services:

The Foundation is dependent and very thankful for the many hours contributed by community volunteers. These individuals contribute countless hours per year to assist the Foundation in carrying out its mission. The fair value of these contributed services has not been recognized as revenue in these financial statements.



# THE TEMISAKMING FOUNDATION

Notes to Financial Statements

Year ended December 31, 2017

## 2. 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 held in the following broad categories:

	2017	2016
Cash and cash equivalents	\$ 43,952	(15,695)
Pooled Funds:		
Money Market	–	28,583
Bond	–	1,609,858
Fixed Income	1,499,100	–
Canadian Equity	2,070,809	2,023,302
US Equity	1,130,670	924,791
International Equity	794,707	717,544
Hedge Strategies	842,344	851,670
Alternative Investments	943,855	647,479
	\$ 7,325,437	6,787,532

## 3. Investment income:

Total investment income includes interest, dividend, other income and capital gains and losses both realized and unrealized.

	2017	2016
Investment income	\$ 568,770	449,821
Less: investment counsel fees	(64,215)	(58,968)
	\$ 504,555	390,853

# THE TEMISAKMING FOUNDATION

Notes to Financial Statements

Year ended December 31, 2017

## 4. Restricted and Endowment funds:

Total restricted and endowment funds are made up by the following:

	2017	2016
Endowment	\$ 6,345,025	5,887,982
Restricted:		
Reserved	417,093	398,433
Grant Making	403,938	384,757
Flow-Through	61,775	27,514
	\$ 7,227,831	6,698,686

## 5. Administrative fees:

The Endowment Fund pays an administrative fee (an expense) towards the operations of The Temiskaming Foundation (where it is an operating revenue). This is an internal charge to provide funds for the operation of The Temiskaming Foundation.

## 6. Administration donations:

Administration donations are those received specifically to help the Foundation with its operating costs.

## 7. Financial instruments:

The Foundation is exposed to various financial risks through transactions in financial instruments.

Financial instruments consist of cash and accounts payable and accrued liabilities. It is management's position that the Foundation is not exposed to significant interest or credit risks arising from these instruments.

The Foundation is subject to currency risk, credit risk, interest risk and other price risk with respect to investments held in pooled funds managed by the Connor, Clark & Lunn Private Capital Ltd.