

Financial Statements of

**THE TEMISKAMING  
FOUNDATION**

And Independent Auditors' Report thereon

Year ended December 31, 2019



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Temiskaming Foundation

### ***Qualified Opinion***

We have audited the financial statements of The Temiskaming Foundation (the Entity), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, 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 Qualified Opinion***

In common with many not-for-profit organizations, the Entity derives revenue from fundraising activities, 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 Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statement of financial position as at December 31, 2019 and December 31, 2018.
- the donation revenues and excess (deficiency) of revenues over expenses reported in the statement of operations and changes in fund balances for the years ended December 31, 2019 and December 31, 2018.



- the fund balances, at the beginning and end of the year, reported in the statement of operations and changes in fund balances for the years ended December 31, 2019 and December 31, 2018.
- the excess (deficiency) of revenues over expenses reported in the statement of cash flows for the years ended December 31, 2019 and December 31, 2018.

Our opinion on the financial statements for the year ended December 31, 2018 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 qualified 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 Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

### ***Auditors’ 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 auditors’ report that includes our qualified 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 the 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 qualified 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

April 9, 2020

# THE TEMISKAMING FOUNDATION

## Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 117,270	\$ 35,610
HST recoverable	7,584	2,004
Prepaid rent	625	625
Investments (note 2)	7,904,230	7,008,661
	<u>\$ 8,029,709</u>	<u>\$ 7,046,900</u>

## Liabilities and Fund Balance

Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,353	\$ 5,615
Fund balance:		
Restricted and endowment fund (note 4)	7,605,796	6,967,818
Operating fund	418,560	73,467
	<u>8,024,356</u>	<u>7,041,285</u>
	<u>\$ 8,029,709</u>	<u>\$ 7,046,900</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director \_\_\_\_\_ Director

\_\_\_\_\_ Director

# THE TEMISKAMING FOUNDATION

## Statement of Operations and Changes in Fund Balances

Year ended December 31, 2019, with comparative information for 2018

	Operating		Restricted and Endowment Fund		Total	
	2019	2018	2019	2018	2019	2018
Revenue:						
Investment income (note 3)	\$ -	\$ -	\$ 971,117	\$ -	\$ 971,117	\$ -
Donations	13,456	2,848	324,326	256,380	337,782	259,228
Administrative fees (note 5)	106,738	-	-	-	106,738	-
	120,194	2,848	1,295,443	256,380	1,415,637	259,228
Expenses:						
Grants	-	-	252,608	388,336	252,608	388,336
Administrative fees (note 5)	-	-	106,738	-	106,738	-
Wages and benefits	38,314	37,386	-	-	38,314	37,386
Other expenses	34,906	31,287	-	-	34,906	31,287
Service charges	-	-	-	112	-	112
Investment loss (note 3)	-	-	-	127,945	-	127,945
	73,220	68,673	359,346	516,393	432,566	585,066
Excess (deficiency) of revenue over expenses	46,974	(65,825)	936,097	(260,013)	983,071	(325,838)
Fund balances, beginning of year	73,467	139,292	6,967,818	7,227,831	7,041,285	7,367,123
Inter-fund transfers	298,119	-	(298,119)	-	-	-
Fund balances, end of year	\$ 418,560	\$ 73,467	\$ 7,605,796	\$ 6,967,818	\$ 8,024,356	\$ 7,041,285

See accompanying notes to financial statements.

# THE TEMISKAMING FOUNDATION

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 983,071	\$ (325,838)
Changes in non-cash working capital:		
Decrease (increase) in HST recoverable	(5,580)	513
Increase (decrease) in accounts payable and accrued liabilities	(262)	133
	<u>977,229</u>	<u>(325,192)</u>
Cash flows from investing activities:		
Purchase of investments	(1,161,565)	(108,224)
Proceeds from investments	265,996	425,000
	<u>(895,569)</u>	<u>316,776</u>
Increase (decrease) in cash	81,660	(8,416)
Cash, beginning of year	35,610	44,026
Cash, end of year	<u>\$ 117,270</u>	<u>\$ 35,610</u>

See accompanying notes to financial statements.

# THE TEMISKAMING FOUNDATION

Notes to Financial Statements

Year ended December 31, 2019

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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 in the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.



# THE TEMISKAMING FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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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 TEMISKAMING FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 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:

	2019	2018
Cash and cash equivalents	\$ 67,614	\$ 32,219
Pooled Funds:		
Fixed Income	1,534,916	1,291,126
Canadian Equity	2,049,852	1,815,499
US Equity	1,247,220	1,092,889
International Equity	687,172	717,882
Hedge Strategies	940,317	922,018
Alternative Investments	1,377,139	1,137,028
	\$ 7,904,230	\$ 7,008,661

## 3. Investment income:

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

	2019	2018
Investment income (loss)	\$ 1,033,104	\$ (61,672)
Less: investment counsel fees	(61,987)	(66,273)
	\$ 971,117	\$ (127,945)

## 4. Restricted and endowment funds:

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

	2019	2018
Endowment	\$ 6,709,417	\$ 6,445,993
Restricted:		
Reserved	421,021	201,056
Grant Making	406,268	265,999
Flow-Through	69,090	54,770
	\$ 7,605,796	\$ 6,967,818

# THE TEMISKAMING FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## **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, 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.

## **8. Subsequent events:**

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial market and social dislocating impact. The market value of the investments as of the date of the audit report is \$7,457,845.