

**The Community Foundation of Orillia and Area
Financial Statements
For the Year Ended December 31, 2021**

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Independent Auditors' Report

To the Members of The Community Foundation of Orillia and Area

Opinion

We have audited the accompanying financial statements of The Community Foundation of Orillia and Area, which comprise the statement of financial position as at December 31, 2021, and the statements of operations and changes in fund balances 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 Community Foundation of Orillia and Area 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 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 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 audit opinion.

Other matter

The financial statements of the foundation for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on May 19, 2021.

Responsibilities of Management and Those Charged with Governance 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.

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.

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 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 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 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.

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.



Hehn Trickey Professional Corporation
Chartered Professional Accountants

*Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario*

Orillia, Ontario
May 27, 2022

The Community Foundation of Orillia and Area
Statement of Financial Position
As at December 31, 2021

| | Operating Fund | Managed Funds | Endowment Funds | December 31 2021 | December 31 2020 |
|---|-------------------|---------------------|----------------------|----------------------|----------------------|
| Assets | | | | | |
| Current | | | | | |
| Cash and cash equivalents | \$ 196,532 | \$ - | \$ 999,706 | \$ 1,196,238 | \$ 145,585 |
| Interfund receivable | 5,000 | - | - | 5,000 | - |
| | 201,532 | - | 999,706 | 1,201,238 | 145,585 |
| Insurance policy (Note 4) | - | - | 45,065 | 45,065 | 45,065 |
| Long-term investments (Note 3) | - | 3,823,427 | 10,583,694 | 14,407,121 | 10,884,057 |
| | \$ 201,532 | \$ 3,823,427 | \$ 11,628,465 | \$ 15,653,424 | \$ 11,074,707 |
| Liabilities and Net Assets | | | | | |
| Current | | | | | |
| Accounts payable | \$ 6,225 | \$ - | \$ - | \$ 6,225 | \$ 5,654 |
| Interfund payable | - | 5,000 | - | 5,000 | - |
| Deferred contributions (Note 5) | 162,000 | - | - | 162,000 | 110,000 |
| | 168,225 | 5,000 | - | 173,225 | 115,654 |
| Managed funds (Note 7) | - | 3,818,427 | - | 3,818,427 | 2,413,851 |
| Deferred investment income (Note 6) | - | - | 1,906,458 | 1,906,458 | 963,349 |
| | 168,225 | 3,823,427 | 1,906,458 | 5,898,110 | 3,492,854 |
| Net Assets | | | | | |
| Unrestricted | 33,307 | - | - | 33,307 | 29,931 |
| Externally restricted for endowments (Note 8) | - | - | 9,722,007 | 9,722,007 | 7,551,922 |
| | 33,307 | - | 9,722,007 | 9,755,314 | 7,581,853 |
| | \$ 201,532 | \$ 3,823,427 | \$ 11,628,465 | \$ 15,653,424 | \$ 11,074,707 |

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

**The Community Foundation of Orillia and Area
Statement of Operations and Changes in Net Assets
For the Year Ended December 31, 2021**

| | Operating Fund | Managed Funds | Endowment Funds | December 31 2021 | Budget (Note 10) | December 31 2020 |
|---|------------------|---------------|---------------------|---------------------|------------------|---------------------|
| Revenues | | | | | | |
| Administration fees - investment | \$ 33,213 | \$ - | \$ - | \$ 33,213 | \$ 34,387 | \$ 34,526 |
| Emergency community support program | - | - | - | - | - | 10,625 |
| HST rebate | 9,878 | - | - | 9,878 | 7,147 | 5,050 |
| Investment administration fees (Note 7) | - | 27,900 | - | 27,900 | - | 22,113 |
| Investment income (Note 6) | - | - | 429,698 | 429,698 | - | 349,602 |
| Donations | 23,814 | - | - | 23,814 | - | 8,900 |
| | 66,905 | 27,900 | 429,698 | 524,503 | 41,534 | 430,816 |
| Expenditures | | | | | | |
| Fund Expenses and Grants | | | | | | |
| Administration | - | 5,631 | 27,582 | 33,213 | - | 34,526 |
| Emergency community support program | - | - | - | - | - | 10,625 |
| Grants to the community | 23,650 | - | 323,750 | 347,400 | - | 279,450 |
| Investment management fees | - | 22,269 | 78,366 | 100,635 | - | 66,639 |
| | 23,650 | 27,900 | 429,698 | 481,248 | - | 391,240 |
| Overhead Expenses | | | | | | |
| Administrative | 4,099 | - | - | 4,099 | 4,320 | 3,514 |
| Insurance | 1,831 | - | - | 1,831 | 1,830 | 1,528 |
| Management fees - CDC | 27,734 | - | - | 27,734 | 27,737 | 27,459 |
| Professional fees | 6,215 | - | - | 6,215 | 5,650 | 5,650 |
| | 39,879 | - | - | 39,879 | 39,537 | 38,151 |
| | 63,529 | 27,900 | 429,698 | 521,127 | 39,537 | 429,391 |
| Excess of revenues over expenses | 3,376 | - | - | 3,376 | 1,997 | 1,425 |
| Fund balance, beginning of year | 29,931 | - | 7,551,922 | 7,581,853 | - | 5,504,272 |
| Endowment contributions (Note 8) | - | - | 2,170,085 | 2,170,085 | - | 2,076,156 |
| Fund balance, end of year | \$ 33,307 | \$ - | \$ 9,722,007 | \$ 9,755,314 | \$ 1,997 | \$ 7,581,853 |

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

The Community Foundation of Orillia and Area
Statement of Cash Flows
As at December 31, 2021

| | Operating Fund | Managed Fund | Endowment Fund | December 31 2021 | December 31 2020 |
|---|-------------------|----------------|-------------------|---------------------|-------------------|
| Cash provided by (used in) | | | | | |
| Operating activities | | | | | |
| Excess (deficiency) of revenues over expenses | \$ 3,376 | \$ - | \$ - | \$ 3,376 | \$ 1,425 |
| Changes in non-cash working capital balances | | | | | |
| Accounts payable | 571 | - | - | 571 | 2 |
| Deferred contributions | 52,000 | - | - | 52,000 | 110,000 |
| Change in interfund balances | (5,000) | 5,000 | - | - | - |
| | 50,947 | 5,000 | - | 55,947 | 111,427 |
| Investing activities | | | | | |
| Increase in managed funds | - | 1,404,576 | - | 1,404,576 | 403,246 |
| Increase in deferred investment income | - | - | 943,109 | 943,109 | 233,271 |
| Endowment contributions received | - | - | 2,170,085 | 2,170,085 | 2,076,156 |
| Purchase of long term investments | - | (1,409,576) | (2,113,488) | (3,523,064) | (2,712,673) |
| | - | (5,000) | 999,706 | 994,706 | - |
| Increase in cash during the year | 50,947 | - | 999,706 | 1,050,653 | 111,427 |
| Cash and cash equivalents, beginning of year | 145,585 | - | - | 145,585 | 34,158 |
| Cash and cash equivalents, end of year | \$ 196,532 | \$ - | \$ 999,706 | \$ 1,196,238 | \$ 145,585 |

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

The Community Foundation of Orillia and Area

Notes to Financial Statements

December 31, 2021

1. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Nature of Organization The Community Foundation of Orillia and Area was incorporated without share capital by Letters Patent, on February 17, 1999 and designated as a public foundation. The mission of the foundation is to provide for the enrichment of the quality of life throughout Orillia and area by developing and maintaining permanent endowment funds through responsible leadership and demonstration of philanthropic leadership in the community. The foundation is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Net Assets The operating fund reports the administrative costs of operating the foundation. Operating grants and unrestricted donations are recorded in this fund.

The managed funds reports assets invested by the foundation on behalf of other organizations. These funds must be returned to the other organizations if requested.

The endowment funds reports assets that must be held in perpetuity for the benefit of the community. The funds are comprised of individual endowment funds that have been established by various community donors. The foundation must award grants from these funds in accordance with the individual restrictions stipulated by each endowment fund.

The Community Foundation of Orillia and Area
Notes to Financial Statements
December 31, 2021

1. Significant Accounting Policies (continued)

| | |
|--------------------------------------|--|
| Revenue Recognition | <p>The foundation has adopted the deferral method of accounting for contributions. Restricted contributions are recorded as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when 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 direct increases in net assets of the endowment fund.</p> <p>Restricted investment income in the managed fund is recognized initially as a deferred contribution, then as revenue in the year the related expenses are incurred. Investment losses on restricted funds are recognized as a reduction in the deferred contribution balance.</p> <p>Donations and administration fees collected from endowment funds are recognized at the time the amounts to be received can be reasonably estimated and collection is reasonably assured.</p> |
| Contributed Services | <p>Volunteers contribute services throughout the year to assist the foundation in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.</p> |
| Cash and Cash Equivalents | <p>Cash and cash equivalents consist of cash on hand, bank balances and term deposits with a maturity of three months or less from the date of purchase.</p> |
| Long-term Investments | <p>Long-term investments are recorded at fair market value.</p> |
| Capital Assets | <p>The foundation records capital assets at cost in the year of acquisition. The foundation currently does not own any capital assets. (Note 9)</p> |

The Community Foundation of Orillia and Area
Notes to Financial Statements
December 31, 2021

1. Significant Accounting Policies (continued)

Financial Instruments *Initial and subsequent measurement*

The foundation initially measures its financial assets and liabilities at fair value.

The foundation subsequently measures all its financial assets and liabilities at fair value. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets measured at fair value include cash and cash equivalents and long-term investments.

Financial liabilities measured at fair value include accounts payable and accrued liabilities and managed funds.

Impairment

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Use of Estimates

The preparation of financial statements in accordance Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The Community Foundation of Orillia and Area

Notes to Financial Statements

December 31, 2021

2. Financial Instruments

The foundation has a comprehensive risk management framework to monitor, evaluate and manage the principle risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, liquidity risk and market risk.

(a) Credit risk:

The foundation is exposed to credit risk with respect to long-term investments. The credit risk with respect to the long-term investments is insignificant since the majority are held in large financial institutions.

(b) Liquidity risk:

The foundation's exposure to liquidity risk is dependent on the receipt of funds from its investments and other related revenue sources, whether in the form of interest or donations.

(c) Market risk:

A portion of the foundation's investments in publicly-traded securities exposes the foundation to market risks as equity investments are subject to price changes in an open market. The foundation has a well thought out and established investment policy that ensures a diversified portfolio and minimizes this risk. The policy includes the use of derivative instruments.

3. Long-term investments

| | <u>2021</u> | <u>2020</u> |
|-------------------------|-------------------|-------------------|
| BMO Nesbitt Burns | \$ 5,493,356 | \$ 3,998,400 |
| Connor, Clark & Lunn | 8,023,437 | 6,300,259 |
| RBC Dominion Securities | 890,328 | 585,398 |
| | <u>14,407,121</u> | <u>10,884,057</u> |

The endowment and managed funds are invested in a variety of publicly traded shares and pooled income funds, which include fixed income, equity, alternative investments, hedge positions and shares. All investments are recorded at fair market value.

4. Insurance Policy

The foundation received a donation of a life insurance policy during 2014. The policy has a death benefit of \$100,000. The policy was recognized at the fair market value on the date of the donation (\$42,805) plus the cost of the appraisal (\$2,260) for a total value of \$45,065.

No further premium payments will be necessary as the policy is considered fully paid up.

The Community Foundation of Orillia and Area
Notes to Financial Statements
December 31, 2021

5. Deferred Contributions

| | <u>2021</u> | <u>2020</u> |
|-------------------------------------|--------------------------|--------------------------|
| Winter Grants | | |
| Balance, beginning of year | \$ 110,000 | \$ - |
| Plus: contributions received | 125,000 | 110,000 |
| Less: contributions spent | <u>(110,000)</u> | <u>-</u> |
| Balance, end of year | <u>125,000</u> | <u>110,000</u> |
| Flow Through Grants | | |
| Balance, beginning of year | - | - |
| Plus: contributions received | 37,000 | - |
| Less: contributions spent | <u>-</u> | <u>-</u> |
| Balance, end of year | <u>37,000</u> | <u>-</u> |
| Total Deferred Contributions | <u>\$ 162,000</u> | <u>\$ 110,000</u> |

6. Deferred Investment Income

| | <u>2021</u> | <u>2020</u> |
|----------------------------|----------------------------|--------------------------|
| Balance, beginning of year | \$ 963,349 | \$ 730,082 |
| Plus: Investment income | 1,372,807 | 582,869 |
| Less: Recognized as income | <u>(429,698)</u> | <u>(349,602)</u> |
| Balance, end of year | <u>\$ 1,906,458</u> | <u>\$ 963,349</u> |

Deferred investment income represents undistributed investment income that has been externally restricted to fund future grants and administrative expenses of the foundation's endowment funds.

The Community Foundation of Orillia and Area
Notes to Financial Statements
December 31, 2021

7. Managed Funds

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Air Cadets | \$ 129,286 | \$ 90,366 |
| Couchiching Conservancy | 1,328,598 | 645,252 |
| Couchiching Conservancy - Heartwood | 407,882 | 337,676 |
| Fish & Game Conservation Club | 188,630 | 167,750 |
| Fish & Game Conservation Club - Building | 33,881 | 25,119 |
| Magnetawan Land Trust | 168,814 | - |
| Mariposa Folk Foundation | 1,168,250 | 831,939 |
| Orillia Minor Hockey Association | 46,281 | - |
| Orillia Museum of Art & History | 132,040 | 116,372 |
| Shriners | 44,146 | 43,197 |
| St. Paul's United Church | 170,619 | 156,180 |
| | <u>\$ 3,818,427</u> | <u>\$ 2,413,851</u> |
| Managed Funds - Continuity | | |
| Balance, beginning of year | \$ 2,413,851 | \$ 2,010,606 |
| Plus: Investment income | 421,446 | 305,458 |
| Less: Investment administration fees | (27,900) | (22,113) |
| Plus: Contributions during the year | 1,022,630 | 124,500 |
| Less: Withdrawals | (11,600) | (4,600) |
| | <u>\$ 3,818,427</u> | <u>\$ 2,413,851</u> |

Included in investments (Note 3), are funds being held and invested on behalf of local organizations. The foundation invests the funds on behalf of these organizations. The organizations can request that their funds be returned at any time.

The Community Foundation of Orillia and Area
Notes to Financial Statements
December 31, 2021

8. Externally Restricted for Endowments

| | 2020 | Contributions | 2021 |
|--|---------------------|---------------------|---------------------|
| Smart & Caring Community Fund | \$ 554,046 | \$ - | \$ 554,046 |
| YMCA Skid Watson | 70,000 | - | 70,000 |
| They Had a Dream Administration Endowment | 60,861 | - | 60,861 |
| OSMH Doctor Recruitment Fund | 25,125 | - | 25,125 |
| Couchiching Conservancy Stewardship | 29,536 | - | 29,536 |
| Volunteer Firefighters | 14,647 | - | 14,647 |
| Carol Ivey Victim Services | 14,256 | - | 14,256 |
| Orillia Vocal Ensemble | 13,870 | 500 | 14,370 |
| Orillia Museum of Art & History | 13,520 | 30,500 | 44,020 |
| Big Brothers Big Sisters | 86,973 | - | 86,973 |
| St. Paul's Centre | 129,657 | - | 129,657 |
| Sharing Place Food Bank | 20,000 | - | 20,000 |
| Fish & Game Club | 57,000 | - | 57,000 |
| Stephen Leacock Associates | 42,100 | 20,100 | 62,200 |
| Orillia Youth Centre | 13,826 | 15,000 | 28,826 |
| The Lighthouse | - | 10,000 | 10,000 |
| Ethel Patti Cox Estate Fund - Children | 147,225 | - | 147,225 |
| Ethel Patti Cox Estate Fund - Seniors | 149,205 | - | 149,205 |
| Ontario Endowment for Children | 89,372 | - | 89,372 |
| Casino Rama Festive Fund | 18,620 | - | 18,620 |
| Orillia Y's Men's Fund | 45,000 | - | 45,000 |
| Apprentice Bursary Fletcher | 23,495 | - | 23,495 |
| Tom Parish Scholarship | 18,375 | - | 18,375 |
| Larsen Family | 15,015 | - | 15,015 |
| Brian Adams | 24,283 | - | 24,283 |
| John Galt Fund | 1,448,515 | 938,735 | 2,387,250 |
| W. Scott & Jean Tudhope Endowment | 3,831,385 | 986,000 | 4,817,385 |
| Dale Family Fund | 583,015 | 164,250 | 747,265 |
| Jim & Ruth Watt | 8,000 | 5,000 | 13,000 |
| Jarvis Family Fund | 5,000 | - | 5,000 |
| | \$ 7,551,922 | \$ 2,170,085 | \$ 9,722,007 |

The net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained permanently. Investment income earned on these assets is restricted to the terms of each endowment fund. The above figures represent the accumulated amount of the contributions for each fund at cost.

The Community Foundation of Orillia and Area
Notes to Financial Statements
December 31, 2021

9. Change in Accounting Policy

During the fiscal year ending December 31, 2021, the foundation changed its capital asset policy to capitalize all capital assets at cost in the year of acquisition. The change was undertaken to comply with the requirements of Part III of the CPA Canada Handbook - Accounting, Section 4433 - Tangible capital assets held by not-for-profit organizations. The change in policy has not impacted any of the current and prior period financial statement line items as the foundation currently does not own any capital assets.

10. Budget Information

The budget figures presented for comparison purposes are unaudited.

11. COVID-19

The outbreak of the Coronavirus pandemic ("COVID-19") has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruptions to businesses and organizations globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments, nor the impact on the financial position and financial results of the foundation in future periods.
