

**The Community Foundation of Orillia and Area
Financial Statements
For the Year Ended December 31, 2022**

Index to Financial Statements

Independent Auditors' Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Operations and Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7

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, 2022, 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, 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 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.

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 26, 2023

The Community Foundation of Orillia and Area
Statement of Financial Position
As at December 31, 2022

	Operating Fund	Managed Funds	Endowment Funds	December 31 2022	December 31 2021
Assets					
Current					
Cash and cash equivalents	\$ 41,982	\$ -	\$ 304,424	\$ 346,406	\$ 1,196,238
Accounts receivable (Note 3)	11,779	-	-	11,779	-
	53,761	-	304,424	358,185	1,196,238
Insurance policy (Note 5)	-	-	45,065	45,065	45,065
Long-term investments (Note 4)	-	3,834,500	11,010,544	14,845,044	14,407,121
	\$ 53,761	\$ 3,834,500	\$ 11,360,033	\$ 15,248,294	\$ 15,648,424
Liabilities and Net Assets					
Current					
Accounts payable	\$ 9,752	\$ -	\$ -	\$ 9,752	\$ 6,225
Deferred contributions (Note 6)	-	-	-	-	162,000
	9,752	-	-	9,752	168,225
Managed funds (Note 8)	-	3,834,500	-	3,834,500	3,818,427
Deferred investment income (Note 7)	-	-	820,904	820,904	1,906,458
	9,752	3,834,500	820,904	4,665,156	5,893,110
Net Assets					
Unrestricted	44,009	-	-	44,009	33,307
Externally restricted for endowments (Note 9)	-	-	10,539,129	10,539,129	9,722,007
	44,009	-	10,539,129	10,583,138	9,755,314
	\$ 53,761	\$ 3,834,500	\$ 11,360,033	\$ 15,248,294	\$ 15,648,424

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

**The Community Foundation of Orillia and Area
Statement of Operations and Changes in Fund Balances
For the Year Ended December 31, 2022**

	Operating Fund	Managed Funds	Endowment Funds	December 31 2022	December 31 2021
Revenues					
Administration fees - investment	\$ 29,337	\$ -	\$ -	\$ 29,337	\$ 33,213
HST rebate (Note 3)	22,899	-	-	22,899	9,878
Investment administration fees (Note 8)	-	29,887	-	29,887	27,900
Investment income (Note 7)	-	-	521,262	521,262	429,698
Donations	47,150	-	-	47,150	23,814
	99,386	29,887	521,262	650,535	524,503
Expenditures					
Fund Expenses and Grants					
Administration	-	3,405	25,932	29,337	33,213
Emergency community support program	-	-	-	-	-
Grants to the community	47,400	-	412,150	459,550	347,400
Investment management fees	-	26,482	83,180	109,662	100,635
	47,400	29,887	521,262	598,549	481,248
Overhead Expenses					
Administrative	5,410	-	-	5,410	4,099
Insurance	940	-	-	940	1,831
Management fees - CDC	28,719	-	-	28,719	27,734
Professional fees	6,215	-	-	6,215	6,215
	41,284	-	-	41,284	39,879
	88,684	29,887	521,262	639,833	521,127
Excess of revenues over expenses	10,702	-	-	10,702	3,376
Fund balance, beginning of year	33,307	-	9,722,007	9,755,314	7,581,853
Endowment contributions (Note 9)	-	-	817,122	817,122	2,170,085
Fund balance, end of year	\$ 44,009	\$ -	\$ 10,539,129	\$ 10,583,138	\$ 9,755,314

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, 2022

	Operating Fund	Managed Fund	Endowment Fund	December 31 2022	December 31 2021
Cash provided by (used in)					
Operating activities					
Excess (deficiency) of revenues over expenses	\$ 10,702	\$ -	\$ -	\$ 10,702	\$ 3,376
Changes in non-cash working capital balances					
Accounts receivable	(11,779)	-	-	(11,779)	-
Accounts payable	3,527	-	-	3,527	571
Deferred contributions	(162,000)	-	-	(162,000)	52,000
Change in interfund balances	5,000	(5,000)	-	-	-
	(154,550)	(5,000)	-	(159,550)	55,947
Investing activities					
Increase in managed funds	-	16,074	-	16,074	1,404,576
Increase (decrease) in deferred investment income	-	-	(1,085,554)	(1,085,554)	943,109
Endowment contributions received	-	-	817,122	817,122	2,170,085
Purchase of long term investments	-	(11,074)	(426,850)	(437,924)	(3,523,064)
	-	5,000	(695,282)	(690,282)	994,706
Increase (decrease) in cash during the year	(154,550)	-	(695,282)	(849,832)	1,050,653
Cash and cash equivalents, beginning of year	196,532	-	999,706	1,196,238	145,585
Cash and cash equivalents, end of year	\$ 41,982	\$ -	\$ 304,424	\$ 346,406	\$ 1,196,238

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

The Community Foundation of Orillia and Area

Notes to Financial Statements

December 31, 2022

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, 2022

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>
Insurance Policy	<p>The insurance policy is recognized at the fair market value on the date of donation to the foundation plus the cost of the appraisal.</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.</p>

The Community Foundation of Orillia and Area
Notes to Financial Statements
December 31, 2022

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, except for the insurance policy. The insurance policy is valued at cost. 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 assets measured at cost include the insurance policy.

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, 2022

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 publicly-traded securities 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. HST Rebate

The foundation previously recognized HST rebates as revenue in the year the rebates were received. In the current fiscal year, the foundation has set up a receivable for the HST rebate owing to the foundation. As a result, the 2022 revenue is comprised of both the 2021 and 2022 rebate amounts.

The Community Foundation of Orillia and Area
Notes to Financial Statements
December 31, 2022

4. Long-term investments

	<u>2022</u>	<u>2021</u>
BMO Nesbitt Burns	\$ 4,764,880	\$ 5,493,356
Connor, Clark & Lunn	9,250,390	8,023,437
RBC Dominion Securities	<u>829,774</u>	<u>890,328</u>
	<u>14,845,044</u>	<u>14,407,121</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.

5. 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, 2022

6. Deferred Contributions

	<u>2022</u>	<u>2021</u>
Winter Grants		
Balance, beginning of year	\$ 125,000	\$ 110,000
Plus: contributions received	-	125,000
Less: contributions spent	<u>(125,000)</u>	<u>(110,000)</u>
Balance, end of year	<u>-</u>	<u>125,000</u>
Flow Through Grants		
Balance, beginning of year	37,000	-
Plus: contributions received	10,150	37,000
Less: contributions spent	<u>(47,150)</u>	<u>-</u>
Balance, end of year	<u>-</u>	<u>37,000</u>
Total Deferred Contributions	\$ -	\$ 162,000

7. Deferred Investment Income

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,906,458	\$ 963,349
Plus: Investment income (loss)	(664,292)	1,372,807
Plus: Contributions during the year	100,000	-
Less: Recognized as income	<u>(521,262)</u>	<u>(429,698)</u>
Balance, end of year	\$ 820,904	\$ 1,906,458

Deferred investment income represents undistributed investment income and direct contributions that have 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, 2022

8. Managed Funds

	<u>2022</u>	<u>2021</u>
Air Cadets	\$ 120,856	\$ 129,286
Couchiching Conservancy	1,241,967	1,328,598
Couchiching Conservancy - Heartwood	381,286	407,882
Fish & Game Conservation Club	176,331	188,630
Fish & Game Conservation Club - Building	36,356	33,881
Magnetawan Land Trust	157,806	168,814
Mariposa Folk Foundation	1,195,738	1,168,250
Orillia Minor Hockey Association	47,939	46,281
Orillia Museum of Art & History	120,436	132,040
Rainy Lake Conservancy	141,335	-
Shriners	60,149	44,146
St. Paul's United Church	154,301	170,619
	<u>\$ 3,834,500</u>	<u>\$ 3,818,427</u>

Managed Funds - Continuity

Balance, beginning of year	\$ 3,818,427	\$ 2,413,851
Plus: Investment income (loss)	(220,924)	421,446
Less: Investment administration fees	(29,887)	(27,900)
Plus: Contributions during the year	279,684	1,022,630
Less: Withdrawals	(12,800)	(11,600)
	<u>\$ 3,834,500</u>	<u>\$ 3,818,427</u>

Included in investments (Note 4), 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, 2022

9. Externally Restricted for Endowments

	2021	Contributions	2022
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	14,370	-	14,370
Orillia Museum of Art & History	44,020	18,032	62,052
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	2,000	59,000
Stephen Leacock Associates	62,200	20,050	82,250
Orillia Youth Centre	28,826	6,750	35,576
The Lighthouse	10,000	-	10,000
Mariposa House Hospice	-	25,000	25,000
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	200,000	224,283
John Galt Fund	2,387,250	523,850	2,911,100
W. Scott & Jean Tudhope Endowment	4,817,385	15,440	4,832,825
Dale Family Fund	747,265	-	747,265
Jim & Ruth Watt	13,000	6,000	19,000
Jarvis Family Fund	5,000	-	5,000
	\$ 9,722,007	\$ 817,122	\$ 10,539,129

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.
