

**Muskoka Community Foundation**  
**Financial Statements**  
For the year ended December 31, 2019

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## Independent Auditor's Report

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To the Board of Directors of Muskoka Community Foundation

### Opinion

We have audited the accompanying financial statements of Muskoka Community Foundation, which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets 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 Organization 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 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 Organization 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 qualified 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Chartered Professional Accountants, Licensed Public Accountants

Bracebridge, Ontario  
May 25, 2020

**Muskoka Community Foundation**  
**Statement of Financial Position**

December 31	Endowment Fund	Restricted Fund	Operating Fund	Total 2019	Total 2018
<b>Assets</b>					
<b>Current</b>					
Cash	\$ 27,343	\$ -	\$ 23,766	\$ 51,109	\$ 28,575
Accounts receivable	-	-	14,805	14,805	2,028
Prepaid expenses	-	-	1,366	1,366	1,366
	<u>27,343</u>	<u>-</u>	<u>39,937</u>	<u>67,280</u>	<u>31,969</u>
<b>Investments</b> , at market value (Note 2)	<u>995,248</u>	<u>169,317</u>	<u>(766)</u>	<u>1,163,799</u>	<u>994,439</u>
	<u><b>\$1,022,591</b></u>	<u><b>\$ 169,317</b></u>	<u><b>\$ 39,171</b></u>	<u><b>\$1,231,079</b></u>	<u><b>\$1,026,408</b></u>
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 5,001	\$ 5,001	\$ 4,086
<b>Fund balances</b>					
Fund balances (Notes 3 & 4)	<u>1,022,591</u>	<u>169,317</u>	<u>34,170</u>	<u>1,226,078</u>	<u>1,022,322</u>
	<u><b>\$1,022,591</b></u>	<u><b>\$ 169,317</b></u>	<u><b>\$ 39,171</b></u>	<u><b>\$1,231,079</b></u>	<u><b>\$1,026,408</b></u>

On behalf of the Board:



*Executive*  
Director

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Director

**Muskoka Community Foundation  
Statement of Changes in Fund Balances**

<b>For the year ended December 31</b>	<b>Endowment Fund</b>	<b>Restricted Fund</b>	<b>Operating Fund</b>	<b>Total 2019</b>	<b>Endowment Fund</b>	<b>Restricted Fund</b>	<b>Operating Fund</b>	<b>Total 2018</b>
<b>Fund balances</b> , beginning of year \$ 1,060,697	<b>\$ 855,552</b>	<b>\$ 136,908</b>	<b>\$ 29,862</b>	<b>\$ 1,022,322</b>	\$ 872,492	\$ 152,792	\$ 35,413	
Excess (deficiency) of revenue over expenses for the year (38,375)	<b>167,039</b>	<b>32,409</b>	<b>4,308</b>	<b>203,756</b>	(16,440)	(15,884)	(6,051)	
Interfund transfers (Notes 3 & 4) -	-	-	-	-	(500)	-	500	
<b>Fund balances</b> , end of year \$ 1,022,322	<b>\$ 1,022,591</b>	<b>\$ 169,317</b>	<b>\$ 34,170</b>	<b>\$ 1,226,078</b>	\$ 855,552	\$ 136,908	\$ 29,862	

The accompanying notes are an integral part of these financial statements

**Muskoka Community Foundation  
Statement of Operations**

<b>For the year ended December 31</b>	<b>Endowment Fund</b>	<b>Restricted Fund</b>	<b>Operating Fund</b>	<b>Total 2019</b>	<b>Endowment Fund</b>	<b>Restricted Fund</b>	<b>Operating Fund</b>	<b>Total 2018</b>
<b>Revenue</b>								
Donations								
Non-receipted	7,046	623	10,149	17,818	8,116	134	6,644	
14,894								
Receipted	75,907	215,262	6,275	297,444	11,500	43,250	3,800	
58,550								
Investment income	135,169	24,259	133	159,561	16,398	(329)	61	
16,130								
Administration fees (Note 5)	(21,393)	(4,455)	17,855	(7,993)	(18,954)	(3,359)	-	
(22,313)								
Community Engagement Projects								
- fees, sponsorships and grants	-	-	12,824	12,824	-	-	31,845	
31,845								
	<b>196,729</b>	<b>235,689</b>	<b>47,236</b>	<b>479,654</b>	<b>17,060</b>	<b>39,696</b>	<b>42,350</b>	
99,106								
<b>Expenses</b>								
Dues, fees, licences	-	-	450	450	-	-	450	
450								
Event expenses	-	-	8,544	8,544	-	-	7,164	
7,164								
Insurance	-	-	1,403	1,403	-	-	1,514	
1,514								
Office and general	-	-	4,056	4,056	-	-	11,748	
11,748								
Professional fees	-	-	5,428	5,428	-	-	4,620	
4,620								
Promotion	-	-	552	552	-	-	208	
208								
Rent	-	-	50	50	-	-	40	
40								
Telephone	-	-	800	800	-	-	750	
750								
Travel	-	-	68	68	-	-	333	

The accompanying notes are an integral part of these financial statements

333							
Wages and benefits	-	-	21,421	21,421	-	-	21,454
21,454							
Website design and maintenance	-	-	156	156	-	-	120
120							
	-	-	42,928	42,928	-	-	48,401
48,401							
<b>Excess (deficiency) of revenues over expenses before grants disbursed</b>	<b>196,729</b>	<b>235,689</b>	<b>4,308</b>	<b>436,726</b>	17,060	39,696	(6,051)
50,705							
<b>Grants disbursed</b>	<b>(29,690)</b>	<b>(203,280)</b>	-	<b>(232,970)</b>	(33,500)	(55,580)	-
(89,080)							
<b>Excess (deficiency) of revenues over expenses for the year</b>	<b>\$ 167,039</b>	<b>\$ 32,409</b>	<b>\$ 4,308</b>	<b>\$ 203,756</b>	<b>\$ (16,440)</b>	<b>\$ (15,884)</b>	<b>\$ (6,051)</b>
<b>\$ (38,375)</b>							

The accompanying notes are an integral part of these financial statements

## Muskoka Community Foundation Statement of Cash Flows

<b>For the year ended December 31</b>	<b>2019</b>	<b>2018</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses for the year	\$ 203,756	\$ (38,375)
Adjustments for		
Investment income earned on externally invested funds	(159,428)	(16,069)
Administrative fees charged to externally invested funds	25,848	22,313
	<u>70,176</u>	<u>(32,131)</u>
Changes in non-cash working capital balances		
Accounts receivable	(12,777)	6,656
Prepaid expenses	-	634
Accounts payable and accrued liabilities	916	45
	<u>58,315</u>	<u>(24,796)</u>
<b>Investing activities</b>		
Withdrawals from externally invested funds	76,134	79,466
Transfers to externally invested funds	(139,258)	(150,232)
	<u>(63,124)</u>	<u>(70,766)</u>
<b>Decrease in cash during the year</b>	<b>(4,809)</b>	<b>(95,562)</b>
<b>Cash, beginning of year</b>	<b>28,575</b>	<b>124,137</b>
<b>Cash, end of year</b>	<b>\$ 23,766</b>	<b>\$ 28,575</b>

The accompanying notes are an integral part of these financial statements

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# Muskoka Community Foundation

## Notes to Financial Statements

December 31, 2019

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### 1. Nature of Operations and Summary of Significant Accounting Policies

#### i) Nature of Operations

The Muskoka Community Foundation (the "Foundation") is incorporated without share capital under the laws of Ontario. The objective of the Foundation is to connect philanthropy with community needs and opportunities to make the District Municipality of Muskoka a better place to live, work, learn and grow.

The Foundation is a public foundation registered under the Income Tax Act (Canada) and, as such, is exempt from income tax and able to issue donation receipts for income tax purposes.

#### ii) Basis of Accounting

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

#### iii) Fund Accounting

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

The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with restricted purposes are expended for the purpose for which they were provided.

For financial reporting purposes the accounts have been classified into the following funds:

The Endowment Fund comprises the resources that are required by the donor to be maintained by the Foundation on a permanent basis. The Endowment Fund is increased by the proportionate share of investment returns allocated to the Endowment Fund capital, less amounts allocated to grants and administrative and investment fees. The Board also has a policy to transfer certain donations to the Endowment Fund where there is no current intention of making the original donation available for grants (internally endowed Restricted Term Funds).

The Restricted Fund comprises the resources that are to be used for specific purposes as specified by the donor or project funder. This fund includes restricted Flowthrough funds which are not restricted as to the timeframe in which capital may be spent. It is generally expected that the capital of these funds will be granted within one to two years of its donation, although it may be granted immediately, in whole or in part.

The Operating Fund comprises the unrestricted resources available for the Foundation's immediate operating purposes. The use of these funds is at the discretion of the Foundation's Board.

#### iv) Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. However, if no appropriate restricted fund is presented, then the restricted contribution is recognized as revenue of the Operating Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowments are recognized as revenue in the Endowment Fund.

Net investment income earned on Endowment Fund and Restricted Fund resources is recognized as revenue of the Endowment Fund and the Restricted Fund. Other unrestricted net investment income is recognized as revenue of the Operating Fund when earned.

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## Muskoka Community Foundation Notes to Financial Statements

December 31, 2019

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### 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

v) **Financial Instruments**

Financial Instruments are recorded at fair value at initial recognition.

In subsequent years, equities traded in an active market are reported at fair value, with any change in fair value reported in income of the applicable fund. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist.

vi) **Grants**

Grants are recorded when they have been duly approved in accordance with the Foundation's Board policies and any terms and conditions have been met by the grantee.

vii) **Interfund Transfers**

Interfund transfers include amounts transferred as directed by fund holders or as approved by the Board.

viii) **Contributed Services**

Volunteers contribute many hours per year to assist the Foundation in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

ix) **Foreign Currency Translation**

Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transaction. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the year end date. Gains and losses on translation of monetary assets and liabilities are included in net income.

x) **Tangible Capital Assets**

Tangible capital assets are not recorded in the statement of financial position. Tangible capital assets are expensed in the year they are acquired.

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## Muskoka Community Foundation Notes to Financial Statements

**December 31, 2019**

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### 2. Investments

In 2019, funds managed by the Toronto Foundation were transferred to TD Private Investment Counsel ("TD Wealth") with the same objectives for investment management as the management objectives of the Toronto Foundation.

All of the investments of the Foundation are managed by the TD Wealth under an Investment Pooling Agreement. TD Wealth's objective for investments under its management is to generate a total return that achieves the granting objectives, recovers the costs of administering the funds, protects the purchasing power of the capital, and establishes a reserve for future market declines.

Investment income (loss) earned on the investments held by the TD Wealth in this pool is allocated to the Funds based on monthly market values.

Investments held in TD Wealth are measured at market value and consist of the following:

<b>Asset Class</b>	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	1 %	4 %
Fixed income securities	31 %	36 %
Canadian equities	35 %	20 %
U.S. equities	33 %	37 %
Other foreign equities	- %	3 %
	<b>100 %</b>	<b>100 %</b>

The Foundation has a policy with the objective of protecting the real value of the endowments by limiting the amount of income made available for spending (granting and operating costs) and requiring the reinvestment into the Endowment Fund of income not made available. An amount representing 2% (2018 - 2%) of the market value of most of the Fund balances was made available to cover investment management fees and program and administrative expenses.

Administrative fees charged by TD Wealth are 1.35% on the first \$1,000,000 and 1.10% on the next \$1,000,000.

The Foundation is subject to currency risk, interest rate risk and other price risk with respect to investments held in pooled funds managed by TD Wealth.

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## Muskoka Community Foundation Notes to Financial Statements

**December 31, 2019**

### 3. Endowment Fund

The Endowment Fund, which is externally endowed in perpetuity, consists of the following:

#### i) Donor Advised Funds

Funds where grants are distributed to charitable organizations designated by the donors at the time the Fund is established or advised annually by the donors.

#### ii) Community Funds

Funds where grants have been designated for operations by the donors.

	Balance beginning of year	Contributions Received	Investment Income	Grants Disbursed	Administration Fees	Interfund Transfer	Balance end of year
<b>Donor Advised Funds</b>							
Cowan Family Fund	\$ 368,954	\$ -	\$ 57,332	\$ (12,000)	\$ (8,975)	\$ -	\$ 405,311
Dara's Fund at Muskoka Community Foundation	58,821	7,530	9,506	(2,090)	(1,453)	-	72,314
Stan Darling Environmental Education Fund	198,015	100	29,647	(6,600)	(4,832)	-	216,330
Goodwin Family Fund	34,352	10,000	5,820	(1,000)	(956)	-	48,216
Lowden Family Fund	171,616	27,543	28,286	(6,000)	(4,401)	-	217,044
Uffelmann Family Fund	-	27,344	-	-	-	-	27,344
Peggy Clark Guiry Fund	-	10,409	705	(2,000)	(188)	-	8,926
	831,758	82,926	131,296	(29,690)	(20,805)	-	995,485
<b>Community Funds</b>							
Administration Fund	23,794	29	3,872	-	(589)	-	27,106
	<b>\$ 855,552</b>	<b>\$ 82,955</b>	<b>\$ 135,168</b>	<b>\$ (29,690)</b>	<b>\$ (21,394)</b>	<b>\$ -</b>	<b>\$ 1,022,591</b>

#### Interfund Transfers

During the 2018 fiscal year, the Foundation received direction to transfer \$500 from a donor advised fund to the Council of 50 within the Operating Fund.

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**Muskoka Community Foundation**  
**Notes to Financial Statements**

**December 31, 2019**

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**4. Restricted Fund**

The Restricted Fund consists of the following amounts available for restricted purposes. Grants are distributed at the discretion of the Foundation's Board for the Smart & Caring Muskoka Fund.

	Balance beginning of year	Contributions	Investment Income	Grants	Administration Fees	Balance end of year
South and Central Almaguin Educational Award Fund	\$ 19,224	\$ 19,510	\$ 4,106	\$ (20,000)	\$ (822)	\$ 22,018
Youth Citizenship and Service Fund	86,932	-	13,545	(3,700)	(2,609)	94,168
Flowthrough funding	-	156,836	-	(156,836)	-	-
Smart & Caring Muskoka Fund	30,552	624	5,934	(15,744)	(872)	20,494
Muskoka Youth Mental Health	200	38,916	673	(7,000)	(152)	32,637
	<b>\$ 136,908</b>	<b>\$ 215,886</b>	<b>\$ 24,258</b>	<b>\$ (203,280)</b>	<b>\$ (4,455)</b>	<b>\$ 169,317</b>

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## Muskoka Community Foundation Notes to Financial Statements

**December 31, 2019**

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### 5. Administrative Fees

During the year administration fees were charged to the Endowment Fund and Restricted Fund as follows:

	2019	2018
Administration fees charged to the Endowment Fund		
Charged by the Operating Fund	\$ 7,068	\$ 6,569
Charged by the Toronto Foundation	-	1,766
Charged by TD Wealth	14,325	10,619
	21,393	18,954
Administration fees charged to the Restricted Fund		
Charged by the Operating Fund	2,085	1,585
Charged by the Toronto Foundation	-	115
Charged by the TD Wealth	2,370	1,659
	4,455	3,359
	\$ 25,848	\$ 22,313

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### 6. Subsequent Event

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the organization, its funders and donors. As a result, management anticipates a temporary decline in donation revenue and has postponed an essential fundraiser.

COVID-19 has also had a significant effect on the financial markets. The Foundation's investments in equity instruments measured at fair value are reported in these financial statements at their values on December 31, 2019. The Foundation's equity portfolio is likely experiencing declining in values.

Given the daily evolution of the COVID-19 out break and the global responses to curb its spread, the Organization is not able to fully estimate the future effects of the COVID-19 outbreak on its operations.

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