

MUSKOKA COMMUNITY FOUNDATION

Financial Statements

Year Ended December 31, 2023

MUSKOKA COMMUNITY FOUNDATION

Index to Financial Statements

Year Ended December 31, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10
Notes to Financial Statements	11

INDEPENDENT AUDITOR'S REPORT

To the Chairman and Board of Directors of Muskoka Community Foundation

Qualified Opinion

We have audited the financial statements of Muskoka Community Foundation (the foundation), which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenditures, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the foundation as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the foundation derives revenue from donations and 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 foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2023, current assets and net assets as at December 31, 2023.

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 foundation in accordance with 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 audit 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 ASNPO, 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 foundation'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 foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the foundation'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:

(continues)

- 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 foundation'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 foundation'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 foundation 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.

Pahapill and Associates

Huntsville, Ontario
June 19, 2024

Pahapill and Associates Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

MUSKOKA COMMUNITY FOUNDATION
Statement of Financial Position
December 31, 2023

	Endowment Fund	Restricted Fund	Operating Fund	Total 2023	Total 2022
ASSETS					
CURRENT					
Cash	\$ -	\$ 34,938	\$ 51,569	\$ 86,507	\$ 127,594
Accounts receivable	-	-	18,872	18,872	18,946
Due (to) from operations	(78,192)	34,032	44,160	-	-
	(78,192)	68,970	114,601	105,379	146,540
INVESTMENTS (at market value) (Note 2)					
	1,637,887	353,506	-	1,991,393	1,676,892
	\$ 1,559,695	\$ 422,476	\$ 114,601	\$ 2,096,772	\$ 1,823,432
LIABILITIES AND FUND BALANCES					
CURRENT					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 4,941	\$ 4,941	\$ 5,271
	1,559,695	422,476	109,660	2,091,831	1,818,161
	\$ 1,559,695	\$ 422,476	\$ 114,601	\$ 2,096,772	\$ 1,823,432

ON BEHALF OF THE BOARD

Director

Director

MUSKOKA COMMUNITY FOUNDATION
Statement of Revenues and Expenditures
Year Ended December 31, 2023

	Endowment Fund	Restricted Fund	Operating Fund	Total 2023	Total 2022
REVENUES					
Donations					
Non-receipted	\$ 16,846	\$ 459,771	\$ 4,883	\$ 481,500	\$ 75,849
Received	25,325	277,031	2,350	304,706	122,622
Investment income (loss)	154,767	27,989	631	183,387	(155,305)
Administration fees	(36,352)	(6,624)	16,757	(26,219)	(25,983)
Community engagement projects - fees sponsorships and grants	-	-	1,583	1,583	78,888
	<u>160,586</u>	<u>758,167</u>	<u>26,204</u>	<u>944,957</u>	<u>96,071</u>
EXPENSES					
Advertising and promotion	-	-	5,974	5,974	1,723
Dues, fees, licences	-	-	975	975	841
Event expenses	-	-	1,025	1,025	-
Insurance	-	-	1,536	1,536	1,501
Office and general	-	-	3,845	3,845	11,231
Professional fees	-	-	5,029	5,029	7,078
Telephone	-	-	811	811	1,396
Wages and benefits	-	-	23,549	23,549	22,298
Website design and maintenance	-	-	1,559	1,559	4,184
	<u>-</u>	<u>-</u>	<u>44,303</u>	<u>44,303</u>	<u>50,252</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	160,586	758,167	(18,099)	900,654	45,819
OTHER ITEMS					
Grants disbursed	(70,150)	(556,834)	-	(626,984)	(214,690)
	<u>\$ 90,436</u>	<u>\$ 201,333</u>	<u>\$ (18,099)</u>	<u>\$ 273,670</u>	<u>\$ (168,871)</u>

MUSKOKA COMMUNITY FOUNDATION
Statement of Changes in Fund Balances
Year Ended December 31, 2023

	Endowment Fund	Restricted Fund	Operating Fund	Total 2023	Total 2022
FUND BALANCES - BEGINNING OF YEAR	\$ 1,469,259	\$ 221,143	\$ 127,759	\$ 1,818,161	\$ 1,987,032
Excess of revenues over expenses	90,436	201,333	(18,099)	273,670	(168,871)
FUND BALANCES - END OF YEAR	\$ 1,559,695	\$ 422,476	\$ 109,660	\$ 2,091,831	\$ 1,818,161

MUSKOKA COMMUNITY FOUNDATION**Statement of Cash Flows****Year Ended December 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 273,670	\$ (168,871)
Items not affecting cash:		
Investment loss (income) earned on externally invested funds	(182,756)	155,635
Administrative fees charged to externally invested funds	42,922	42,433
	<u>133,836</u>	<u>29,197</u>
Changes in non-cash working capital:		
Accounts receivable	74	(1,660)
Accounts payable and accrued liabilities	(331)	316
	<u>(257)</u>	<u>(1,344)</u>
Cash flow from operating activities	<u>133,579</u>	<u>27,853</u>
INVESTING ACTIVITIES		
Withdrawals from externally invested funds	204,248	196,080
Transfers to externally invested funds	(378,914)	(203,455)
Cash flow used by investing activities	<u>(174,666)</u>	<u>(7,375)</u>
INCREASE (DECREASE) IN CASH FLOW	(41,087)	20,478
Cash - beginning of year	<u>127,594</u>	<u>107,116</u>
CASH - END OF YEAR	<u>\$ 86,507</u>	<u>\$ 127,594</u>

The accompanying notes are an integral part of these financial statements

MUSKOKA COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

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 from income tax purposes.

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Fund accounting

Muskoka Community 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.

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.

(continues)

MUSKOKA COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

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.

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.

Interfund transfers

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

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.

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.

Investments

Investments are measured at market value with a cost value of \$2,054,944 (2022 - \$1,795,203).

All gains and losses, including unrealized, from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in the fund that owned the assets.

Ordinary income from investments, receivables, and similar assets is accounted for in the fund owning the assets.

Tangible capital assets

In accordance with accounting standards for not-for-profit section 4433, the organization has revenues below \$500,000 and has chosen to expense capital assets when incurred. The organization holds capital items that consist of office furniture. There were no capital expenditures in the current year.

MUSKOKA COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

2. INVESTMENTS

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:

	2023	2022
Asset class		
Cash and cash equivalents	9%	6%
Fixed income securities	66%	43%
Canadian equities	13%	29%
U.S. equities	12%	22%
	100%	100%

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% (2022 - 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.

3. ADMINISTRATIVE FEES

	2023	2022
<u>Administration fees charged to the Endowment Fund</u>		
Charged by the Operating Fund	\$ 14,050	\$ 13,709
Charged by TD Wealth	22,302	21,702
	36,352	35,411
<u>Administration fees charged to the Restricted Fund</u>		
Charged by the Operating Fund	3,161	3,431
Charged by TD Wealth	3,463	3,332
	6,624	6,763
Total	\$ 42,976	\$ 42,174

MUSKOKA COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

4. ENDOWMENT FUND

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

1. 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.

2. Community Funds

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

	Balance beginning of year	Contributions received	Investment Income (loss)	Grants disbursed	Administration fees	Balance end of year
Donor Advised Funds						
Cowan Family Fund	\$ 389,765	\$ -	\$ 43,430	\$ (13,600)	\$ (8,957)	\$ 410,638
Dara's Fund at Muskoka Community Foundation	71,324	-	6,369	(2,500)	(1,640)	73,553
Stan Darling Environmental Education Fund	221,305	75	14,295	(8,000)	(5,024)	222,651
Goodwin Family Fund	63,828	-	5,148	(2,200)	(1,405)	65,371
Lowden Family Fund\	312,922	-	35,686	(9,600)	(7,318)	331,690
Ufflemann Family Fund	152,020	750	16,513	(5,000)	(3,495)	160,788
Erb Family Fund	189,711	2,500	19,060	(29,250)	(4,199)	177,822
Willis Bursary Fund	37,143	12,100	5,465	-	(1,025)	53,683
Sam's Fund	-	25,000	1,488	-	(468)	26,020
Donor Advised Funds total	1,438,018	40,425	147,454	(70,150)	(33,531)	1,522,216
Community Funds						
Administration Fund	31,241	1,746	7,313	-	(2,821)	37,479
Grand Total	\$ 1,469,259	\$ 42,171	\$ 154,767	\$ (70,150)	\$ (36,352)	\$ 1,559,695

MUSKOKA COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

5. 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 (loss)	Grants	Administration Fees	Balance end of year
South and Central Almaguin Educational Award Fund	\$ 21,022	\$ 20,264	\$ 1,064	\$ (15,000)	\$ (819)	\$ 26,531
Youth Citizenship and Service Fund	71,107	560	8,006	(7,550)	(1,966)	70,157
Flowthrough funding	15,028	490,568	-	(460,439)	-	45,157
Smart and Caring Muskoka Fund	3,394	-	96	(3,480)	(10)	-
Muskoka Youth Mental Health	14,809	240	1,548	-	(432)	16,165
Muskoka Strong	28,083	-	3,223	-	(828)	30,478
Patricia's Fund	8,454	-	132	(8,570)	(16)	-
Peggy Clark Guiry Fund	5,609	-	158	(5,600)	(26)	141
Lowden flowthrough funding	17,756	-	1,109	(18,600)	(265)	-
Willis flowthrough funding	10,881	28,593	2,455	(10,500)	(631)	30,798
Black Point flowthrough	25,000	-	(51)	(24,595)	(187)	167
YWCA Muskoka Legacy Fund	-	17,642	934	-	(346)	18,230
Muskoka Parry Sound Indigenous Bursary Fund	-	28,791	2,005	(2,500)	(337)	27,959
Dr. William Monk Fund	-	150,144	7,310	-	(761)	156,693
	\$ 221,143	\$ 736,802	\$ 27,989	\$ (556,834)	\$ (6,624)	\$ 422,476