

**Kenora & Lake of the Woods Regional Community Foundation**  
**Financial Statements**  
*December 31, 2022*

# Kenora & Lake of the Woods Regional Community Foundation

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*For the year ended December 31, 2022*

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## Management's Responsibility

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To the Board of Directors of Kenora & Lake of the Woods Regional Community Foundation:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Foundation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Foundation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, are appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

June 28, 2023

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President

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To the Board of Directors of Kenora & Lake of the Woods Regional Community Foundation:

## Qualified Opinion

We have audited the financial statements of Kenora & Lake of the Woods Regional Community Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and 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, except for the 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, 2022, and the results of its 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

As is the case with most organizations of this nature, we were unable to independently verify revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, changes in net assets, and cash flows from operations for the years ended December 31, 2022 and 2021. Our audit opinion on the financial statements for the year ended December 31, 2021 was qualified accordingly because of the possible effects of the 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation 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.

## Supplementary Information

The supplementary information contained in schedules 1, 2 and 3 are presented for the purpose of additional analysis and are not part of the basic audited financial statements. The information in the schedules was derived from the accounting records tested in forming an opinion on the financial statements as a whole.

## 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 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:

- 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.

Kenora, Ontario

June 28, 2023

*MNP LLP*

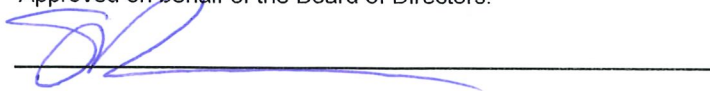
Chartered Professional Accountants

Licensed Public Accountants

**Kenora and Lake of the Woods Regional Community Foundation**  
**Statement of Financial Position**  
**As at December 31, 2022**

|  | 2022                | 2021                |
|--|---------------------|---------------------|
| <b>Assets</b>                              |                     |                     |
| Cash in bank (Note 1)                      | \$ 115,301          | \$ 177,978          |
| Accounts receivable (Note 2)               | <u>8,018</u>        | <u>5,356</u>        |
| <b>Total Current Assets</b>                | <u>123,319</u>      | <u>183,334</u>      |
| Investments (Note 3)                       | <u>7,550,443</u>    | <u>8,550,771</u>    |
| <b>Total Assets</b>                        | <u>\$ 7,673,762</u> | <u>\$ 8,734,105</u> |
| <b>Liabilities and Net Assets</b>          |                     |                     |
| <b>Liabilities</b>                         |                     |                     |
| Accounts payable (Note 4)                  | \$ 14,524           | \$ 10,667           |
| Current portion of long-term debt (Note 5) | <u>40,000</u>       | <u>-</u>            |
| <b>Total Current Liabilities</b>           | <u>54,524</u>       | <u>10,667</u>       |
| Long-term debt (Note 5)                    | <u>-</u>            | <u>40,000</u>       |
| <b>Total Liabilities</b>                   | <u>54,524</u>       | <u>50,667</u>       |
| <b>Equity</b>                              |                     |                     |
| General funds                              | 351,576             | 446,011             |
| Community funds (Schedule 1)               | 146,700             | 476,122             |
| Endowment funds (Schedule 2)               | <u>7,120,962</u>    | <u>7,761,305</u>    |
| <b>Total Equity</b>                        | <u>7,619,238</u>    | <u>8,683,438</u>    |
| <b>Total Liabilities and Equity</b>        | <u>\$ 7,673,762</u> | <u>\$ 8,734,105</u> |

Approved on behalf of the Board of Directors:

  
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 Claudine Cerdano

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

**Kenora and Lake of the Woods Regional Community Foundation**  
**Statement of Operations and Changes in Net Assets**  
**For the year ended December 31, 2022**

|   | General Funds     |                   | Community Funds (Flow-Through) |                   | Endowment Funds     |                     | Total               |                     |
|---|-------------------|-------------------|--------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2022              | 2021              | 2022                           | 2021              | 2022                | 2021                | 2022                | 2021                |
|   | (Schedule 1)      |                   | (Schedule 1)                   |                   | (Schedule 2)        |                     |                     |                     |
| <b>REVENUE</b>  |                   |                   |                                |                   |                     |                     |                     |                     |
| Donations - Operating & Flow-through  | 6,416             | 11,400            | 158,434                        | 286,943           | -                   | -                   | 164,850             | 298,343             |
| Municipal contributions   | 5,000             | 5,000             | -                              | -                 | -                   | -                   | 5,000               | 5,000               |
| Fundraising   | 130,899           | 148,652           | -                              | -                 | -                   | -                   | 130,899             | 148,652             |
| Federal grants (CEWS)   | -                 | 24,592            | -                              | -                 | -                   | -                   | -                   | 24,592              |
| Debt forgiveness - CCEBA  | -                 | 10,000            | -                              | -                 | -                   | -                   | -                   | 10,000              |
| Miscellaneous income  | -                 | -                 | -                              | -                 | -                   | -                   | -                   | -                   |
| Realized investment income  | (46,817)          | 47,950            | -                              | -                 | 422,700             | 562,182             | 375,883             | 610,132             |
| Unrealized investment income (loss)   | -                 | -                 | -                              | -                 | (1,455,976)         | 304,392             | (1,455,976)         | 304,392             |
| <b>Total revenue</b>  | <b>95,498</b>     | <b>247,594</b>    | <b>158,434</b>                 | <b>286,943</b>    | <b>(1,033,276)</b>  | <b>866,574</b>      | <b>(779,344)</b>    | <b>1,401,111</b>    |
| <b>EXPENSES</b>   |                   |                   |                                |                   |                     |                     |                     |                     |
| Custodial fees  | -                 | -                 | -                              | -                 | 44,312              | 44,262              | 44,312              | 44,262              |
| Administrative and other (Schedule 3)   | 266,946           | 217,144           | -                              | -                 | -                   | -                   | 266,946             | 217,144             |
| Fundraising   | 38,612            | 63,096            | -                              | -                 | -                   | -                   | 38,612              | 63,096              |
| <b>Total expenses</b>   | <b>305,558</b>    | <b>280,240</b>    | <b>-</b>                       | <b>-</b>          | <b>44,312</b>       | <b>44,262</b>       | <b>349,870</b>      | <b>324,502</b>      |
| <b>Excess (deficiency) of revenue over expenses for the year before distributions</b> | <b>(210,060)</b>  | <b>(32,646)</b>   | <b>158,434</b>                 | <b>286,943</b>    | <b>(1,077,588)</b>  | <b>822,312</b>      | <b>(1,129,214)</b>  | <b>1,076,609</b>    |
| <b>DISTRIBUTIONS</b>  |                   |                   |                                |                   |                     |                     |                     |                     |
| Grant distributions (Schedule 1)  | 11,071            | -                 | (483,151)                      | (539,536)         | -                   | -                   | (472,080)           | (539,536)           |
| <b>Excess (deficiency) of revenue over expenses for the year</b>                      | <b>(198,989)</b>  | <b>(32,646)</b>   | <b>(324,717)</b>               | <b>(252,593)</b>  | <b>(1,077,588)</b>  | <b>822,312</b>      | <b>(1,601,294)</b>  | <b>537,073</b>      |
| Fund balances, beginning of year  | 446,011           | 386,406           | 476,122                        | 411,834           | 7,761,305           | 6,302,875           | 8,683,438           | 7,101,115           |
| <b>ENDOWMENT GIFTS</b>  |                   |                   |                                |                   |                     |                     |                     |                     |
| <b>TRANSFERS</b>  |                   |                   |                                |                   |                     |                     |                     |                     |
| Administration fee transfer (Note 8)  | 104,554           | 92,251            | (4,705)                        | (13,119)          | (99,849)            | (79,132)            | -                   | -                   |
| Annual distributable earnings (Note 8)  | -                 | -                 | -                              | 330,000           | -                   | (330,000)           | -                   | -                   |
| <b>Fund balances, end of year</b>   | <b>\$ 351,576</b> | <b>\$ 446,011</b> | <b>\$ 146,700</b>              | <b>\$ 476,122</b> | <b>\$ 7,120,962</b> | <b>\$ 7,761,305</b> | <b>\$ 7,619,238</b> | <b>\$ 8,683,438</b> |

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

Kenora and Lake of the Woods Regional Community Foundation  
Statement of Cash Flows  
For the year ended December 31, 2022

|   | 2022                     | 2021                     |
|---|--------------------------|--------------------------|
| <b>CASH PROVIDED BY (USED IN) OPERATING AND ENDOWMENT FUND ACTIVITIES</b> |                          |                          |
| Excess of revenue over expenses for the year                              | \$ (1,601,294)           | \$ 537,073               |
| Increase (decrease) Non-Cash - Debt Forgiveness                           | <u>\$ -</u>              | <u>\$ (10,000)</u>       |
|   | <u>\$ (1,601,294)</u>    | <u>\$ 527,073</u>        |
| <b>CHANGES IN NON CASH WORKING CAPITAL ITEMS</b>                          |                          |                          |
| (Increase) Decrease in accounts receivable                                | \$ (2,662)               | \$ 28,960                |
| Increase (Decrease) in accounts payable                                   | <u>\$ 3,857</u>          | <u>\$ 1,606</u>          |
|   | <u>\$ 1,195</u>          | <u>\$ 30,566</u>         |
| <b>ENDOWMENT TRANSACTIONS</b>   |                          |                          |
| New gifts   | <u>\$ 537,094</u>        | <u>\$ 1,045,250</u>      |
| <b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>                    |                          |                          |
| Increase (Decrease) in long-term debt                                     | <u>\$ -</u>              | <u>\$ 20,000</u>         |
| <b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>                    |                          |                          |
| Purchase and disposals of investments                                     | <u>\$ 1,000,328</u>      | <u>\$ (1,993,201)</u>    |
| <b>NET (DECREASE) IN CASH</b>   | <b>\$ (62,677)</b>       | <b>\$ (370,312)</b>      |
| CASH, beginning of year   | <u>\$ 177,978</u>        | <u>\$ 548,290</u>        |
| <b>CASH, end of year</b>  | <u><u>\$ 115,301</u></u> | <u><u>\$ 177,978</u></u> |

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



**Purpose of the Foundation**

The Kenora and Lake of the Woods Regional Community Foundation (the "Foundation") was incorporated September 4, 2003 under the Canada Corporations Act as a not-for-profit organization, to help improve community living and enhance the quality of life in the City of Kenora and surrounding Lake of the Woods region for both citizens and visitors through building permanent endowment funds and community grant making. The geographical boundaries include the communities of Kenora, Sioux Narrows, Nestor Falls, Minaki, Redditt and neighboring unincorporated and First Nations areas.

The Foundation is registered as a charitable organization under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

**Significant Accounting Policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board and include the following significant accounting policies:

**Cash and Cash Equivalents**

Cash and cash equivalents comprise of cash on hand and temporary investments with a maturity date of three months or less.

**Fund Accounting**

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors. For financial reporting purposes, the accounts have been classified into the following funds:

***General Funds***

The general funds account for the Foundation's administrative and operational activities. Net expenditures of the fund are financed primarily by municipal and donor contributions, various fundraising activities, administration fees transferred from the Endowment Funds and distributable allocations from the Operation Leadership Funds.

***Community Funds***

The community funds report amounts, including donations and allocations from endowment funds, that are available to be used for community grant and program purposes.

The Foundation holds within its assets, amounts which other charitable organizations have requested be distributed to specific charitable organizations upon approval of the donor. To the extent that the conditions/approval of the donor are not met, the funds are to be returned to the donor. To the extent that monies are received in advance of the distribution, the amounts are pooled with the investments of the Foundation.

***Endowment Funds***

The endowment funds report amounts that are donated to the Foundation on a permanent basis. In addition, they include both realized and unrealized investment income, net of distributions to the general and community funds. The total amount that must be maintained permanently in the endowment funds is \$7,237,548.

**Investments**

Investments are recognized in the statement of financial position at fair value as established by the closing bid price on a recognized public stock exchange and as determined based on the Foundation's assessment of available market information. Realized and unrealized gains and losses are recorded in the statement of operations and changes in net assets.

**Revenue Recognition**

The Foundation uses the deferral method of accounting for contributions. Under this method endowment contributions are added directly to the Foundation's net assets. Expenses are recorded on the accrual basis of accounting.

***Contributions***

Contributions are recognized on the earlier of when they are received and when the gift has been approved.

***Donations and bequests***

All donations and bequests are recorded as revenue only as received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

***Pledges***

Because of the uncertainty of the collectability of pledges, the Foundation recognizes only those pledges for which contributions have been received at the date of the financial statements.

***Investment income***

Interest is recorded on an accrual basis.

***Contributed services***

The work of the Foundation is dependent on the voluntary services of many members and community individuals. In addition, many groups/organizations assist the Foundation by providing furniture and equipment, supplies, office premises, etc.

Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are the valuation of investments.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Accounts payable and accruals are based on historical charges for unbilled goods and services at year end.

**Financial Instruments**

The Foundation's financial instruments consist of cash in bank, accounts receivable, investments, accounts payable and long-term debt.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

**Kenora and Lake of the Woods Regional Community Foundation**  
**Notes to Financial Statements**  
**As at December 31, 2022**

| <b>Note 1- Cash in Bank</b>                       | <b>2022</b>       |           | <b>2021</b>    |
|---|-------------------|-----------|----------------|
| Unrestricted - Copperfin Credit Union - Operating | \$ 56,346         | \$        | 102,201        |
| Restricted - Copperfin Credit Union - Trust       | 58,955            |           | 75,777         |
|   | <u>\$ 115,301</u> | <u>\$</u> | <u>177,978</u> |

| <b>Note 2- Accounts Receivable</b> | <b>2022</b>     |           | <b>2021</b>  |
|------------------------------------|-----------------|-----------|--------------|
| HST Receivable                     | \$ 5,018        | \$        | 5,356        |
| Other                              | 3,000           |           | -            |
|                                    | <u>\$ 8,018</u> | <u>\$</u> | <u>5,356</u> |

| <b>Note 3- Investments, at market value</b> | <b>2022</b>         |           | <b>2021</b>      |
|---|---------------------|-----------|------------------|
| Jarislowsky Fraser Managed Assets           |                     |           |                  |
| Global Balanced                             | \$ 7,550,443        | \$        | 8,549,450        |
| RBC Dexia Investor Services                 | -                   |           | 1,321            |
|   | <u>\$ 7,550,443</u> | <u>\$</u> | <u>8,550,771</u> |

The Foundation is exposed to fluctuations in market prices of stocks and bonds, interest rates and exchange rates, and credit risk on bonds. These risks are mitigated by the Foundation's investment policies, which prescribe the asset mix of investments, including the amount of foreign content, and credit ratings of bond issuers.

| <b>Note 4 - Accounts Payable</b> | <b>2022</b>      |           | <b>2021</b>   |
|----------------------------------|------------------|-----------|---------------|
| Trade accounts                   | \$ 10,342        | \$        | 10,667        |
| Payroll                          | 4,182            |           | -             |
|                                  | <u>\$ 14,524</u> | <u>\$</u> | <u>10,667</u> |

| <b>Note 5 - Long-term Debt</b>                              | <b>2022</b>   |           | <b>2021</b>   |
|---|---------------|-----------|---------------|
| Canada Emergency Business Account loan                      | \$ 60,000     | \$        | 60,000        |
| Canada Emergency Business Account loan - forgivable portion | (20,000)      |           | (20,000)      |
|   | <u>40,000</u> |           | <u>40,000</u> |
| Less current portion  | (40,000)      |           | -             |
|   | <u>\$ -</u>   | <u>\$</u> | <u>40,000</u> |

Copperfin Credit Union Canada Emergency Business Account revolving credit line, to a maximum of \$60,000. The loan is unsecured and non-interest bearing with no required repayment until December 2023. Any unpaid balance at December 31, 2023 will be converted to a three year term loan at 5% interest, payable monthly.

**Note 6 - Financial Risk Management**

The Foundation actively manages the risks that arise from its use of financial instruments, including liquidity, credit and market risk. The Foundation adheres to an investment policy that outlines the objectives, constraints, and parameters related to its investing activities. This policy prescribes limits around the quality and concentration of investments held by the Foundation. Management regularly reviews the Foundation's investments to ensure all activities adhere to the investment policy.

The long term goal of the Foundation's investment policy is to generate sufficient returns, consistent with prudent and professional portfolio management, to allow steady and reliable granting, cover the costs of the Foundation's operations, and to preserve the endowed capital.

The Foundation's Investment Committee makes recommendations to the Board on all aspects of the investment management and investment policies of the Foundation. The Investment Committee reviews the Foundation's assets and the status of its investments at least quarterly.

a) Liquidity Risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. It is managed by investing the majority of the Foundation's assets in investments that are traded in an active market and can be readily liquidated. In addition, the Foundation aims to retain sufficient cash positions to maintain liquidity. The Foundation's investments are considered readily realizable and liquid, therefore the Foundation's liquidity risk is considered minimal.

b) Credit Risk

Credit risk is the potential for financial loss should a counterparty in a transaction fail to meet its obligations. The Foundation's investments subject to credit risk include bonds held within the Global Pooled Fund Investment portfolio. The maximum exposure to credit risk on these financial instruments is their carrying value. The investment policy of the Foundation mandates that no more than 50% of the investment portfolio can be comprised of bonds. In addition the purchase of bonds having a credit rating below BBB is prohibited and no more than 20% of the holdings in bonds may be invested in bonds rated BBB.

c) *Market Risk*

Market risk is the potential for financial loss to the Foundation from changes in the values of its financial instruments due to changes in interest rates, currency exchange rates or equity prices. The investments of the Foundation are subject to normal market fluctuations and to the risk inherent in investment in capital markets.

i) *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will affect future cash flows or fair values of financial instruments. The Foundation is exposed to interest rate risk through its bonds and fixed rate instruments held within the Global Pooled Investment portfolio.

At 31 December 2022, 35.5 % (2021 - 35.2%) of its investments were held in bonds and fixed instruments.

**Note 6 - Financial Risk Management (continued)**

*ii) Currency Risk*

Currency risk is the risk that the value of financial instruments denominated in currencies other than the currency of the Foundation will fluctuate due to changes in foreign exchange rates. Currency risk on the US and International portion of the Foundation's investment portfolio is managed by maintaining a geographically diversified portfolio. Investment in non-Canadian securities can not exceed 65% of the total fund, with maximum weight of 50% for US Equity and 40% for international equities.

At 31 December 2022, 37.6% (2021 - 41.3%) of its investments were held in U.S. and foreign equity.

*iii) Equity Price Risk*

Equity price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Foundation limits concentration of investments by asset class, asset groups and industry sectors and measures its market performance against a benchmark consisting of relative weightings of the S&P/TSX Composite Index, S&P 500 Total Return Index, MSCI-EAFE Index, Scotia Capital Universe Bond Index, and 91 day T Bill Index. At 31 December 2022, 61.3% (2021 - 64.9%) of its investments were held in equities.

**Note 7 - Comparative Figures**

Certain comparative figures have been reclassified to conform with the current year's presentation.

**Note 8 - Annual Distributable Earnings and Administrative Fees**

The investment earnings of endowment funds are used to cover charitable grants and service fees. The annual amount to be disbursed by the Foundation for charitable granting is based on a variety of factors including weighted rates of return on investments, inflation protected targets for endowment capital, amount disbursed in grants in prior years and CRA disbursement requirements. Overall in the long term, investment earnings are expected to exceed disbursements. The actual amount disbursed in any particular year will necessarily be an amount that is less than or greater than the actual investment earnings for that year. However, the objective over the long term is to ensure that the capital of the endowment funds are held long term.

The Foundation's policy on service fees provides that service fees on funds are charged quarterly on the average daily balance of the funds on a sliding fee scale or by agreement at a specified rate.

**Kenora and Lake of the Woods Regional Community Foundation**  
**Schedule 1 - Community Funds**  
**As at December 31, 2022**

|  | 2022<br>(Unaudited) | 2021<br>(Unaudited) |
|--|---------------------|---------------------|
| <b>Balance, beginning of year</b>                  | <b>\$ 476,122</b>   | <b>\$ 411,834</b>   |
| <b>Current contributions:</b>                      |                     |                     |
| Compassionate Kenora                               | 12,048              | 34,799              |
| Flow Through contributions                         | 46,386              | 47,174              |
| Lake of the Woods Museum supporters                | -                   | 65,220              |
| Other Canadian Foundations                         | -                   | 46,000              |
| The Winnipeg Foundation - Moffatt                  | 100,000             | 93,750              |
|  | <u>158,434</u>      | <u>286,943</u>      |
| Annual distributable earnings (Endowment) (Note 8) | -                   | 330,000             |
| KLWCF admin fees                                   | (4,705)             | (13,119)            |
|  | <u>(4,705)</u>      | <u>316,881</u>      |
| Total contributions                                | <u>629,851</u>      | <u>1,015,658</u>    |
| <b>Distributions:</b>                              |                     |                     |
| Agency Endowed Funds                               | \$ 77,220           | \$ 67,448           |
| Animal Welfare                                     | 31,000              | -                   |
| Arts & Culture Projects                            | 29,077              | 79,213              |
| Charitable Agency Projects                         | 36,110              | 40,000              |
| Community Projects                                 | 103,390             | 82,800              |
| Educational Bursaries                              | 5,250               | 4,750               |
| Environmental Projects                             | 8,000               | 3,500               |
| Health & Wellness Projects                         | 18,869              | 9,434               |
| Kenora Community Food Programs                     | 55,585              | 46,299              |
| Leadership for Operating                           | 11,071              | -                   |
| Paterson First Nations Apprenticeship Programs     | -                   | 42,446              |
| School Meals Programs                              | 11,280              | 19,906              |
| School Programs                                    | 2,500               | 38,130              |
| Sioux Narrows/Nestor Falls Community Projects      | -                   | 20,707              |
| Social Services Programs                           | 92,757              | 84,348              |
|  | <u>482,109</u>      | <u>538,981</u>      |
| Fees - bank charges                                | 1,042               | 555                 |
| Total distributions                                | <u>483,151</u>      | <u>539,536</u>      |
| <b>Balance, end of year</b>                        | <b>\$ 146,700</b>   | <b>\$ 476,122</b>   |

**Kenora and Lake of the Woods Regional Community Foundation**  
**Schedule 2 - Endowment Funds**  
**As at December 31, 2022 - (Unaudited)**

|                                | Agencies  | Animal Welfare | Arts & Culture | Community Fund | Environment | Health & Wellness | Operating Endowment | Social Services | Total       |
|--------------------------------|-----------|----------------|----------------|----------------|-------------|-------------------|---------------------|-----------------|-------------|
| Balance, beginning of year     | 2,358,097 | 124,631        | 466,756        | 2,567,616      | 160,614     | 233,984           | 270,090             | 1,579,517       | 7,761,305   |
| Reclassifications              | (192,034) | -              | -              | 1,098          | -           | 15,207            | -                   | 175,729         | -           |
| Contributions                  | 157,069   | 9,041          | 1,790          | 247,503        | 5,000       | 9,256             | 36,740              | 70,695          | 537,094     |
| Sub-Total                      | 2,323,132 | 133,672        | 468,546        | 2,816,217      | 165,614     | 258,447           | 306,830             | 1,825,941       | 8,298,399   |
| Investment income (loss), net  | (274,711) | (20,249)       | (62,232)       | (341,041)      | (22,746)    | (34,648)          | (35,686)            | (241,963)       | (1,033,276) |
| Investment administration fees | (23,493)  | (1,705)        | (6,110)        | (35,244)       | (2,581)     | (3,527)           | (5,023)             | (22,166)        | (99,849)    |
| Custodial fees                 | (12,001)  | (729)          | (2,496)        | (15,109)       | (907)       | (1,410)           | (1,504)             | (10,156)        | (44,312)    |
| Annual distributable earnings  | -         | -              | -              | -              | -           | -                 | -                   | -               | -           |
| Balance, end of year           | 2,012,927 | 110,989        | 397,708        | 2,424,823      | 139,380     | 218,862           | 264,617             | 1,551,656       | 7,120,962   |

**Kenora and Lake of the Woods Regional Community Foundation**  
**Schedule 2 - Endowment Funds**  
**As at December 31, 2021 - (Unaudited)**

|                                | Agencies  | Animal Welfare | Arts & Culture | Community Fund | Environment | Health & Wellness | Operating Endowment | Social Services | Total     |
|--------------------------------|-----------|----------------|----------------|----------------|-------------|-------------------|---------------------|-----------------|-----------|
| Balance, beginning of year     | 1,395,268 | 115,580        | 440,249        | 2,282,865      | 146,624     | 219,412           | 240,110             | 1,462,767       | 6,302,875 |
| Contributions                  | 876,292   | 1,200          | 1,100          | 133,570        | 5,000       | 1,070             | 10,534              | 16,484          | 1,045,250 |
| Sub-Total                      | 2,271,560 | 116,780        | 441,349        | 2,416,435      | 151,624     | 220,482           | 250,644             | 1,479,251       | 7,348,125 |
| Investment income, net         | 193,389   | 17,469         | 56,876         | 311,418        | 19,913      | 30,016            | 33,425              | 204,068         | 866,574   |
| Investment administration fees | (19,451)  | (1,806)        | (5,863)        | (27,017)       | (2,059)     | (3,101)           | (1,277)             | (18,558)        | (79,132)  |
| Custodial fees                 | (10,180)  | (903)          | (2,914)        | (15,814)       | (1,025)     | (1,543)           | (1,631)             | (10,252)        | (44,262)  |
| Annual distributable earnings  | (77,221)  | (6,909)        | (22,692)       | (117,406)      | (7,839)     | (11,870)          | (11,071)            | (74,992)        | (330,000) |
| Balance, end of year           | 2,358,097 | 124,631        | 466,756        | 2,567,616      | 160,614     | 233,984           | 270,090             | 1,579,517       | 7,761,305 |



**Kenora and Lake of the Woods Regional Community Foundation**  
**Schedule 3 - Administrative and Other Expenses**  
**For the year ended December 31, 2022**

|  | <b>2022</b><br>(Unaudited) | 2021<br>(Unaudited)      |
|--|----------------------------|--------------------------|
| Advertising                                    | 5,584                      | 5,907                    |
| Dues, Fees & Memberships                       | 3,247                      | 2,496                    |
| Insurance                                      | 3,228                      | 3,068                    |
| Interest and Bank Charges                      | 2,954                      | 3,699                    |
| Marketing                                      | 2,792                      | 1,992                    |
| Office, Postage and Supplies                   | 4,893                      | 3,590                    |
| Professional Fees                              | 10,408                     | 9,269                    |
| Salaries and Benefits                          | 218,004                    | 164,393                  |
| Software and IT Subscriptions                  | 5,065                      | 8,480                    |
| Recruitment                                    | 5,286                      | -                        |
| Repairs and Maintenance                        | 579                        | 2,063                    |
| Telephone                                      | 911                        | 868                      |
| Training and Development                       | 3,996                      | 11,319                   |
| <b>Total administrative and other expenses</b> | <b><u>\$ 266,946</u></b>   | <b><u>\$ 217,144</u></b> |