

**FOREST COMMUNITY FOUNDATION**

**Financial Statements**

**Year Ended December 31, 2021**

**MPW**

CHARTERED PROFESSIONAL ACCOUNTANTS LLP

**FOREST COMMUNITY FOUNDATION**  
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**Year Ended December 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Forest Community Foundation

### *Qualified Opinion*

We have audited the financial statements of Forest Community Foundation (the company), which comprise the statement of financial position as at December 31, 2021, and the statements of changes in net assets, revenues and expenditures 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 company as at December 31, 2021, 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 charitable organizations, the company derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the company and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation of 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 company 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

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Independent Auditor's Report to the Members of Forest Community Foundation (*continued*)

*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 company'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 company'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 company 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.

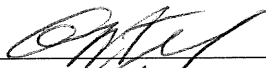

Forest, Ontario  
May 10, 2022

**MPW**  
Chartered Professional Accountants LLP  
Licensed Public Accountants

**FOREST COMMUNITY FOUNDATION**  
**Statement of Financial Position**  
**December 31, 2021**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 76,617	\$ 88,983
Accounts receivable	632	472
HST recoverable	1,345	1,286
Prepaid expenses	485	485
	<b>79,079</b>	91,226
INVESTMENTS, at fair market value <i>(Note 5)</i>	1,779,028	1,637,686
RESTRICTED CASH	11,904	18,512
	<b>\$ 1,870,011</b>	\$ 1,747,424
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 3,996	\$ 3,996
RESTRICTED DEFERRED CONTRIBUTIONS <i>(Note 7)</i>	11,904	18,512
	<b>15,900</b>	22,508
NET ASSETS	1,854,111	1,724,916
	<b>\$ 1,870,011</b>	\$ 1,747,424

**ON BEHALF OF THE BOARD**

 Director  
 Director

See notes to financial statements

**FOREST COMMUNITY FOUNDATION**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2021**

	2021	2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 1,724,916</b>	<b>\$ 1,682,899</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>129,195</b>	<b>42,017</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,854,111</b>	<b>\$ 1,724,916</b>

**FOREST COMMUNITY FOUNDATION**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2021**

	2021	2020
<b>REVENUES</b>		
Community projects and campaigns	\$ 124,639	\$ 228,524
Gains on disposal of investments	28,562	32,691
Capital gains distributions	25,486	3,124
Interest and other investment income	23,193	32,929
Dividend income	17,204	9,016
Membership fees	90	110
Donations - gift in kind	1,948	1,559
	<b>221,122</b>	<b>307,953</b>
<b>EXPENSES</b>		
Administrative expenses	2,500	2,400
Advertising and promotion	441	93
Community grants <i>(Note 6)</i>	54,063	55,560
Community projects and campaigns <i>(Note 7)</i>	125,680	230,183
Insurance	2,068	2,025
Interest and bank charges	40	96
Management fees	11,275	10,854
Memberships	531	478
Professional fees	4,152	4,143
	<b>200,750</b>	<b>305,832</b>
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>20,372</b>	<b>2,121</b>
<b>OTHER INCOME</b>		
Unrealized gain on investments	108,823	39,896
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 129,195</b>	<b>\$ 42,017</b>

**FOREST COMMUNITY FOUNDATION**  
**Statement of Cash Flows**  
**Year Ended December 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 129,195	\$ 42,017
Items not affecting cash:		
Gain on disposal of investments	(28,562)	(32,691)
Unrealized gain on investments	(108,823)	(39,896)
	<b>(8,190)</b>	<b>(30,570)</b>
Changes in non-cash working capital:		
Accounts receivable	(155)	(89)
Accounts payable and accrued liabilities	-	239
HST recoverable	(59)	48
	<b>(214)</b>	<b>198</b>
Cash flow used by operating activities	<b>(8,404)</b>	<b>(30,372)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(97,900)	(343,061)
Proceeds on sale of investments	93,938	400,263
Restricted deferred contributions	(6,608)	(64,311)
Cash flow used by investing activities	<b>(10,570)</b>	<b>(7,109)</b>
<b>DECREASE IN CASH FLOW</b>	<b>(18,974)</b>	<b>(37,481)</b>
Cash - beginning of year	<b>107,495</b>	<b>144,976</b>
<b>CASH - END OF YEAR</b>	<b>\$ 88,521</b>	<b>\$ 107,495</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest received	\$ (23,193)	\$ (32,929)
<b>CASH CONSISTS OF:</b>		
Cash	\$ 76,617	\$ 88,983
Restricted cash	11,904	18,512
	<b>\$ 88,521</b>	<b>\$ 107,495</b>

See notes to financial statements



**FOREST COMMUNITY FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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**1. BASIS OF PRESENTATION**

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

**2. NATURE OF OPERATIONS**

The Forest Community Foundation ("the Foundation") was incorporated as a not-for-profit corporation without share capital under the Ontario Corporations Act on May 16, 2000 and is a registered charity under the Income Tax Act (ITA) as a Public Foundation. As such, the Foundation is not subject to income taxes.

The Foundation acts as a community resource to make grants to Qualified Donees pursuant to s.149.1(1) of the ITA. The purpose of the Foundation is to benefit the residents of the former municipality of Forest and its immediate environs by carrying out charitable activities primarily in the geographical area from which the funds were raised.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Cash and cash equivalents

Cash includes cash and cash equivalents. Investments with maturities of one year or less at date of purchase are classified as cash equivalents.

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Unrestricted contributions, investment and other income is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection can be reasonably assured.

Externally restricted contributions and those related to community projects and campaigns are deferred and recognized as revenue in the year in which the related disbursement expense is recognized.

Harmonized sales tax

Harmonized sales tax paid are recoverable at 69.692% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

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**FOREST COMMUNITY FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred. The Foundation accounts for its investments on a settlement date basis.

Financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, and deferred contributions. Unless otherwise noted below, it is management's opinion that the Foundation is not exposed to significant interest, currency, credit, market, liquidity or other risks arising from these financial instruments and the carrying amount of the financial instruments approximate their fair value.

At year end, there are no financial instruments on the statement of financial position recorded at amortized cost.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**4. FINANCIAL INSTRUMENTS**

The Foundation is exposed to various risks through its financial instruments. The following analysis provides information about the company's risk exposure and concentration as of December 31, 2021.

*(a) Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its investments.

*(b) Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Foundation is primarily exposed to currency risk and other price risk.

*(c) Currency risk*

Currency risk is the risk to the Foundation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation is exposed to foreign currency exchange risk on cash, and investments held in U.S. dollars. The Foundation does not use derivative instruments to reduce its exposure to foreign currency risk nor does it carry material amounts of foreign currency.

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**FOREST COMMUNITY FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**4. FINANCIAL INSTRUMENTS** *(continued)*

*(d) Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Foundation is exposed to interest rate risk primarily through its investments.

*(e) Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investments.

The Foundation manages its risks related to its investments through oversight and by employing a professional investment manager. It is management's opinion that the Foundation is not exposed to significant liquidity, market, currency, interest rate or other price risks arising from their financial instruments.

**5. INVESTMENTS**

	<b>2021</b>	<b>2020</b>
Equities (cost \$745,509)	\$ 1,012,886	\$ 904,992
Fixed Income Securities (cost \$761,341)	766,142	732,694
	\$ 1,779,028	\$ 1,637,686

Investments are classified as held for trading, accounted for at fair value and managed by a professional investment counsellor selected to provide consistency in investment philosophy and style. The investment goal is to ensure that funds are maintained and grown while optimizing returns in a manner consistent with prudent investment practices.

**6. COMMUNITY GRANTS**

During the year, grants were made to the following organizations:

	<b>2021</b>
Kiwanis Club of Forest via Lambton Shores	\$ 25,000
Forest Ringette	6,531
North Lambton Secondary School	3,000
Forest Lambton Museum	8,032
Forest Agricultural Society	9,000
Lambton Senior Citizens Home Corp	2,500
	\$ 54,063

**FOREST COMMUNITY FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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**7. DEFERRED CONTRIBUTIONS**

At the year end, the Foundation held cash for certain community projects and campaigns that will be disbursed in subsequent periods. The cash held in support of these community projects and campaigns are recorded as restricted cash and the future disbursement liability has been shown as deferred contributions on these financial statements.

During the year, the Foundation disbursed \$125,680 (2020 - \$230,183) related to community projects and campaigns.