

Financial Statements of

**THE SOUTH
SASKATCHEWAN
COMMUNITY FOUNDATION
INC.**

Years ended December 31, 2012 and 2011



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INDEPENDENT AUDITORS' REPORT

To the Directors of The South Saskatchewan Community Foundation Inc.

We have audited the accompanying financial statements of The South Saskatchewan Community Foundation Inc., which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, the statements of operations and changes in fund balances and cash flows for the years ended December 31, 2012 and December 31, 2011, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The South Saskatchewan Community Foundation Inc. as at December 31, 2012, December 31, 2011 and January 1, 2011, and its results of operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Accountants

April 16, 2013
Regina, Canada

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statements of Financial Position

December 31, 2012, December 31, 2011 and January 1, 2011

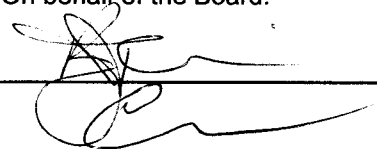
	December 31, 2012	December 31, 2011	January 1, 2011
Assets			
Current assets:			
Cash	\$ 1,296,162	\$ 1,148,069	\$ 2,000,858
Accounts receivable	65,373	2,474	-
Accrued interest receivable	124,298	130,864	180,162
	1,485,833	1,281,407	2,181,020
Investments (note 2)	29,358,825	26,026,490	23,391,570
Capital assets (note 3)	2,515,478	-	-
	\$ 33,360,136	\$ 27,307,897	\$ 25,572,590

Fund Balances

General	\$ 631,449	\$ 494,569	\$ 364,570
Endowment	32,728,687	26,813,328	25,208,020
	\$ 33,360,136	\$ 27,307,897	\$ 25,572,590

See accompanying notes to financial statements.

On behalf of the Board:


 _____ Director
 _____ Director

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statements of Operations and Changes in Fund Balances

Years ended December 31, 2012 and 2011

	General	Endowment	Total 2012	Total 2011
Revenue:				
Contributions	\$ 53,060	\$ 6,705,668	\$ 6,758,728	\$ 4,243,042
Investment income	-	773,352	773,352	635,426
Income from equity - accounted investment	-	98,495	98,495	-
Realized gains on sales of investments	-	26,408	26,408	60,460
GST rebate	-	12,221	12,221	4,397
Unrealized (losses) gains on investments	-	1,011,889	1,011,889	(728,961)
	53,060	8,628,033	8,681,093	4,214,364
Expenses:				
Distributions	-	2,198,838	2,198,838	2,164,593
Investment management fees	-	126,111	126,111	117,499
Amortization	-	75,572	75,572	-
Administration (Schedule 1)	(59,923)	288,256	228,333	196,965
	(59,923)	2,688,777	2,628,854	2,479,057
Increase in fund balances	112,983	5,939,256	6,052,239	1,735,307
Fund balance, beginning of year	494,569	26,813,328	27,307,897	25,572,590
Transfer from Endowment fund to the General fund	23,897	(23,897)	-	-
Fund balance, end of year	\$ 631,449	\$ 32,728,687	\$ 33,360,136	\$ 27,307,897

See accompanying notes to financial statements.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statements of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Cash provided by (used in):		
Operations:		
Increase in fund balances	\$ 6,052,239	\$ 1,735,307
Items not involving cash:		
Amortization	75,572	-
Realized gains on sale of investments	(26,408)	(60,460)
Unrealized losses (gains) on investments	(1,011,889)	728,961
Change in non-cash operating working capital:		
Accounts receivable	(62,899)	(2,474)
Accrued interest receivable	6,566	49,298
	5,033,181	2,450,632
Investing:		
Net increase of investments	(4,885,088)	(3,303,421)
Increase (decrease) in cash	148,093	(852,789)
Cash, beginning of year	1,148,069	2,000,858
Cash, end of year	\$ 1,296,162	\$ 1,148,069

See accompanying notes to financial statements.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to Financial Statements

Years ended December 31, 2012 and 2011

Nature of operations:

The South Saskatchewan Community Foundation Inc. (the "Foundation") was continued under the *Non-Profit Corporations Act of Saskatchewan* for the purposes of using revenue earned from donated funds to provide financial assistance for charitable, educational and cultural purposes.

The financial statements for the year ended December 31, 2012 have been prepared in accordance with Canadian accounting standards for not-for-profit organizations outlined in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations.

The Foundation's previous financial statements were prepared in accordance with Canadian generally accepted accounting principles (GAAP). While Canadian GAAP differs in some areas from Canadian accounting standards for not-for-profit organizations, there were no differences that affected the Foundation's financial statements.

1. Significant accounting policies:

The Foundation's significant accounting policies are as follows:

(a) Basis of presentation:

The Foundation utilizes the restricted fund method of accounting. For accounting and financial reporting purposes the Foundation classifies the resources which it holds into the following funds:

Endowment Fund

The Endowment Fund reflects amounts donated or bequeathed to the Foundation where the donor identifies the funds as endowment funds. In making such endowed donations, donors may suggest that the contributions be used for a specific charitable purpose (referred to as "designated funds"), make specific recommendations regarding the charitable use from time to time (referred to as "donor advised"), make a contribution for the broad charitable purpose of the Foundation (referred to as "undesignated"), or make a contribution where the investment income earned net of administration expenses is used for the administration of the Foundation (referred to as "contributed") and, except in unusual circumstances, it is the practice of the Foundation to follow such suggestions where it is permitted to do so by applicable laws.

For accounting and financial reporting purposes, investment income, including realized and unrealized investment gains and losses, and net of investment management fees is recognized in the Endowment Fund. Other expenses are allocated to the Endowment Fund based on 1% of the investments held in the Endowment Fund.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

1. Significant accounting policies (continued):

Basis of presentation (continued):

General Fund

The General Fund reports resources allocated for the Foundation's general operations and administration.

(b) Financial assets and liabilities:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry instruments at fair value. The Foundation has elected to carry investments at fair value, with the exception of certain investments as noted in note 2.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment and the Foundation determines that there is a significant adverse change in the expected amount or timing of future cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset and the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Method	Rate
Mineral rights	Straight-line	20 years

The carrying value of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

(d) Income taxes:

The Foundation is exempt from income taxes and is also a charitable organization registered under the *Income Tax Act*.

(e) Revenue recognition:

Contributions and donations are recognized on the earlier of when they are received and when the deeds of the gift have been approved.

Bequests are recorded upon receipt of the donated assets.

Interest on bonds and debentures, term deposits and GIC's are recorded on the accrual basis. Dividends that have been declared are recorded as income on the date of record set for the dividend.

(f) Use of estimates:

The preparation of the 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

2. Investments:

	December 31, 2012	December 31, 2011	January 1, 2011
Bonds, debentures, term deposits and GIC's	\$ 13,485,518	\$ 12,594,542	\$ 12,924,042
Equity funds, common and preferred shares	14,606,791	12,131,927	10,467,528
Equity - accounted investment	1,266,516	1,300,021	-
	\$ 29,358,825	\$ 26,026,490	\$ 23,391,570

Bonds, debentures, term deposits and GIC's have effective interest rates ranging from 1.20% to 6.02% (2011 - 1.10% to 5.75%) and maturities ranging from 3 days to 9 years, 11 months (2011 - 1 month to 10 years).

The Foundation owns all of the shares of 101152352 Saskatchewan Ltd. and this investment is accounted for using the equity method. 101152352 Saskatchewan Ltd. generates royalty revenue from its mineral rights.

Details related to 101152352 Saskatchewan Ltd. as at and for the year ended December 31 are as follows:

	2012	2011
Total assets	\$ 217,491	\$ 219,519
Total liabilities	265,735	234,258
Net assets	(48,244)	(14,739)
Total revenue	107,872	294,061
Total expenses	114,222	4,053

3. Capital assets:

	December 31, 2012		December 31, 2011	
	Cost	Accumulated Amortization	Net book value	Net book value
Mineral rights	\$ 2,591,050	\$ 75,572	\$ 2,515,478	\$ -

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

4. Risk management:

Exposure to credit risk, liquidity risk and market risk arises in the normal course of the Foundation's operations.

The Foundation adheres to an investment policy, which is approved by the Board of Directors, that outlines the objectives, policies and processes related to its investing activities. The policy prescribes limits around the quality and concentration of investments held by the Foundation. The Board of Directors has overall responsibility for the establishment and oversight of the Foundation's risk management framework.

Credit risk

The Foundation's principal financial assets are cash, accrued interest receivable and investments. The carrying amounts of financial assets on the statement of financial position represent the Foundation's maximum credit exposure at the statement of financial position date.

The Foundation's credit risk is primarily related to cash, accrued interest receivable, bonds, debentures, term deposits and GIC's. The credit risk on these financial assets is managed through an investment policy which places a minimum of grade A on bonds and debentures, except for bonds issued by provincial or municipal governments.

Interest rate risk

The Foundation is exposed to interest rate risk on its investment in bonds, debentures, term deposits and GIC's. Information about the interest rates and maturities of these investments is provided in note 2.

Market risk

The Foundation is exposed to market risk on its equity funds, common and preferred share investments due to changing market conditions. The Foundation manages this risk by establishing and monitoring asset allocation strategies and diversifying its investments.

5. Capital management

The Foundation's primary objective when managing capital is to preserve capital to provide financial assistance for charitable, educational and cultural purposes. Its main source of capital is its fund balances.

There were no changes to the Foundation's capital structure during this period and there have been no changes to the Foundation's capital management processes and measures since the prior year end.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

6. Fair value of financial assets and financial liabilities:

The fair value of the Foundation's cash and accrued interest receivable approximate their carrying amounts.

7. Comparative information:

Certain of the 2011 figures have been reclassified to conform with the current year's presentation.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Schedule 1 - Administration Expenses

Years ended December 31, 2012 and 2011

	2012	2011
Advertising	\$ -	\$ 1,205
Annual meeting	254	192
Conference	12,088	16,947
GST	6,303	2,473
Insurance	3,458	3,077
Interest and bank charges	447	365
Membership fees	11,011	8,567
Miscellaneous	984	-
Office supplies and telephone	42,673	24,066
Professional fees	13,841	13,640
Rent	2,520	2,520
Salaries and benefits	123,706	119,394
Travel	11,048	4,519
Total administration expenses	228,333	196,965
Less administration expenses allocated to the endowment fund	(288,256)	(246,325)
Net administration recovery reflected in the general fund	\$ (59,923)	\$ (49,360)