

Financial Statements of

**THE SOUTH
SASKATCHEWAN
COMMUNITY FOUNDATION
INC.**

Year ended December 31, 2014

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2014, with comparative information for 2013

	General	Endowment	Total 2014	Total 2013
Revenue:				
Contributions	\$ 91,696	\$ 626,903	\$ 718,599	\$ 1,535,265
Investment income	-	926,092	926,092	888,407
Royalty revenue from mineral rights	-	695,495	695,495	263,750
Income from equity - accounted investment	-	-	-	174,067
Realized gains (losses) on sale of investments	-	85,419	85,419	(58,818)
GST rebate	-	-	-	5,514
Unrealized gains on investments	-	1,803,912	1,803,912	1,808,309
	91,696	4,137,821	4,229,517	4,616,494
Expenses:				
Distributions	-	1,617,399	1,617,399	1,419,197
Investment management fees	-	154,920	154,920	139,710
Amortization	-	154,553	154,553	129,553
Administration (Schedule 1)	174,416	355,813	530,229	302,225
Impairment on equity-accounted investment	-	-	-	813,083
	174,416	2,282,685	2,457,101	2,803,768
Increase (decrease) in fund balance	(82,720)	1,855,136	1,772,416	1,812,726
Fund balance, beginning of year	754,658	34,418,204	35,172,862	33,360,136
Transfer from Endowment Fund to the General Fund	38,059	(38,059)	-	-
Fund balance, end of year	\$ 709,997	\$ 36,235,281	\$ 36,945,278	\$ 35,172,862

See accompanying notes to financial statements.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statement of Cash Flows

For the year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Increase in fund balances	\$ 1,772,416	\$ 1,812,726
Items not involving cash:		
Amortization	154,553	129,553
Realized losses (gains) on sale of investments	(85,419)	58,818
Unrealized gains on investments	(1,803,912)	(1,808,309)
Income from equity-accounted investment	-	(174,067)
Impairment on equity-accounted investment	-	813,083
Change in non-cash operating working capital:		
Accounts receivable	56,034	1,286
Accrued interest receivable	1,245	39,840
	94,917	872,930
Investing:		
Net increase in investments	(1,466,300)	(165,730)
Dividends from equity-accounted investment	-	127,500
	(1,466,300)	(38,230)
Increase (decrease) in cash	(1,371,383)	834,700
Cash, beginning of year	2,130,862	1,296,162
Cash, end of year	\$ 759,479	\$ 2,130,862

See accompanying notes to financial statements.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to Financial Statements

Year ended December 31, 2014

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.

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 beginning balance of the Endowment Fund, and is calculated on a quarterly basis.

General Fund

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

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(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.

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 of 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.

(c) Intangible assets:

Intangible 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 intangible 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.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(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 rights of ownership have been transferred to the Foundation.

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

2. Investments:

	2014	2013
Bonds, debentures, term deposits and GIC's	\$ 15,522,665	\$ 13,181,279
Equity funds, common and preferred shares	17,840,495	16,826,251
Equity - accounted investment	-	500,000
	<u>\$ 33,363,160</u>	<u>\$ 30,507,530</u>

Bonds, debentures, term deposits and GIC's have effective interest rates ranging from 1.86% to 8.50% (2013 - 1.30% to 6.02%) and maturities ranging from 12 days to 11 years, 6 months (2013 - 11 days to 9 years, 11 months).

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to Financial Statements (continued)

Year ended December 31, 2014

2. Investments (continued):

The Foundation transferred the assets of its wholly-owned entity, 101152352 Saskatchewan Ltd., subsequent to December 31, 2013 and 101152352 Saskatchewan Ltd. was dissolved as of May 9, 2014. Expenses resulting from the dissolution were paid by the Foundation and have been included in the Statement of Operations and Changes in Fund Balances.

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

	2014	2013
Total assets	\$ -	\$ 181,324
Total liabilities	-	181,303
Net assets	-	21
Total revenue	-	679,105
Total expenses	-	460,130

3. Intangible assets:

		2014	2013
	Cost	Accumulated Amortization	Net book value
Mineral Rights	\$ 3,091,050	\$ 359,677	\$ 2,731,373
			\$ 2,385,925

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to Financial Statements (continued)

Year ended December 31, 2014

4. Commitments:

The Foundation is committed under a lease for office space over the next four years as follows:

2015	\$	23,590
2016		24,152
2017		25,837
2018		17,973

5. 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, accounts receivable, 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, accounts receivable, accrued interest receivable, bonds and 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 and debentures, term deposits and GIC's. Information about the interest rates and maturities of these 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.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to Financial Statements (continued)

Year ended December 31, 2014

6. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2014 financial statements.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Schedule 1 - Administration Expenses

December 31, 2014, with comparative information for 2013

	2014	2013
Advertising	\$ 1,605	\$ 707
Annual meeting	1,455	1,716
Communications	5,620	14,116
Conference	11,711	16,976
Furnishings	2,957	4,364
GST	2,215	6,232
Insurance	2,965	3,362
Interest & bank charges	416	369
Meals and entertainment	9,213	2,864
Membership fees	25,102	10,038
Miscellaneous	59,768	2,134
Office supplies and telephone	28,551	22,751
Professional fees	94,972	38,938
Rent	35,640	16,929
Salaries and benefits	230,246	147,223
Training & relationship development	3,459	2,105
Travel	9,137	10,457
Utilities	5,197	944
Total administration expenses	530,229	302,225
Less administration expenses allocated to the endowment fund	(355,813)	(334,967)
	\$ 174,416	\$ (32,742)

See accompanying notes to financial statements