

Financial Statements of

**THE SOUTH  
SASKATCHEWAN  
COMMUNITY FOUNDATION  
INC.**

Year ended December 31, 2015



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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 statement of financial position as at December 31, 2015, the statements of operations and changes in fund balances and cash flows for the year then ended, 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 audit. We conducted our audit 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 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, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**KPMG LLP**

Chartered Professional Accountants

April 19, 2016  
Regina, Canada

# THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

## Statement of Financial Position

As at December 31, 2015 with comparative information for 2014

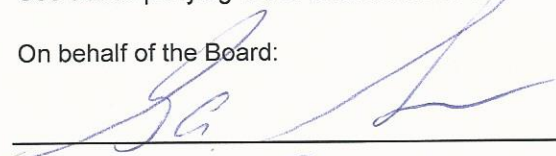
	2015	2014
<b>Assets</b>		
Current assets:		
Cash	\$ 23,710,496	\$ 759,479
Accounts receivable	174,756	8,053
Prepaid expenses	2,292	-
Accrued interest receivable	206,687	83,213
	<u>24,094,231</u>	<u>850,745</u>
Investments (note 2)	36,347,950	33,363,160
Intangible assets (note 3)	2,576,820	2,731,373
Total assets	<u>\$ 63,019,001</u>	<u>\$ 36,945,278</u>

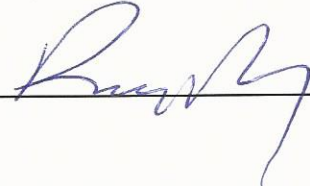
## Liabilities and Fund Balances

Current liabilities:		
Accounts payable	\$ 62,760	\$ -
Fund Balances:		
General	853,358	709,997
Endowment	62,102,883	36,235,281
	<u>62,956,241</u>	<u>36,945,278</u>
Commitments (note 4)		
	<u>\$ 63,019,001</u>	<u>\$ 36,945,278</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

## Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2015 with comparative information for 2014

	General	Endowment	Total 2015	Total 2014
Revenue:				
Contributions	\$ 37,458	\$ 27,331,281	\$ 27,368,739	\$ 718,599
Investment income	-	1,240,074	1,240,074	926,092
Royalty revenue from mineral rights	-	990,806	990,806	695,495
Realized gains on sale of investments	-	73,136	73,136	85,419
Unrealized (losses) gains on investments	-	(1,272,881)	(1,272,881)	1,803,912
	37,458	28,362,416	28,399,874	4,229,517
Expenses:				
Distributions	-	1,595,761	1,595,761	1,617,399
Investment management fees	-	190,557	190,557	154,920
Amortization	-	154,553	154,553	154,553
Administration (Schedule 1)	20,212	427,828	448,040	530,229
	20,212	2,368,699	2,388,911	2,457,101
Increase in fund balances	17,246	25,993,717	26,010,963	1,772,416
Fund balance, beginning of year	709,997	36,235,281	36,945,278	35,172,862
Transfer from Endowment Fund to the General Fund	126,115	(126,115)	-	-
Fund balance, end of year	\$ 853,358	\$ 62,102,883	\$ 62,956,241	\$ 36,945,278

See accompanying notes to financial statements.



# THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

## Statement of Cash Flows

For the year ended December 31, 2015 with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Increase in fund balances	\$ 26,010,963	\$ 1,772,416
Non-cash items:		
Amortization	154,553	154,553
Realized gains on sale of investments	(73,136)	(85,419)
Unrealized losses (gains) on investments	1,272,881	(1,803,912)
Change in non-cash operating working capital:		
Accounts receivable	(166,703)	56,034
Accounts payable	62,760	-
Prepaid expenses	(2,292)	-
Accrued interest receivable	(123,474)	1,245
	27,135,552	94,917
Investing activities:		
Net increase in investments	(4,184,535)	(1,466,300)
Increase (decrease) in cash	22,951,017	(1,371,383)
Cash, beginning of year	759,479	2,130,862
Cash, end of year	\$ 23,710,496	\$ 759,479

See accompanying notes to financial statements.

# THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to Financial Statements

For the year ended December 31, 2015

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## **Nature of operations:**

The South Saskatchewan Community Foundation Inc. (the "Foundation") was continued under the *Non-Profit Corporations Act of Saskatchewan* for the purpose 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 0.25% of the beginning balance in each quarter of the Endowment Fund.

#### **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.

# THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to Financial Statements

For the year ended December 31, 2015

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## 1. Significant accounting policies (continued):

### b) Financial assets and liabilities (continued):

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 and accumulated impairment losses. Amortization 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. Impairment losses are not subsequently reversed.

### d) Income taxes:

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



# THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

## Notes to Financial Statements

For the year ended December 31, 2015

### 1. Significant accounting policies (continued):

#### 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:

	2015	2014
Bonds, debentures, term deposits and GIC's	\$ 19,376,510	\$ 15,522,665
Equity funds, common and preferred shares	16,971,440	17,840,495
	<b>\$ 36,347,950</b>	<b>\$ 33,363,160</b>

Bonds, debentures, term deposits and GIC's have effective interest rates ranging from 1.86% to 8.5% (2014 – 1.86% to 8.5%) and maturities ranging from 68 days to 10 years, 6 months (2014 – 12 days to 11 years, 6 months).

### 3. Intangible assets:

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Mineral rights	\$ 3,091,050	\$ 514,230	\$ 2,576,820	\$ 2,731,373



# THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to Financial Statements

For the year ended December 31, 2015

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## 4. Commitments:

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

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

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## 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, which 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 and 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.

# THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

## Schedule of Administration Expenses

For the year ended December 31, 2015 with comparative information for 2014

	2015	2014
Advertising	\$ 6,325	\$ 1,605
Annual meeting	1,750	1,455
Communications	20,843	5,620
Conference	19,695	11,711
Furnishings	-	2,957
GST	4,871	2,215
Insurance	3,089	2,965
Interest and bank charges	307	416
Meals and entertainment	-	9,213
Membership fees	4,569	25,102
Miscellaneous	480	59,768
Office supplies and telephone	37,294	28,551
Professional fees	61,797	94,972
Rent	37,405	35,640
Salaries and benefits	227,546	230,246
Training and relationship development	4,029	3,459
Travel	11,500	9,137
Utilities	6,540	5,197
Total administration expenses	448,040	530,229
Less administration expenses allocated to the Endowment Fund	(427,828)	(355,813)
Total administration expenses allocated to the General Fund	\$ 20,212	\$ 174,416

See accompanying notes to financial statements.