



Financial Statements of

**THE SOUTH SASKATCHEWAN
COMMUNITY FOUNDATION INC.**

For the Period ended December 31, 2016


Management's Responsibility for Financial Reporting

Management has the responsibility for preparing the accompanying financial statements. This responsibility includes selecting appropriate accounting policies and making objective judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations.

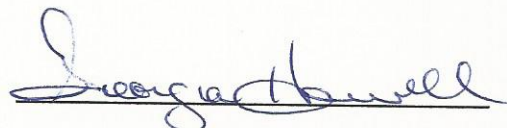
In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

Ultimate responsibility for financial statements lies with the Board of Directors.

Independent auditors examine the financial statements and meet with management to review their findings. The independent auditors' report follows. The auditors have full and free access to the Board to discuss their findings regarding the integrity of the Foundation's financial reporting and the adequacy of the system of internal controls.



Christina Attard
Executive Director



Georgia Hanwell, MBA, CPA, CGA
Director, Finance & Administration



INDEPENDENT AUDITORS' REPORT

To the Directors

South Saskatchewan Community Foundation Inc.

We have audited the accompanying financial statements of **South Saskatchewan Community Foundation Inc.** which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in fund balances and cash flows for the year then ended, and 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 the auditors' 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, the auditor considers internal control relevant to the Foundation'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 Foundation'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, 2016, 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.

Other matter

The prior year financial statements were audited by another accountant who expressed an unmodified opinion on April 19, 2016.

April 20, 2017

Regina, Saskatchewan

VIRTUS GROUP LLP
Chartered Professional Accountants

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statement of Financial Position

As at December 31, 2016 with comparative figures for 2015

	2016	2015
Assets		(restated Note 9)
Current assets		
Cash	\$ 3,139,583	\$ 23,710,496
Accounts receivable	14,653	174,756
Prepaid expenses	2,694	2,292
Accrued interest receivable	301,041	206,687
	3,457,971	24,094,231
Long term assets		
Investments (Note 3)	64,322,075	36,347,950
Intangible assets (Note 4)	3,091,050	3,091,050
Total assets	\$ 70,871,096	\$ 63,533,231
Liabilities and Fund Balances		
Current liabilities		
Accounts payable	\$ 60,764	\$ 62,760
Deferred revenue (Note 5)	1,440	-
	62,204	62,760
Fund balances		
General	893,971	853,358
Endowment	69,914,921	62,617,113
	70,808,892	63,470,471
	\$ 70,871,096	\$ 63,533,231

Commitments (Note 7)

See accompanying notes to the financial statements

On behalf of the Board:

Boyd Hunt-Baillie

GC

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2016 with comparative figures for 2015

	General	Endowment	Total 2016	Total 2015
				(restated Note 9)
Revenue				
Contributions (Note 6)	\$ 37,360	\$ 6,479,996	\$ 6,517,356	\$ 27,368,739
Investment Income	65,754	1,597,319	1,663,073	1,240,074
Royalty revenue	-	242,084	242,084	990,806
Realized gain (loss) on sale of investments	-	7,360	7,360	73,136
Unrealized gain (loss) on investments	-	4,392,740	4,392,740	(1,272,881)
	103,114	12,719,499	12,822,613	28,399,874
Expenses				
Distributions	-	4,614,032	4,614,032	1,595,761
Investment management fees	-	282,907	282,907	190,557
Other expenses	-	4,660	4,660	-
Administration (Schedule 1)	90,825	491,768	582,593	448,040
	90,825	5,393,367	5,484,192	2,234,358
Increase in fund balances	12,289	7,326,132	7,338,421	26,165,516
Fund balance, beginning of year	853,358	62,617,113	63,470,471	36,945,278
Prior period adjustment (Note 9)	-	-	-	359,677
Transfer	28,324	(28,324)	-	-
Fund balance, end of period	\$ 893,971	\$ 69,914,921	\$ 70,808,892	\$ 63,470,471

See accompanying notes to the financial statements.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statement of Cash Flows

For the year ended December 31, 2016 with comparative figures for 2015

	2016	2015
		(restated Note 9)
Cash provided by (used in) the following:		
Operating activities		
Increase in fund balances	\$ 7,338,421	\$ 26,165,516
Non-cash items:		
Realized (gains) losses on sale of investments	(7,360)	(73,136)
Unrealized gains (losses) on investments	4,392,740	1,272,881
Chan Contribution of capital asset		
Accounts receivable	160,103	(166,703)
	(1,996)	62,760
Deferred revenue (Note 5)	1,440	-
Prepaid Expenses	(402)	(2,292)
Accrued interest receivable	(94,354)	(123,474)
	11,788,592	27,135,552
Investing activities		
Net increase of investments	(32,359,505)	(4,184,535)
(Decrease) increase in cash	(20,570,913)	22,951,017
Cash, beginning of year	23,710,496	759,479
Cash, end of year	\$ 3,139,583	\$ 23,710,496

See accompanying notes to the financial statements.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to the Financial Statements

For the year ended December 31, 2016

(with comparative figures for the year ended December 31, 2015)

1. Nature of operations

The South Saskatchewan Community Foundation Inc. (the "Foundation") is incorporated under *The Non-Profit Corporations Act, 1995* in Saskatchewan. It uses revenue earned from donated funds to provide financial assistance for charitable, educational and cultural purposes. The Foundation is exempt from income taxes as it is a charity registered under the *Income Tax Act*.

2. 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. 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 that may have terms of reference that have varying time frames for the capital contributions to be held. In making such 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.

Investment income, including realized and unrealized investment gains and losses, and investment management fees are recognized in each endowment fund, in proportion to its percentage of the total investment portfolio. Distributions for each fund are set annually by the board of directors. Other expenses are allocated to each endowment fund at a rate of 0.25% of the opening balance at each fiscal quarter. Royalty revenues are recognized in the endowment funds that contributed the underlying mineral right assets.

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 all investments at fair value.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to the Financial Statements

For the year ended December 31, 2016

(with comparative figures for the year ended December 31, 2015)

2. Significant accounting policies continued

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed. 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.

(c) Investments

Investments are recorded at fair market value.

(d) Intangible assets

Intangible assets are recorded at the fair market value at the date of contribution. The carrying value is tested for impairment 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 market value.

(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 when the assets are received. Royalty revenues are recognized in the period the underlying minerals are extracted.

Interest on bonds and debentures, term deposits and GIC's are recorded on the accrual basis. Dividends are recorded as income as they are declared. Realized and unrealized gains (losses) on investments are recognized as they occur.

(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.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to the Financial Statements

For the year ended December 31, 2016

(with comparative figures for the year ended December 31, 2015)

3. Investments

	2016	2015
Bonds, debentures, term deposits, GICs	\$ 26,107,581	\$ 19,201,865
Equity funds, common and preferred shares	38,214,495	17,365,654
	\$ 64,322,076	\$ 36,567,519

Bonds, debentures, term deposits and GIC's have effective interest rates ranging from 1.25% to 8.5% (2015 – 1.86% to 8.5%) and maturities ranging from 65 days to 10 years, 8 months (2015 – 68 days to 10 years, 6 months).

4. Intangible assets

Intangible assets consist of mineral rights on various properties in Saskatchewan. These assets were recognized at their fair market value at the time the rights were received. There have been no impairment losses recognized on these assets (2015 - \$0).

5. Deferred revenue

Deferred revenue consists of lease revenues on mineral rights received before year end, but pertains to a future period. In 2016, this amount is \$1,440 (2015 - \$0).

6. Transfers between endowment funds

Contribution revenue in the endowment fund does not include transfers among endowed funds, as the original contribution has already been recognized as revenue. Transfers among endowed funds net to zero, as they are a contribution to one fund and a distribution from another fund. The transfers within the endowment funds were \$187,598 (2015 - \$7,340) during the year.

7. Commitments

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

2017	\$25,837
2018	17,973

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to the Financial Statements

For the year ended December 31, 2016

(with comparative figures for the year ended December 31, 2015)

8. Risk management

Exposure to credit risk, liquidity risk, interest rate 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 credit risk on these financial assets is managed through the investment policy, which outlines the quality of investments that may be purchased.

Liquidity risk

The Foundation is exposed to liquidity risk as it must ensure that there are sufficient resources available to provide distributions in accordance with donor agreements. Liquidity risk is managed through the investment policy, which requires a specific portion of the portfolio be held in liquid investments. The minimum anticipated distributions for 2017 are \$1,662,200.

Interest rate risk

The Foundation is exposed to interest rate risk on its investment in bonds, debentures, term deposits and GIC's. Interest rate risk is managed through the investment policy.

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 the Financial Statements

For the year ended December 31, 2016

(with comparative figures for the year ended December 31, 2015)

9. Prior period adjustment

During the year, the Foundation identified an error in the accounting treatment of the mineral rights. The Foundation determined that the rights have an indefinite life and thus, the amortization expense was reversed. Also, some revenue and expense transactions of the mineral rights were recorded directly to the related endowment fund, and this was corrected to include the amounts in the income statement.

These corrections have been recorded retrospectively and resulted in the following changes:

- Increase to January 1, 2015 fund balances of \$359,677,
- Decrease in 2015 amortization expense of \$154,553,
- Increase in 2015 fund balances of \$154,553.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Schedule of Administration Expenses

For the year ended December 31, 2016 with comparative figures for 2015

	2016	2015
Advertising	\$ 6,013	\$ 6,325
Bank charges	591	307
Communications	37,596	20,843
Conferences and professional development	38,248	19,695
Contracted services - web and computer equipment	19,188	24,239
Furnishings and equipment	5,106	4,871
Insurance	2,223	3,089
Memberships	12,802	4,569
Office janitorial services	2,838	-
Office rent	36,041	37,405
Office supplies	9,961	8,410
Open house and Vital Signs launch	2,775	1,750
Professional services	92,915	61,797
Salaries and benefits	298,091	227,546
Stewardship and development	2,805	4,029
Telephone and internet	7,009	5,125
Travel	3,084	11,500
Utilities	5,307	6,540
Total expenses	582,593	448,040
Less administraton levy allocated to the endowment fund	(491,768)	(427,828)
Total administration expenses	\$ 90,825	\$ 20,212

See accompanying notes to the financial statements.