



Financial Statements of

**THE SOUTH SASKATCHEWAN
COMMUNITY FOUNDATION INC.**

For the Period ended December 31, 2017

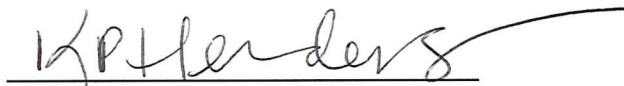
Management's Responsibility for Financial Reporting

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.



Karen Henders, MBA
Acting Executive Director



Vanessa Bonk, MBA, CPA, CMA
Director, Finance & Administration



**VIRTUS
GROUP**
Chartered Professional Accountants
& Business Advisors LLP

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, 2017, 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, 2017, 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.

April 25, 2018

Regina, Saskatchewan

VIRTUS GROUP LLP

Chartered Professional Accountants

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statement of Financial Position

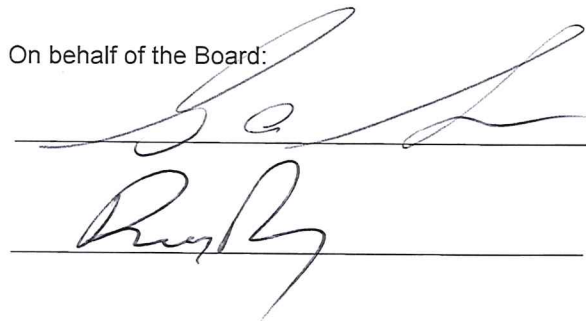
As at December 31, 2017 with comparative figures for 2016

	2017	2016
		(Note 9)
Assets		
Current Assets		
Cash	\$ 791,434	\$ 3,139,583
Accounts receivable	90,723	14,653
Prepaid expenses	5,874	2,694
Accrued interest receivable	28,139	301,041
	916,170	3,457,971
Tangible capital assets (Note 3)	9,686	8,252
Investments (Note 4)	67,914,231	64,322,075
Intangible assets (Note 5)	3,091,050	3,091,050
	\$ 71,931,137	\$ 70,879,348
Liabilities and Fund Balances		
Current Liabilities		
Accounts payable	\$ 76,199	\$ 60,764
Deferred revenue	2,620	1,440
	78,819	62,204
Fund Balances		
General	1,170,261	902,223
Endowment	70,682,057	69,914,921
	71,852,318	70,817,144
	\$ 71,931,137	\$ 70,879,348

Commitments (Note 7)

See accompanying notes to the financial statements

On behalf of the Board:



THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2017 with comparative figures for 2016

	General	Endowment	Total 2017	Total 2016
				(Note 9)
Revenue				
Contributions (Note 6)	\$ 81,858	\$ 2,522,029	\$ 2,603,887	\$ 6,487,356
Investment Income	145,279	1,480,451	1,625,730	1,663,073
Royalty revenue	-	308,497	308,497	242,084
Fund administration	30,000	-	30,000	30,000
Realized gain (loss) on sale of investments	-	7,978,607	7,978,607	7,360
Unrealized gain (loss) on investments	-	(4,248,534)	(4,248,534)	4,392,740
	257,137	8,041,050	8,298,187	12,822,613
Expenses				
Distributions	-	6,291,042	6,291,042	4,614,032
Investment management fees	-	305,688	305,688	282,907
Amortization	2,749	-	2,749	742
Other expenses	-	4,953	4,953	4,660
Administration (Schedule 1)	9,891	648,691	658,582	577,909
	12,640	7,250,374	7,263,014	5,480,250
Increase in fund balances	244,497	790,676	1,035,173	7,342,363
Fund balance - beginning of year	902,223	69,914,921	70,817,144	63,470,471
Prior period adjustment (Note 9)	-	-	-	4,310
Transfer	23,541	(23,541)	-	-
Fund balance - end of year	\$ 1,170,261	\$ 70,682,057	\$ 71,852,317	\$ 70,817,144

See accompanying notes to the financial statements.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statement of Cash Flows

For the year ended December 31, 2017 with comparative figures for 2016

	2017	2016
		(Note 9)
Cash provided by (used in) the following:		
Operating activities		
Increase in fund balances	\$ 1,035,173	\$ 7,342,363
Non-cash items:		
Amortization	2,749	742
Realized (gains) losses on sale of investments	(7,978,607)	(7,360)
Unrealized gains (losses) on investments	(4,248,534)	4,392,740
Change in non-cash operating working capital:		
Accounts receivable	(76,070)	160,103
Prepaid expenses	(3,180)	(402)
Accrued interest receivable	272,902	(94,354)
Accounts payable	15,435	(1,996)
Deferred revenue	1,180	1,440
	(10,978,952)	11,793,276
Investing activities		
Purchase of tangible capital assets	(4,182)	(4,684)
Net decrease (increase) of investments	8,634,985	(32,359,505)
	8,630,803	(32,364,189)
(Decrease) in cash	(2,348,149)	(20,570,913)
Cash, beginning of year	3,139,583	23,710,496
Cash, end of year	\$ 791,434	\$ 3,139,583

See accompanying notes to the financial statements.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to the Financial Statements

For the year ended December 31, 2017

(with comparative figures for the year ended December 31, 2016)

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, 2017

(with comparative figures for the year ended December 31, 2016)

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) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on the straight line basis over the estimated useful life of the assets at the following annual rates:

Furniture and equipment	10 years
Computer hardware	4 years
Computer software	5 years
Leasehold improvements	5 years

(e) 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.

(f) 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 they are received.

Interest on bonds and debentures, term deposits and guaranteed investment certificates 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.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to the Financial Statements

For the year ended December 31, 2017

(with comparative figures for the year ended December 31, 2016)

2. Significant accounting policies continued

(g) 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.

3. Tangible capital assets

	Cost	Accumulated Amortization	Net Book Value 2017	Net Book Value 2016
Furniture and equipment	\$16,803	\$7,117	\$9,686	\$8,252

4. Investments

	2017	2016
Bonds and debentures and guaranteed investment certificates	\$ 1,593,670	\$ 26,107,580
Equity funds, common and preferred shares	66,320,561	38,214,495
	<u>\$ 67,914,231</u>	<u>\$ 64,322,075</u>

Bonds, debentures, term deposits and guaranteed investment certificates have effective interest rates ranging from 2.00% to 2.85% (2016 – 1.25% to 8.5%) and maturities ranging from February 2018 to April 2021 (2016 – March 2017 to September 2026).

5. 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.

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 \$13,525 (2016 - \$187,598) during the year.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to the Financial Statements

For the year ended December 31, 2017

(with comparative figures for the year ended December 31, 2016)

7. Commitments

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

2018	\$35,385
2019	35,385
2020	35,385
2021	23,590

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. The Foundation has recognized \$nil (2016 - \$nil) as an allowance for doubtful accounts.

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.

Interest rate risk

The Foundation is exposed to interest rate risk on its investment in bonds, debentures, term deposits and guaranteed investment certificates. 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, 2017

(with comparative figures for the year ended December 31, 2016)

9. Prior period adjustment

During the year the Foundation has changed its accounting policy to capitalize tangible assets. This change has resulted in the following retrospective adjustments:

- Increase to January 1, 2016 opening fund balances of \$4,310.
- Increase to December 31, 2016 tangible capital assets of \$8,252.
- Decrease to 2016 office expenses of \$4,684.
- Increase to 2016 amortization expense of \$742.

10. Comparative figures

Certain comparative figures were reclassified to conform to the presentation in the current year.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Schedule of Administration Expenses

For the year ended December 31, 2017 with comparative figures for 2016

	2017	2016
		(Note 9)
Advertising	\$ 947	\$ 6,013
Bank charges	403	591
Communications	23,415	37,596
Conferences and professional development	28,369	38,248
Contracted services - web and computer equipment	26,643	19,188
Furnishings and equipment	5,379	422
Insurance	2,966	2,223
Memberships	21,260	12,802
Office janitorial services	3,376	2,838
Office rent	38,168	36,041
Office supplies	9,676	9,961
Open house and Vital Signs launch	894	2,775
Professional services	98,023	92,915
Salaries and benefits	376,935	298,091
Stewardship and development	5,042	2,805
Telephone and internet	7,398	7,009
Travel	4,122	3,084
Utilities	5,566	5,307
Total expenses	658,582	577,909
Less administrator levy allocated to the endowment fund	(648,691)	(491,768)
Total administration expenses	\$ 9,891	\$ 86,141

See accompanying notes to the financial statements.