



Financial Statements of

**THE SOUTH SASKATCHEWAN
COMMUNITY FOUNDATION INC.**

For the year ended December 31, 2020

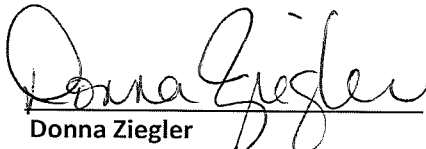

Management's Responsibility for Financial Reporting

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 of Directors to discuss their findings regarding the integrity of the Foundation's financial reporting and the adequacy of the system of internal controls.


Donna Ziegler
Executive Director
Vanessa Bonk, MBA, CPA, CMA
Director, Finance & Administration

INDEPENDENT AUDITORS' REPORT



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

To the Directors,
South Saskatchewan Community Foundation Inc.

Opinion

We have audited the financial statements of **South Saskatchewan Community Foundation Inc.**, which comprise the statement of financial position as at December 31, 2020, and the statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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INDEPENDENT AUDITORS' REPORT continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit 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.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

May 27, 2021
Regina, Saskatchewan

VIRTUS GROUP LLP
Chartered Professional Accountants

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statement of Financial Position

As at December 31, 2020 with comparative figures for 2019

	2020	2019
		(Note 9)
Assets		
Current Assets		
Cash	\$ 1,969,847	\$ 179,535
Accounts receivable	88,612	67,818
Prepaid expenses	3,300	10,065
Accrued interest receivable	4,026	16,274
	2,065,785	273,692
Tangible Capital Assets (Note 3)	17,091	17,571
Investments (Note 4)	88,286,964	79,923,407
Intangible Assets (Note 5)	2,000,000	2,000,000
	\$ 92,369,840	\$ 82,214,670
Liabilities and Fund Balances		
Current Liabilities		
Accounts payable	\$ 147,349	\$ 113,270
Deferred revenue	33,489	32,137
	180,838	145,407
Fund Balances		
General	1,133,072	937,516
Operational reserve	500,000	500,000
Endowment	90,555,930	80,631,747
	92,189,002	82,069,263
	\$ 92,369,840	\$ 82,214,670

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, 2020 with comparative figures for 2019

	General Fund and Operational Reserve	Endowment	Total 2020	Total 2019
				(Note 9)
Revenue				
Contributions (Note 6)	\$ 1,336	\$ 8,026,312	\$ 8,027,648	\$ 7,631,221
Investment income	22,707	1,470,053	1,492,760	1,678,951
Royalty revenue	-	524,028	524,028	945,152
Fund administration	177,029	-	177,029	40,000
Realized gain on sale of investments	728	56,685	57,413	182,619
Unrealized gain on investments	162,546	10,543,089	10,705,635	8,755,056
	364,346	20,620,167	20,984,513	19,232,999
Expenses				
Distributions	200	9,444,763	9,444,963	4,352,758
Intangible asset impairment (Note 5)	-	-	-	1,091,050
Investment management fees	-	404,511	404,511	337,375
Amortization	8,936	-	8,936	7,040
Mineral royalty taxes	-	5,347	5,347	5,348
Administration (Schedule 1)	180,130	820,887	1,001,017	954,447
	189,266	10,675,508	10,864,774	6,748,018
Increase in fund balances	175,080	9,944,659	10,119,739	12,484,981
Fund balance - beginning of year - as previously reported	1,320,553	80,748,710	82,069,263	69,584,282
Prior period adjustment (Note 9)	116,963	(116,963)	-	-
Fund balance - as restated	1,437,516	80,631,747	82,069,263	69,584,282
Transfers (Note 6)	20,476	(20,476)	-	-
Fund balance - end of year	\$ 1,633,072	\$ 90,555,930	\$ 92,189,002	\$ 82,069,263

See accompanying notes to the financial statements.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statement of Cash Flows

For the year ended December 31, 2020 with comparative figures for 2019

	2020	2019
		(Note 9)
Cash provided by (used in) the following:		
Operating activities		
Increase in fund balances	\$ 10,119,739	\$ 12,484,981
Non-cash items:		
Amortization	8,936	7,040
Intangible asset impairment	-	1,091,050
Realized (gains) on sale of investments	(57,413)	(182,619)
Unrealized (gains) losses on investments	(10,705,635)	(8,755,056)
Change in non-cash operating working capital:		
Accounts receivable	(20,794)	(12,734)
Prepaid expenses	6,765	(2,283)
Accrued interest receivable	12,248	6,974
Accounts payable	34,079	75,169
Deferred revenue	1,352	140
	(600,723)	4,712,662
Investing activities		
Purchase of tangible capital assets	(8,456)	(10,090)
Net decrease (increase) of investments	2,399,491	(6,653,268)
	2,391,035	(6,663,358)
Increase (decrease) in cash	1,790,312	(1,950,696)
Cash, beginning of year	179,535	2,130,231
Cash, end of year	\$ 1,969,847	\$ 179,535

See accompanying notes to the financial statements.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to the Financial Statements

For the year ended December 31, 2020

(with comparative figures for the year ended December 31, 2019)

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.

Operational Reserve

The Operational Reserve was established by the Board in 2019 to ensure the sustainability of the Foundation. Each year, at the Board's discretion, amounts can be transferred to or from the fund.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to the Financial Statements

For the year ended December 31, 2020

(with comparative figures for the year ended December 31, 2019)

2. 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 all investments at fair value.

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.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to the Financial Statements

For the year ended December 31, 2020

(with comparative figures for the year ended December 31, 2019)

2. Significant accounting policies continued

(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.

(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 2020	Net Book Value 2019
Furniture and equipment	\$44,701	\$27,610	\$17,091	\$17,571

4. Investments

	2020	2019
Cash surrender value of life insurance policies	\$ 29,923	\$ 29,850
Bonds, debentures and guaranteed investment certificates	195,000	971,000
Equity funds, common and preferred shares	88,062,041	78,922,557
	<u>\$ 88,286,964</u>	<u>\$ 79,923,407</u>

Bonds, debentures, term deposits and guaranteed investment certificates have effective interest rates ranging from 2.4% to 2.5% (2019 – 2% to 2.65%) and maturities ranging from January 2021 to April 2021 (2019 – January 2020 to April 2021).

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to the Financial Statements

For the year ended December 31, 2020

(with comparative figures for the year ended December 31, 2019)

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. In 2019, an external valuation indicated that the value of these assets was impaired, and as a result, the Foundation recognized an impairment expense of \$1,091,050.

6. Transfers between 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 between operating and the endowment funds were \$20,476 (2019 - \$82,854) during the year.

7. Commitments

The Foundation is committed under a lease for office space for the next year as follows:

2021	\$ 23,590
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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 (2019 - \$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.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to the Financial Statements

For the year ended December 31, 2020

(with comparative figures for the year ended December 31, 2019)

8. Risk management continued

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.

9. Prior period adjustment

During the year the Foundation identified certain administration fees that were not collected correctly from three endowment funds. This change has resulted in the following adjustments in the 2019 comparative figures:

- Increase to administration revenue levy allocated to the endowment fund of \$116,963,
- Decrease to 2019 ending endowment fund of \$116,963,
- Increase to 2019 ending general fund of \$116,963.

10. Significant event

On March 11, 2020, the World Health Organization declared a global pandemic for the COVID-19 virus. The Foundation is following health advisories and mandatory requirements from local, provincial and national health and government organizations. The future impact of the pandemic on the Foundation's operations and finances, if any, is unknown at this time.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Schedule of Administration Expenses

For the year ended December 31, 2020 with comparative figures for 2019

	2020	2019
		(Note 9)
Advertising	\$ 634	\$ 1,923
Bank charges	2,721	2,869
Communications	41,115	95,735
Conferences and professional development	14,818	59,591
Contracted services - web and computer equipment	52,241	51,072
Insurance	5,488	4,016
Memberships	25,526	26,039
Office janitorial services	3,646	3,472
Office rent	47,478	50,910
Office supplies	15,500	21,323
Professional services	80,067	45,955
Salaries and benefits	691,182	570,025
Stewardship and development	5,114	3,049
Telephone and internet	10,336	9,150
Travel	927	3,027
Utilities	4,224	6,291
Total expenses	1,001,017	954,447
Less administrator levy allocated to the endowment fund	(820,887)	(756,515)
Total administration expenses	\$ 180,130	\$ 197,932

See accompanying notes to the financial statements.