



Financial Statements of

**THE SOUTH SASKATCHEWAN  
COMMUNITY FOUNDATION INC.**

For the year ended December 31, 2022

## 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.

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Donna Ziegler

**Executive Director**

DocuSigned by:



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Adam Hicks, 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, 2022, and the statements of operations, changes in net assets 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, 2022, 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.

## 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 Foundation'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 Foundation 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 17, 2023  
Regina, Saskatchewan

*VIRTUS GROUP LP*  
Chartered Professional Accountants

# THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statement of Financial Position

As at December 31, 2022 with comparative figures for 2021

	2022	2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 2,151,725	\$ 1,372,309
Accounts receivable	215,071	201,600
Prepaid expenses	5,885	6,740
	<u>2,372,681</u>	<u>1,580,649</u>
Tangible Capital Assets (Note 3)	18,132	18,316
Investments (Note 4)	92,954,503	97,852,244
Intangible Assets (Note 5)	2,000,000	2,000,000
	<u>\$ 97,345,316</u>	<u>\$ 101,451,209</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 160,942	\$ 159,683
Deferred revenue	141,778	36,797
	<u>302,720</u>	<u>196,480</u>
<b>Net Assets</b>		
<b>Donor funds:</b>		
Endowment fund	77,557,299	77,478,343
Accumulated appreciation - endowment fund	9,323,874	14,628,192
Non-endowment fund	7,447,013	7,455,861
<b>Internal reserves:</b>		
General reserve	1,403,550	305,501
Operational reserve	500,000	500,000
Special projects reserve	480,860	556,832
Sustainability reserve	330,000	330,000
	<u>97,042,596</u>	<u>101,254,729</u>
	<u>\$ 97,345,316</u>	<u>\$ 101,451,209</u>

Commitments (Note 7)

*See accompanying notes to the financial statements*

On behalf of the Board:

Gina McGinn

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John Ritenburg

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# THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statement of Operations and Changes in Net Assets

For the year ended December 31, 2022 with comparative figures for 2021

	General and Internal Reserves	Endowment and Non- Endowment Funds	Total 2022	Total 2021
<b>Revenue</b>				
Contributions (Note 6)	\$ 23,638	\$ 7,477,089	\$ 7,500,727	\$ 2,980,827
Investment income	29,076	1,679,309	1,708,385	1,945,945
Royalty revenue	-	1,367,826	1,367,826	926,489
Fund administration	40,260	-	40,260	142,979
Realized gain on sale of investments	-	-	-	3,438,095
Tax refunds - US	5,227	-	5,227	76,516
Unrealized (loss) gain on investments	(170,059)	(6,418,086)	(6,588,145)	5,738,291
	(71,858)	4,106,138	4,034,280	15,249,142
<b>Expenses</b>				
Distributions	1,200	6,564,929	6,566,129	4,497,718
Investment management fees	13,470	507,961	521,431	448,933
Life insurance premiums	-	21,172	21,172	-
Amortization	3,817	-	3,817	10,720
Mineral royalty taxes	-	5,415	5,415	5,348
Administration (Schedule 1)	158,172	970,277	1,128,449	1,220,696
	176,659	8,069,754	8,246,413	6,183,415
(Decrease) increase in net assets	(248,517)	(3,963,616)	(4,212,133)	9,065,727
Net assets - beginning of year	1,692,333	99,562,396	101,254,729	92,189,002
Transfers (Note 6)	1,238,863	(1,238,863)	-	-
Transfers (Note 6)	31,731	(31,731)	-	-
Net assets - end of year	\$ 2,714,410	\$ 94,328,186	\$ 97,042,596	\$ 101,254,729

See accompanying notes to the financial statements.

# THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

## Statement of Cash Flows

For the year ended December 31, 2022 with comparative figures for 2021

	2022	2021
Cash provided by (used in) the following:		
Operating activities		
(Decrease) increase in net assets	\$ (4,212,133)	\$ 9,065,727
Non-cash items:		
Amortization	3,817	10,720
Realized (gains) on sale of investments	-	(3,438,095)
Unrealized losses (gains) on investments	6,588,145	(5,738,291)
Change in non-cash operating working capital:		
Accounts receivable	(13,471)	(112,988)
Prepaid expenses	855	(3,438)
Accrued interest receivable	-	4,026
Accounts payable	1,259	12,334
Deferred revenue	104,981	3,308
	2,473,453	(196,697)
Investing activities		
Purchase of tangible capital assets	(7,358)	(11,947)
Proceeds on the disposal of tangible capital assets	3,725	-
Net (increase) decrease of investments	(1,690,404)	(388,894)
	(1,694,037)	(400,841)
Increase (decrease) in cash	779,416	(597,538)
Cash, beginning of year	1,372,309	1,969,847
Cash, end of year	\$ 2,151,725	\$ 1,372,309

See accompanying notes to the financial statements.

## THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to the Financial Statements

For the year ended December 31, 2022

(with comparative figures for the year ended December 31, 2021)

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### 1. Nature of operations

The South Saskatchewan Community Foundation Inc. (the "Foundation") is continued under *The Non-Profit Corporations Act, 2022* 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 registered charity 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 (Legacy 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, such as charitable administrative fees, are allocated to each endowment fund at a tiered rate of 0.25% to 0.375% based on the size of the fund. The expenses are calculated on the closing balance at each fiscal quarter end. Administrative fees are used to support the operating activities of the Foundation.

Royalty revenues are recognized in the endowment funds that contributed the underlying mineral right assets.



**THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.**

Notes to the Financial Statements

For the year ended December 31, 2022

(with comparative figures for the year ended December 31, 2021)

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**2. Significant accounting policies continued****Non-Endowment Funds**

The Non-Endowment Fund (Flow-Through Fund) reflects amounts donated or bequeathed to the Foundation where there is no set length of time that the contribution must be held. The non-endowment fund operates in a similar fashion to the endowment fund, with other expenses charged at 1.0% to 2.0% of the grants. If there is limited or no activity, expenses are charged at the fiscal year end to match the endowment expense structure. Administrative fees are used to support the operating activities of the Foundation.

**General Reserve**

The General Reserve 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.

**Sustainability and Special Projects Reserves**

The Sustainability and Special Projects Reserves were established by the Board in 2021 to be used by the Foundation for specific projects as identified by the Board.

**(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.

**THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.**

Notes to the Financial Statements

For the year ended December 31, 2022

(with comparative figures for the year ended December 31, 2021)

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**2. Significant accounting policies continued**

(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:

Computer hardware	4 years
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(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.

(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.

**THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.**

Notes to the Financial Statements

For the year ended December 31, 2022

(with comparative figures for the year ended December 31, 2021)

**3. Tangible capital assets**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value 2022</b>	<b>Net Book Value 2021</b>
Computer hardware	\$28,640	\$10,508	\$18,132	\$18,316

**4. Investments**

The Foundation's objective for investments under its management is to generate a total return that achieves the granting objectives as set each year by the Board, recovers the cost of administering the funds, protects the purchasing power of the capital, and establishes a reserve for future market declines. Approximately 60% of the investment assets are managed by TDAM and the remaining 40% are managed by PH&N. An investment consultant, George & Bell, is utilized to guide the Board's Investment Committee in investment strategies. These investments are managed under the Foundation's Investment Policy as approved by the Board and is regularly monitored and reviewed.

	<b>2022</b>	<b>2021</b>
Cash surrender value of life insurance policies	\$ 36,931	\$ 31,951
Equity funds, common and preferred shares	92,917,572	97,820,293
	<b>\$ 92,954,503</b>	<b>\$ 97,852,244</b>

**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, totaling \$3,091,050. In 2019, an external valuation was prepared and an impairment loss of \$1,091,050 was recognized, resulting in a final net book value of \$2,000,000. No additional impairment or reversal of impairments have been recognized in the year (2021 - \$nil).

**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 \$31,731 (2021 - \$19,577) during the year.

During the year \$75,972 (2021 - \$43,167) was transferred from the special projects reserve to the general reserve and \$1,238,863 (2021 - \$nil) was transferred from endowed funds to the general reserve.

**THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.**

Notes to the Financial Statements

For the year ended December 31, 2022

(with comparative figures for the year ended December 31, 2021)

**7. Commitments**

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

2023	\$51,000
2024	\$66,000
2025	\$66,000
2026	\$33,000

**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 (2021 - \$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 arising from fluctuation in interest rates on amounts invested in interest bearing accounts and investments. Cash, when received, is deposited into an interest bearing account. Investments consist of bonds, debentures, mortgages and real estate funds which the Foundation is exposed to changes in interest rates. 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. Comparative figures**

Certain figures in the prior year were reclassified to conform with the current year's presentation.

# THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

## Schedule of Administration Expenses

For the year ended December 31, 2022 with comparative figures for 2021

	2022	2021
Advertising	\$ 3,997	\$ 103
Bank charges	3,449	5,046
Communications	15,953	20,414
Conferences, board meetings and professional development	24,022	22,480
Contracted services - web and computer equipment	69,509	182,520
Insurance	15,572	4,118
Memberships	29,946	29,263
Office rent	46,134	49,489
Office	25,274	22,749
Professional services	61,697	92,049
Salaries and benefits	732,734	733,269
Special project expenses	80,972	43,167
Stewardship and development	1,906	2,599
Telephone and internet	13,254	12,035
Travel	4,030	1,395
Total expenses	1,128,449	1,220,696
Less direct fund expenses and administration levy allocated to the endowment fund	(970,277)	(840,127)
Total administration expenses	\$ 158,172	\$ 380,569

See accompanying notes to the financial statements.