



Financial Statements of

**THE SOUTH SASKATCHEWAN
COMMUNITY FOUNDATION INC.**

For the Period ended December 31, 2018


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.



Donna Ziegler
Executive Director



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



INDEPENDENT AUDITORS' REPORT

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, 2018, 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 Organization as at December 31, 2018, and its financial performance and cash flows for the year then ended in accordance with 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 Organization 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 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Fund'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 16, 2019
Regina, Saskatchewan

VIRTUS GROUP LLP
Chartered Professional Accountants

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statement of Financial Position

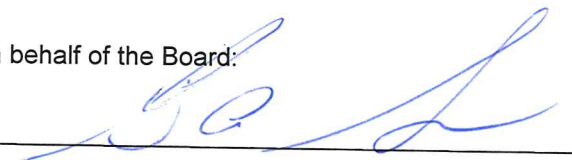
As at December 31, 2018 with comparative figures for 2017

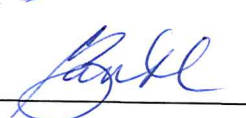
	2018	2017
Assets		
Current Assets		
Cash	\$ 2,130,231	\$ 791,434
Accounts receivable	55,084	90,723
Prepaid expenses	7,782	5,874
Accrued interest receivable	23,248	28,139
	2,216,345	916,170
Tangible Capital Assets (Note 3)	14,521	9,686
Investments (Note 4)	64,332,464	67,914,231
Intangible Assets (Note 5)	3,091,050	3,091,050
	\$ 69,654,380	\$ 71,931,137
Liabilities and Fund Balances		
Current Liabilities		
Accounts payable	\$ 38,101	\$ 76,199
Deferred revenue	31,997	2,620
	70,098	78,819
Fund Balances		
General	1,183,002	1,170,261
Endowment	68,401,280	70,682,057
	69,584,282	71,852,318
	\$ 69,654,380	\$ 71,931,137

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, 2018 with comparative figures for 2017

	General	Endowment	Total 2018	Total 2017
Revenue				
Contributions (Note 6)	\$ 164,540	\$ 3,786,478	\$ 3,951,018	\$ 2,603,887
Investment Income	8,090	1,915,465	1,923,555	1,625,730
Royalty revenue	-	1,522,038	1,522,038	308,497
Fund administration	31,600	-	31,600	30,000
Realized gain (loss) on sale of investments	-	853,619	853,619	7,978,607
Unrealized gain (loss) on investments	-	(2,868,750)	(2,868,750)	(4,248,534)
	204,230	5,208,850	5,413,080	8,298,187
Expenses				
Distributions	-	6,531,805	6,531,805	6,291,042
Investment management fees	-	280,951	280,951	305,688
Amortization	4,518	-	4,518	2,749
Other expenses	-	28,461	28,461	4,953
Administration (Schedule 1)	205,777	629,604	835,381	658,582
	210,295	7,470,821	7,681,116	7,263,014
Increase (decrease) in fund balances	(6,065)	(2,261,971)	(2,268,036)	1,035,173
Fund balance - beginning of year	1,170,261	70,682,057	71,852,318	70,817,145
Transfer	18,806	(18,806)	-	-
Fund balance - end of year	\$ 1,183,002	\$ 68,401,280	\$ 69,584,282	\$ 71,852,318

See accompanying notes to the financial statements.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Statement of Cash Flows

For the year ended December 31, 2018 with comparative figures for 2017

	2018	2017
Cash provided by (used in) the following:		
Operating activities		
Increase in fund balances	\$ (2,268,036)	\$ 1,035,173
Non-cash items:		
Amortization	4,518	2,749
Realized (gains) losses on sale of investments	(853,619)	(7,978,607)
Unrealized gains (losses) on investments	(2,868,750)	(4,248,534)
Change in non-cash operating working capital:		
Accounts receivable	35,638	(76,070)
Prepaid expenses	(1,908)	(3,180)
Accrued interest receivable	4,891	272,902
Accounts payable	(38,098)	15,435
Deferred revenue	29,377	1,180
	(5,955,987)	(10,978,952)
Investing activities		
Purchase of tangible capital assets	(9,352)	(4,182)
Net decrease (increase) of investments	7,304,136	8,634,985
	7,294,784	8,630,803
Increase (decrease) in cash	1,338,797	(2,348,149)
Cash, beginning of year	791,434	3,139,583
Cash, end of year	\$ 2,130,231	\$ 791,434

See accompanying notes to the financial statements.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to the Financial Statements

For the year ended December 31, 2018

(with comparative figures for the year ended December 31, 2017)

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, 2018

(with comparative figures for the year ended December 31, 2017)

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, 2018

(with comparative figures for the year ended December 31, 2017)

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 2018	Net Book Value 2017
Furniture and equipment	\$26,156	\$11,635	\$14,521	\$9,686

4. Investments

	2018	2017
Bonds and debentures and guaranteed investment certificates	\$ 1,258,000	\$ 1,593,670
Equity funds, common and preferred shares	63,074,464	66,320,561
	\$ 64,332,464	\$ 67,914,231

Bonds, debentures, term deposits and guaranteed investment certificates have effective interest rates ranging from 2% to 2.85% (2017 – 2% to 2.85%) and maturities ranging from January 2019 to April 2021 (2017 – February 2018 to April 2021).

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 \$18,806 (2017 - \$13,525) during the year.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

Notes to the Financial Statements

For the year ended December 31, 2018

(with comparative figures for the year ended December 31, 2017)

7. Commitments

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

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 (2017 - \$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.

9. 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, 2018 with comparative figures for 2017

	2018	2017
Advertising	\$ 1,979	\$ 1,841
Bank charges	1,049	403
Communications	54,879	23,415
Conferences and professional development	46,963	28,369
Contracted services - web and computer equipment	75,688	26,643
Furnishings and equipment	-	5,379
Insurance	3,828	2,966
Memberships	25,757	21,260
Office janitorial services	3,602	3,376
Office rent	45,086	38,168
Office supplies	15,567	9,676
Professional services	43,776	98,023
Salaries and benefits	463,765	376,935
Stewardship and development	38,948	5,042
Telephone and internet	7,381	7,398
Travel	946	4,122
Utilities	6,167	5,566
Total expenses	835,381	658,582
Less administration levy allocated to the endowment fund	(629,604)	(648,691)
Total administration expenses	\$ 205,777	\$ 9,891

See accompanying notes to the financial statements.