

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

FINANCIAL STATEMENTS
December 31, 2023

Commented [AH1]: These financial statements have been marked up to provide further guidance for fund advisors, donors, or other stakeholders that might not have a background in reading financials. This is our first attempt and will improve each year.

If interested in providing feedback on this version, or if you have other items you would like explained in the future, we are always open to hearing more.

These statements are for the period from January 1, 2023 to December 31, 2023. Each year, our external audit (provides the Board assurance management is operating appropriately and within policy) completes their audit in March/April. The Finance Committee of the Foundation takes a deep dive in their second meeting of the year (typically early May), and then the Board reviews and then will approve at their second meeting of the year (typically end of May). The annual report and audited financial statements are presented at the Foundation's Annual General Meeting (AGM) which is typically held in late June. After the AGM, the statements are posted on the website (www.sscf.ca) and distributed to stakeholders who have requested printed copies.

Please reach out to finance@sscf.ca for any follow up.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **The South Saskatchewan Community Foundation Inc.** have been prepared by the Foundation's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The board of directors has reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.

DocuSigned by:
Donna Ziegler

Donna Ziegler
Executive Director

DocuSigned by:
Adam Hicks

Adam Hicks, CPA, CMA
Director, Finance & Strategic Operations

Commented [AH2]: This is signed by the two staff of the Foundation responsible and accountable for the financials of the organization.



INDEPENDENT AUDITORS' REPORT

**To the Directors,
The South Saskatchewan Community Foundation Inc.**

Opinion

We have audited the financial statements of **The South Saskatchewan Community Foundation Inc.**, which comprise the statement of financial position as at December 31, 2023, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2023, 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 *Auditor's 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 Auditor's 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 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.

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)

Auditor's 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 auditor's 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

- 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 auditor's 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 auditor's 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 timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

May 23, 2024
Regina, Saskatchewan

VIRTUS GROUP LLP
Chartered Professional Accountants

Commented [AH3]: This letter highlights that the Foundation received a "clean" audit and if there were any concerns (which there are none) noted from the independent review of the external auditors, they are legally bound to report them here. The auditors state that the financial statements are reasonably free from material misstatement which means the auditor has reviewed the financial records and found them to be accurate and reliable.



THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

(with comparative figures as at December 31, 2022)

	Assets	
	2023	2022
Current assets		
Cash	\$ 790,918	\$ 2,151,725
Accounts receivable	7,652,162	215,071
Prepaid expenses	18,957	5,885
	<u>8,462,037</u>	<u>2,372,681</u>
Tangible capital assets (Note 3)	10,972	18,132
Investments (Note 4)	102,013,992	92,954,503
Intangible assets (Note 5)	2,000,000	2,000,000
	<u>\$ 112,487,001</u>	<u>\$ 97,345,316</u>
	Liabilities	
Current liabilities		
Accounts payable and accrued liabilities	\$ 295,175	\$ 160,942
Deferred revenue	37,398	141,778
	<u>332,573</u>	<u>302,720</u>
	Net Assets	
Donor funds:		
Endowment fund	87,301,871	77,557,299
Accumulated appreciation - endowment fund	12,895,666	9,323,874
Non-endowment fund	8,956,031	7,447,013
Internal reserves:		
General reserve	1,550,303	1,403,550
Operational reserve	500,000	500,000
Special projects reserve	620,557	480,860
Sustainability reserve	330,000	330,000
	<u>112,154,428</u>	<u>97,042,596</u>
	<u>\$ 112,487,001</u>	<u>\$ 97,345,316</u>
Commitments (Note 8)		

See accompanying notes to the financial statements.

Approved on behalf of the board:

DocuSigned by:
Shelley Thiel

Board Chair

DocuSigned by:
John R. King

Board Treasurer

Commented [AH4]: This statement is like a photo in time. It showcases how much the Foundation has in its control (\$112 million), but also shows how much we owe to others which is very low (\$332 thousand). This report also shows the commitments we have on the assets we hold which are listed as net assets.

Commented [AH5]: Assets are how much we have under the Foundation's control. Key notes:

- 1. Accounts Receivable:** A large jump in receivable is due to the Lorne & Evelyn Johnson Foundation joining us in November of 2023 but the funds were delayed in transfer until January, 2024, so they remained a receivable for 2023.
- 2. Investments** of \$102 million are what go into our investment portfolio. There is a 2023 investment two-page document on our website that outlines where all this money is and how the Foundation manages the money.
- 3. Intangible Assets** are the mineral rights that we hold in honour of the three families who donated them over the past 20 years. These are managed with zero fees on behalf of the family Legacy Funds that benefit from the royalty revenues.

Commented [AH6]: Net Assets are where the funds are allocated that we own and show any restrictions that the Board has on these assets:

- 1. Endowment Fund:** These represent all the donations received in 55 years that are protected and guided through a legal Deed of Gift. This \$87.3 million is what the Foundation will protect forever and is what is invested to earn great returns. The returns made, pay the Foundation administration to operate (between 0.5% and 1.5%), the majority of earnings go to charity (3.5-5.0% per year), and the remaining goes into a surplus to help offset any years with negative investment losses. In 55 years, we have not had to take a donor dollar to cover our operations (in tough market years, there might be temporary dips for newer funds).
- 2. Accumulated Appreciation:** This is the excess of build up from the Legacy Funds (endowments) that is there to buffer tough years. While at \$12.9 million, this is not a large buffer compared to many other Foundations that look to build to 30%. Our Foundation is working on a Sustainability Policy that would better define a buffer for each fund.
- 3. Non-Endowment Fund:** The Flow-Through Funds are where the donations can go out at anytime during the year. Lots of charities use these types of options for capital campaigns where they don't want the funds locked in forever, like a Legacy Fund, and they also provide donors options who want to make an immediate impact with their gifts.
- 4. Reserves:** These four balances add up to just over \$3 million and are what extra money that the operations of the Foundation has to sustain things like staffing, rent, office expenses, etc. if revenues of the operations don't cover the yearly expenses. The Foundation is in an extremely healthy position (over two years of reserves to cover expenses is a great spot to be in) allowing us to help build plans for our next 50 years of growth. Specifically, the special projects reserve is actively being used to launch a marketing and growth campaign in 2023, 2024 and beyond. Most of the reserves have been built from a wonderful anonymous donor who believes in the power of the Community Foundation.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(with comparative figures for the year ended December 31, 2022)

	General and Internal Reserves	Endowment and Non-Endowment Funds	2023	2022
Revenue				
Contributions (Note 6)	\$ 329,470	\$ 11,734,740	\$ 12,064,210	\$ 7,500,727
Investment income	71,554	1,393,321	1,464,875	1,713,612
Royalty revenue	-	944,462	944,462	1,367,826
Fund administration	2,874	-	2,874	40,260
Realized gain (loss) on sale of investments	(2,314)	647,803	645,489	-
Unrealized gain (loss) on investments	246,049	7,520,084	7,766,133	(6,588,145)
	<u>647,633</u>	<u>22,240,410</u>	<u>22,888,043</u>	<u>4,034,280</u>
Expenses				
Distributions	200	5,640,750	5,640,950	6,566,129
Investment management fees	16,687	594,071	610,758	521,431
Life insurance premiums	-	11,237	11,237	21,172
Amortization	7,160	-	7,160	3,817
Mineral royalty taxes	-	5,372	5,372	5,415
Direct fund expenses	-	23,542	23,542	23,872
Administration (Schedule 1)	396,904	1,080,288	1,477,192	1,104,577
	<u>420,951</u>	<u>7,355,260</u>	<u>7,776,211</u>	<u>8,246,413</u>
Increase (decrease) in net assets	226,682	14,885,150	15,111,832	(4,212,133)
Net assets - beginning of year	2,714,410	94,328,186	97,042,596	101,254,729
Transfers (Note 6)	40,058	(40,058)	-	-
Transfers (Note 6)	19,710	(19,710)	-	-
Net assets - end of year	<u>\$ 3,000,860</u>	<u>\$ 109,153,568</u>	<u>\$ 112,154,428</u>	<u>\$ 97,042,596</u>

See accompanying notes to the financial statements.

Commented [AH7]: You might have heard this statement called the Income Statement. It shows all the activity that took place during the year and provides snapshot of performance over the year from January to December, 2023. The Foundation is usually guided by the legal Deeds of Gifts for the Legacy (Endowment) and the Flow-Through (Non-Endowment) Funds and many are donor advised funds. The General and Internal Reserves are related to the operations of the Foundation and what keep the organization running.

Commented [AH8]: General and Internal Reserves are added to the Endowment and Non-Endowment to get the 2023 totals.

Commented [AH9]: Contributions are donations received.

Commented [AH10]: Earned from the \$2M mineral rights we hold and these are put into the family Legacy Funds.

Commented [AH11]: Investment Income, Realized Gains, and Unrealized Gains on Investments, all represent accounts relate to the money made from the investment pool. \$9.9 million was earned off investments in 2023.

Commented [AH12]: Distributions are the total charitable grants that go to the 200+ charities supported this past year.

Commented [AH13]: Investment management fees are the professional fees from the Investment Managers who manage the pooled assets (TDAM, PH&N, & George and Bell).

Commented [AH14]: Life insurance premiums are from life insurance policies held at the Foundation and donors pay the fees so it is offset by a donation in revenue by the donors.

Commented [AH15]: This is the write-off of the computers we have.

Commented [AH16]: Government taxes from the royalties we receive.

Commented [AH17]: Some funds have specific and direct costs based on various agreements.

Commented [AH18]: Administration represents all the operational and community outreach costs of the Foundation which includes salaries, rent, training, office expenses, advertising, Vital Signs, Vital Signs Community Network, community events, etc. The \$396K is covered from operation donations and investment earnings from our reserves, the \$1.080 million is covered from the fees off the funds held at the Foundation. There is further detail on the last page of these financials.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(with comparative figures for the year ended December 31, 2022)

	2023	2022
Cash provided by (used in) operating activities:		
Increase (decrease) in net assets	\$ 15,111,832	\$ (4,212,133)
Non-cash items:		
Amortization	7,160	3,817
Unrealized losses (gains) on investments	(7,766,133)	6,588,145
Change in non-cash operating working capital:		
Accounts receivable	(7,437,091)	(13,471)
Prepaid expenses	(13,072)	855
Accounts payable	134,233	1,259
Deferred revenue	(104,380)	104,981
	<u>(67,451)</u>	<u>2,473,453</u>
Cash provided by (used in) investing activities:		
Purchase of tangible capital assets	-	(7,358)
Proceeds on the disposal of tangible capital assets	-	3,725
Net (increase) decrease of investments	<u>(1,293,356)</u>	<u>(1,690,404)</u>
	<u>(1,293,356)</u>	<u>(1,694,037)</u>
(Decrease) increase in cash	(1,360,807)	779,416
Cash position - beginning of year	<u>2,151,725</u>	<u>1,372,309</u>
Cash position - end of year	<u>\$ 790,918</u>	<u>\$ 2,151,725</u>

See accompanying notes to the financial statements.

Commented [AH19]: This measures our sources of cash and how we use it during the 2023 year. It removes anything that was not actual cash moving into or out of our accounts. As an example is gains or losses made on investments where the investments were not cashed out and therefore was not cash available in our day-to-day operations.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(with comparative figures as at December 31, 2022)

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. Summary of 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 1.0% to 1.5% 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.

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 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.

Commented [AH20]: Provides a great summary of what some of the more common terms are that we use and provide a more in-depth understanding of how we operate.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(with comparative figures as at December 31, 2022)

2. Summary of significant accounting policies (continued)

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.

(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.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(with comparative figures as at December 31, 2022)

2. Summary of 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	2023 Net Book Value	2022 Net Book Value
Computer hardware	\$ 28,640	\$ 17,668	\$ 10,972	\$ 18,132

Commented [AH21]: We rent in a co-work location and therefore have no significant assets such as a building. This is where you will see those larger assets in the future if we purchase them.

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 73% of the investment assets are managed by TDAM, 26% by PH&N and the remaining 1% is managed by CIBC. 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.

	2023	2022
Cash surrender value of life insurance policies	\$ 34,719	\$ 36,930
Equity funds, common and preferred shares	101,979,273	92,917,573
	<u>\$ 102,013,992</u>	<u>\$ 92,954,503</u>

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(with comparative figures as at December 31, 2022)

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 (2022 - \$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 \$19,710 (2022 - \$31,731) during the year.

During the year, \$231,110 (2022 - \$75,972) was transferred from the special projects reserve to the general reserve and \$40,058 (2022 - \$1,238,863) was transferred from endowed funds to the general reserve.

7. Restricted funds - endowment incentives component

The Foundation complied with its contractual obligations pursuant to the grants it has received under the Endowment Incentives component of the Canada Cultural Investment Fund of the Department of Canadian Heritage, whereby it is required to maintain, in perpetuity, in the capital of the endowment fund, the amount of the grants received plus the equivalent amount received from the private sector. Since the component inception in 2001, the Foundation has received \$213,673 in endowment incentives grants, and is therefore required to maintain the equivalent sum received from the private sector, for a total of \$524,602, to be held in perpetuity in the Foundation's restricted assets. This amount is for the benefit of three associated not-for-profit professional arts organizations who are recipients of the income generated from the Foundation's investment.

8. Commitments

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

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

Commented [AH22]: We signed a three-year contract for the Path Co-work location we are in at 1911 Broad Street.

The Foundation has a commitment to loan \$140,000 to a community organization in 2024.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(with comparative figures as at December 31, 2022)

9. Financial 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 (2022 - \$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.

THE SOUTH SASKATCHEWAN COMMUNITY FOUNDATION INC.
SCHEDULE OF ADMINISTRATION EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(with comparative figures as at December 31, 2022)

Schedule 1

	2023	2022
Advertising	\$ 29,693	\$ 3,433
Bank charges	5,104	3,449
Communications	21,825	3,633
Conferences, board meetings and professional development	29,013	18,974
Contracted services - web and computer equipment	79,371	69,509
Insurance	20,372	15,572
Memberships	35,803	32,201
Office rent	64,153	51,152
Office	13,499	20,255
Professional services	97,920	39,894
Salaries and benefits	931,484	732,734
Special project expenses	91,823	81,142
Stewardship and development	26,328	14,701
Telephone and internet	13,281	13,254
Travel	17,523	4,674
	1,477,192	1,104,577
Less administration levy allocated to the endowment fund	(1,080,288)	(970,277)
Total administration expenses allocated to the general fund	\$ 396,904	\$ 134,300

See accompanying notes to the financial statements.

Commented [AH23]: While this report is not mandatory to include in our financials, we believe in transparency. This report is included as a more in-depth review of our day-to-day operations expenses.

Commented [AH24]: The Board is volunteer based and do not receive any payments, however, there are costs in terms of meetings and travel.

Commented [AH25]: This is largely two costs, our IT database accounting/donor/grant software, and our external IT provider for security.

Commented [AH26]: Salaries and benefits represent direct costs such as payroll, EI, and CPP, but also include workers compensation and the employee pension plan which is a 6% match for employees. These costs represent 9 employees plus seven summer and fall students during the year.

Commented [AH27]: Special projects is directly related to the special projects reserve which was set up by the Board from a wonderful anonymous unrestricted donation a couple of years ago. The goal is to increase Foundation awareness in the community, to host events, and to further grow the brand of the Foundation throughout the Province.

Commented [AH28]: The \$1,080,288 is what is charged to all funds throughout the year. Based on the type of fund and the size, the amounts are between 0.5% to 1.5% of the asset size of the fund to help fund administration.

Commented [AH29]: This is the amount of our administration (operational) costs of the Foundation covered by other sources besides the feed off funds, such as donations to operations, sponsorships, grants, and the largest source being investment earnings from the Foundation's own operational reserves.