



# SASKATOON COMMUNITY FOUNDATION

**Financial Statements**

***December 31, 2017***

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## INDEPENDENT AUDITORS' REPORT

To the Directors of Saskatoon Community Foundation

We have audited the accompanying financial statements of Saskatoon Community Foundation, which comprise the statement of financial position as at December 31, 2017, the statements of operations and changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

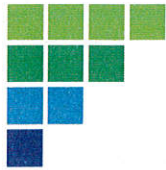
In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatoon Community Foundation as at December 31, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*KPMG LLP*

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Chartered Professional Accountants

March 20, 2018  
Saskatoon, Canada



**SASKATOON COMMUNITY FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2017**

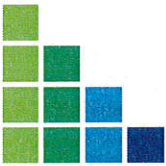
	2017	2016
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents (Note 3)	\$ 2,964,018	\$ 8,741,873
Accounts receivable	20,960	10,779
Prepaid expenses	27,479	20,943
	3,012,457	8,773,595
Long Term Assets:		
Investments, at fair value (Note 4), (Note 6)	57,517,428	52,909,029
Cash surrender value of life insurance (Note 5)	181,312	181,324
	<b>\$ 60,711,197</b>	<b>\$ 61,863,948</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 46,059	\$ 152,480
Grants payable	98,402	-
Deferred revenue	115,000	230,000
Managed funds (Note 6)	14,723,687	19,641,018
	14,983,148	20,023,498
Net Assets:		
Flow through funds	3,293,002	3,761,527
Operations fund	467,630	507,485
Endowment:		
Cumulative contributions	34,742,570	32,757,635
Cumulative excess of Revenues over Expenditures	7,224,847	4,813,803
	45,728,049	41,840,450
	<b>\$ 60,711,197</b>	<b>\$ 61,863,948</b>

Approved by the Board of Directors

Amberlea Chabot Director

[Signature] Director

The accompanying notes are an integral part of the financial statements



# SASKATOON COMMUNITY FOUNDATION

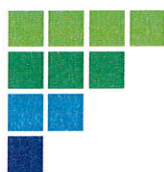
## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31, 2017

	2017					2016				
	ENDOWMENT					ENDOWMENT				
	Cumulative Contributions	Cumulative Excess Revenues over Expenditures	Flow Through Fund	Operations Fund	Total	Cumulative Contributions	Cumulative Excess Revenues over Expenditures	Flow Through Fund	Operations Fund	Total
<b>Revenues:</b>										
Donations	\$ 1,917,947	\$ -	\$ 2,541,081	\$ -	\$ 4,459,028	\$ 976,139	\$ -	\$ 1,305,238	\$ 532	\$ 2,281,909
Investment income (Note 7)	-	4,190,146	21,070	-	4,211,216	-	1,274,771	48,300	-	1,323,071
Fees - managed funds & prof services	-	-	-	87,579	87,579	-	-	-	118,251	118,251
Life insurance - premium donations	-	-	-	521	521	-	-	-	19,910	19,910
Life insurance - death benefit	-	-	-	50,000	50,000	-	-	-	-	-
	1,917,947	4,190,146	2,562,151	138,100	8,808,344	976,139	1,274,771	1,353,538	138,693	3,743,141
<b>Expenses:</b>										
Grants	(8,000)	(1,184,721)	(3,126,032)	22,645	(4,296,108)	-	(1,232,321)	(3,962,993)	23,299	(5,172,015)
Fees - endowed & flow through	-	(510,427)	(43,598)	553,900	(125)	-	(477,367)	(56,771)	539,138	5,000
Operating expenses	-	-	-	(888,872)	(888,872)	-	-	-	(734,981)	(734,981)
Life insurance - premiums paid	-	-	-	(7,445)	(7,445)	-	-	-	(29,435)	(29,435)
Life insurance - change in cash surrender value (Note 5)	(12)	-	-	-	(12)	(23,595)	-	-	-	(23,595)
	(8,012)	(1,695,148)	(3,169,630)	(319,772)	(5,192,562)	(23,595)	(1,709,688)	(4,019,764)	(201,979)	(5,955,026)
<b>Fundraising:</b>										
Revenues	-	-	-	453,923	453,923	-	-	-	455,332	455,332
Expenditures	-	-	-	(182,106)	(182,106)	-	-	-	(171,916)	(171,916)
	-	-	-	271,817	271,817	-	-	-	283,416	283,416
<b>EXCESS / (DEFICIENCY) of REVENUES over EXPENSES</b>	<b>1,909,935</b>	<b>2,494,998</b>	<b>(607,479)</b>	<b>90,145</b>	<b>3,887,599</b>	<b>952,544</b>	<b>(434,917)</b>	<b>(2,666,226)</b>	<b>220,130</b>	<b>(1,928,469)</b>
Fund Transfers (Note 8)	75,000	(83,954)	138,954	(130,000)	-	40,006	(42,803)	133,086	(130,289)	-
Balance, beginning of year	32,757,635	4,813,803	3,761,527	507,485	41,840,450	31,765,085	5,291,523	6,294,667	417,644	43,768,919
<b>Balance, end of year</b>	<b>\$ 34,742,570</b>	<b>\$ 7,224,847</b>	<b>\$ 3,293,002</b>	<b>\$ 467,630</b>	<b>\$ 45,728,049</b>	<b>\$ 32,757,635</b>	<b>\$ 4,813,803</b>	<b>\$ 3,761,527</b>	<b>\$ 507,485</b>	<b>\$ 41,840,450</b>

The accompanying notes are an integral part of the financial statements





# SASKATOON COMMUNITY FOUNDATION

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

	2017	2016
<b>Cash and Cash Equivalents <i>provided by (used in):</i></b>		
<b><i>Operating activities:</i></b>		
Excess (deficiency) of revenues over expenditures	\$ 3,887,599	\$ (1,928,469)
Items not involving cash:		
Changes in fair value of investments (Note 7)	(2,717,352)	975,792
Reinvestment of distributed investment income (Note 7)	(3,249,022)	(3,180,977)
Investment Income allocated to Managed Funds (Note 7)	1,476,873	633,947
	(601,902)	(3,499,707)
Decrease in cash surrender value of life insurance policies	12	23,595
	(601,890)	(3,476,112)
<b><i>Changes in non-cash working capital:</i></b>		
Accounts receivable	(10,181)	4,246
Prepaid expenses	(6,536)	(8,222)
Accounts payable and accrued liabilities	(106,421)	(24,378)
Grants Payable	98,402	-
Deferred revenue	(115,000)	(115,000)
	(741,626)	(3,619,466)
Purchase of investments (Note 4)	(6,155,198)	(27,624,462)
Proceeds from sale of investments (Note 4)	7,513,172	33,747,915
<b><i>Fund Management activities:</i></b>		
Managed Funds - Contributions	499,178	616,143
Managed Funds - Withdrawals	(6,798,490)	(344,707)
Managed Funds - Fees	(94,891)	(118,201)
<b>Net increase (decrease) in Cash and Cash Equivalents</b>	<b>(5,777,855)</b>	<b>2,657,222</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>8,741,873</b>	<b>6,084,651</b>
<b>Cash and Cash Equivalents, end of year (Note 3)</b>	<b>\$ 2,964,018</b>	<b>\$ 8,741,873</b>

The accompanying notes are an integral part of the financial statements

## **1. Purpose of the Foundation**

The Foundation was established as the Saskatoon Foundation by an Act of the Saskatchewan Legislature in 1970 to benefit the citizens of Saskatoon by supporting registered charitable organizations which contribute to the quality of life in Saskatoon. The legislation was updated in 1994. In 2005, by an act of the Legislature, the name was changed to the Saskatoon Community Foundation.

The Foundation is a registered charity and is classified as a public foundation for the purposes of the Income Tax Act (Canada).

## **2. Significant Accounting Policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and include the following significant accounting policies:

### **Fund Accounting and Revenue Recognition**

The Foundation follows the Restricted Fund method of accounting for both restricted and unrestricted contributions. Contributions, both restricted and unrestricted, are recognized as revenue in the year received or receivable when the amount is known or can be reasonably estimated and collectability is reasonably assured. Contributions received relating to fundraising events are recognized as income on completion of the fundraising event. The Foundation ensures, as part of its fiduciary responsibilities, all contributions received with a restricted purpose are expended for that purpose and, any contributions received without a specific purpose identified, are added to the Cumulative Contributions portion of the Endowment. For financial reporting purposes the accounts have been classified into the following funds:

#### **Endowment**

The *Cumulative Contributions* portion of the endowment reports resources that are required to be maintained by the Foundation on a permanent basis. The Act under which the Foundation was created allows, with the approval of the Board of Directors, up to 5% of the contributed capital of the property of the Foundation to be withdrawn and disbursed for any purpose consistent with the purposes or objects of or within the scope of the Foundation.

The *Cumulative excess of Revenues over Expenditures Fund* reports the income earned (loss incurred) on the entire endowment, in excess of grants made and administrations fees charged to the endowment.

Income from the investment of endowed funds is disbursed in accordance with the Foundation's policy for long-term preservation of capital and in accordance with Canada Revenue Agency regulations. In 2017 the percentage of the funds distributed as grants was 3.5% (2016 – 3.5%).

A number of funds specified for administration are included in the endowment. These funds are part of the funds earning restricted income. An annual allocation of a portion of the earnings on these funds is used to fund administrative costs associated with operating the Foundation. In 2017 the percentage of the fund balances used for this allocation was 3.5% (2016 – 3.5%).

#### **Flow Through Funds**

Flow Through Funds represent resources available for granting by the Foundation where, at the time the donation is accepted by the Foundation, the specific purpose or recipient qualified donee may or may not have been determined by the donor with certainty. The disbursement of these funds is directed by the donor, and must be made to a qualified donee as defined in the Income Tax Act (Canada). Fees charged to the Flow Through Funds are used to support the administration and operating activities of the Foundation.

### Operations Fund

The Operations Fund reports resources available for the Foundation's general operating and administration. Each quarter, endowed funds are charged a fee to be used for administration. In 2017 the percentage charged for this administration fee was 1.5% (2016 – 1.5%) of the fund balance. The Board of Directors, from time to time, may allocate a portion of net proceeds from fundraising events and special events of the Operations Fund, to the Endowment.

### Cash Surrender Value of Donated Life Insurance Policies

Life insurance policies are recorded at their realizable value less applicable surrender charges.

### Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and savings account. Cash and cash equivalents exclude cash held in investments.

### Financial Instruments

The Foundation recognizes and measures its financial instruments as follows:

Cash, accounts receivable, cash surrender value of life insurance, accounts payable, grants payable and managed funds are initially recorded at their fair value; and are subsequently measured at amortized cost; and,

Investments and managed funds are initially recorded at fair value and subsequently measured at fair value.

Changes in the fair value of financial instruments are presented in the Statement of Operations and Changes in Net Assets as part of investment income. Financial assets are tested for impairment at the end of each reporting period when there are indications that an asset may be impaired.

### 3. Cash and Cash Equivalents

	<u>2017</u>	<u>2016</u>
	\$	\$
Operating Account	1,873,735	7,563,121
Savings Account	1,090,283	1,178,752
<b>Cash and Cash Equivalents, end of year</b>	<b>2,964,018</b>	<b>8,741,873</b>

The balance of Cash and Cash Equivalents at the end of the year includes \$1,090,283 (2016 - \$1,178,752) representing the investment of Flow Through Funds held by the Foundation. Donations received for Flow Through are subject to uncertainty with respect to the timing of the direction of their distribution to charities or other qualified donees. The Flow Through funds are invested in savings and money market investments so that the funds are liquid and easily accessible.



#### 4. Investments

The Foundation's objective for investments under its management is to generate a total return that achieves the granting objectives of the Foundation 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 90% of the endowed assets held by the Saskatoon Community Foundation, and all of the Managed Funds assets are professionally managed by Greystone Managed Investments. These investments are managed under a Statement of Investment Principles approved by the Board and monitored on a quarterly basis by the Investment Committee.

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash and cash equivalents	856,653	898,413
Bonds and debentures	12,344,049	14,296,854
Equities		
Canadian	5,401,745	5,383,807
United States	11,593,339	10,550,516
International	12,071,355	10,505,145
Real Estate LP	6,205,847	2,558,397
Mortgages	6,273,647	6,028,567
<b>Pooled Investments, end of year</b>	<b><u>54,746,635</u></b>	<b><u>50,221,699</u></b>

Some endowed funds are held outside of the Pooled Funds. They are governed under separate policies under a specific program based on agreements with the donors.

<b>Non-Pooled Investments, end of year</b>	<b><u>2,770,793</u></b>	<b><u>2,687,330</u></b>
<b>Total Investments, end of year</b>	<b><u>57,517,428</u></b>	<b><u>52,909,029</u></b>

#### 5. Life Insurance Policies

The Foundation is the owner of life insurance policies with an insured value of \$2,564,279 (2016 - \$2,614,279). Life insurance premiums paid by donors on policies owned by the Foundation are shown as both donations and operating expenses on the Statement of Operations and Changes in Net Assets. The cash surrender value of the policies decreased in 2017 by \$12 (2016 decreased by \$23,595). The cash surrender value of the policies at December 31, 2017 is \$181,312 (2016 - \$181,324).

## 6. Investments and Managed Funds

Investments include funds which are managed by the Foundation for outside agencies. Under agreements, the Foundation allocates investment returns to those managed funds at the average annual rate of return of the Pooled investment portfolio of the Foundation, net of a fee for service.

At the end of 2016, the Foundation received notice that a significant Managed Fund was to be disbursed as they wished to manage their own investments. On January 4, 2017, \$5,802,614 was disbursed to settle the Fund account.

	2017	2016
	\$	\$
Managed Funds, beginning of year	19,641,017	18,853,836
Funds received, in trust	499,178	616,143
Income allocated to Managed Funds	1,476,873	633,947
Withdrawals	(6,798,490)	(344,707)
Administration fees charged	(94,891)	(118,201)
<b>Managed Funds, end of year</b>	<b>14,723,687</b>	<b>19,641,018</b>

## 7. Investment Income

	2017	2016
	\$	\$
Changes in fair value of investments	2,717,352	(975,792)
Interest income	11,637	19,652
Reinvestment of distributed income	3,249,022	3,180,977
Oil lease revenue	15,090	-
	5,993,101	2,224,837
Less: Fees paid to investment managers	(305,012)	(267,819)
	5,688,089	1,957,018
Less: Income allocated to Managed Funds	(1,476,873)	(633,947)
<b>Investment income</b>	<b>4,211,216</b>	<b>1,323,071</b>

## 8. Fund Transfers

All Fund transfers were approved by the Board of Directors.

## 9. Commitments

### Lease Commitments

The Foundation leases premises under a six-year and four-month lease expiring November 30, 2020. The fixed minimum annual lease payments in each of the next three years are as follows:

2018	\$ 48,850
2019	\$ 48,850
2020	\$ 44,780

### Commitment to Grant

The Board of Directors of the Foundation has approved the distribution of 3.5% of the endowment as grants for the fiscal year 2018. This percentage of funds distributed as grants is consistent with prior years and meets CRA requirements. For the 2019 fiscal year, the Board of Directors committed to a grant distribution of 3.5%.

## **10. Financial Instruments**

The Foundation's financial assets and liabilities consist of cash, accounts receivable, investments at fair value, cash surrender value of life insurance, accounts payable, grants payable and managed funds.

The Foundation has exposure to other price risk, credit risk, currency risk and interest rate risk on its investments at fair value and managed funds as the fair value or future cash flows may fluctuate because of changes in market prices, exchange rates, currency rates and interest rates, whether these changes are caused by factors specific to the investments or factors affecting all similar financial instruments traded in the market.

## **11. Comparative Figures**

Certain of the prior year's figures, provided for the purpose of comparison, have been reclassified to conform to the current year's presentation.