



SASKATOON
COMMUNITY
FOUNDATION

Financial Statements

December 31, 2015



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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, 2015, 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, 2015, 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.

Chartered Professional Accountants

April 19, 2016
Saskatoon, Canada

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SASKATOON COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

As at December 31, 2015

	2015	2014
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 3)	\$ 6,084,651	\$ 7,894,132
Accounts receivable	15,025	11,008
Prepaid expenses	12,721	11,797
	6,112,397	7,916,937
Long Term Assets:		
Investments, at fair value (Note 4), (Note 6)	56,827,297	56,176,777
Cash surrender value of life insurance (Note 5)	204,919	203,052
	\$ 63,144,613	\$ 64,296,766
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 176,859	\$ 192,747
Deferred revenue	345,000	100,000
Managed funds (Note 6)	18,853,835	19,634,952
	19,375,694	19,927,699
Net Assets:		
Flow through funds	6,294,667	6,505,828
Operations fund	417,644	353,117
Endowment:		
Cumulative contributions	31,765,085	31,188,563
Cumulative excess of Revenues over Expenditures	5,291,523	6,321,559
	43,768,919	44,369,067
	\$ 63,144,613	\$ 64,296,766

Approved by the Board of Directors

Director

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, 2015

	2015					2014				
	ENDOWMENT		CUMULATIVE			ENDOWMENT		CUMULATIVE		
	Cumulative Contributions	Revenues over Expenditures	Flow Through Fund	Operations Funds	Total	Cumulative Contributions	Revenues over Expenditures	Flow Through Fund	Operations Funds	Total
Revenues and Donations:										
Donations endowed including bequests	\$ 550,380	\$ -	\$ -	\$ -	\$ 550,380	\$ 1,930,844	\$ -	\$ -	\$ -	\$ 1,930,844
Donations received and directed to other charities and student awards	-	-	3,740,674	-	3,740,674	-	-	6,415,026	-	6,415,026
Donations specified for administration and capacity building	-	-	-	1,543	1,543	-	-	-	33,599	33,599
Donations received for life insurance premiums	-	-	-	30,211	30,211	-	-	-	52,796	52,796
Investment income (Note 7)	-	623,082	89,463	-	712,545	-	2,813,431	140,990	-	2,954,421
Fees earned from management services (Note 6)	-	-	-	122,136	122,136	-	-	-	112,906	112,906
Fees earned from granting services	-	-	-	5,000	5,000	-	-	-	5,000	5,000
Sponsorship of annual report and other	-	-	-	2,250	2,250	-	-	-	5,500	5,500
	550,380	623,082	3,830,137	161,140	5,164,739	1,930,844	2,813,431	6,556,016	209,801	11,510,092
Grants and Expenditures:										
Grants from the Endowment and from Funds directed to other charities and student awards	-	(1,156,310)	(4,091,762)	22,876	(5,225,196)	-	(1,035,834)	(4,036,887)	21,423	(5,051,298)
Administration charges to endowed & other funds	-	(496,808)	(100,252)	597,060	-	-	(460,290)	(148,857)	609,147	-
Operating expenses	-	-	-	(835,281)	(835,281)	-	-	-	(676,035)	(676,035)
Life insurance premiums paid	-	-	-	(39,459)	(39,459)	-	-	-	(61,629)	(61,629)
Increase in cash surrender value of life insurance policies owned (Note 5)	1,867	-	-	-	1,867	10,351	-	-	-	10,351
	1,867	(1,653,118)	(4,192,014)	(254,804)	(6,098,069)	10,351	(1,496,124)	(4,185,744)	(107,094)	(5,778,611)
Fundraising:										
Revenues	-	-	-	510,205	510,205	-	-	-	749,472	749,472
Expenditures	-	-	-	(177,023)	(177,023)	-	-	-	(261,784)	(261,784)
	-	-	-	333,182	333,182	-	-	-	487,688	487,688
EXCESS OF REVENUES AND DONATIONS over GRANTS AND EXPENDITURES	552,247	(1,030,036)	(361,877)	239,518	(600,148)	1,941,195	1,317,307	2,370,272	590,395	6,219,169
Fund Transfers (Note 8)	24,275	-	150,716	(174,991)	-	292,073	(20,687)	86,819	(358,205)	-
Balance, beginning of year	31,188,563	6,321,559	6,505,828	353,117	44,369,067	28,955,295	5,024,939	4,048,737	120,927	38,149,898
Balance, end of year	\$ 31,765,085	\$ 5,291,523	\$ 6,294,667	\$ 417,644	\$ 43,768,919	\$ 31,188,563	\$ 6,321,559	\$ 6,505,828	\$ 353,117	\$ 44,369,067

The accompanying notes are an integral part of the financial statements



SASKATOON COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

	2015	2014
Cash and Cash Equivalents <i>provided by (used in):</i>		
<i>Operating activities:</i>		
Excess (deficiency) of revenues over expenditures	\$ (600,148)	\$ 6,219,169
Items not involving cash:		
Changes in fair value of investments (Note 7)	3,077,787	285,270
Reinvestment of distributed investment income (Note 7)	(4,419,770)	(4,826,845)
Fees to investment managers outstanding	62,068	64,823
Investment Income allocated to Managed Funds (Note 7)	402,670	1,454,107
	(1,477,393)	3,196,524
Increase in cash surrender value of life insurance policies	(1,867)	(10,351)
	(1,479,260)	3,186,173
<i>Changes in non-cash working capital:</i>		
Accounts receivable	(4,017)	(574)
Prepaid expenses	(924)	7,263
Accounts payable and accrued liabilities	(15,888)	(36,483)
Deferred revenue	245,000	(105,250)
	(1,255,089)	3,051,129
Purchase of investments	(6,049,469)	(7,872,894)
Proceeds from sale of investments	6,678,864	4,281,214
<i>Fund Management activities:</i>		
Contributions to Managed Fund accounts	883,415	3,366,591
Withdrawals from Managed Fund accounts	(1,945,066)	(299,849)
Administrative fees charged on Managed Funds	(122,136)	(112,906)
Net increase (decrease) in Cash and Cash Equivalents	(1,809,481)	2,413,285
Cash and Cash Equivalents, beginning of year	7,894,132	5,480,847
Cash and Cash Equivalents, end of year (Note 3)	\$ 6,084,651	\$ 7,894,132

The accompanying notes are an integral part of the financial statements



SASKATOON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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 dispersed in accordance with the Foundation's policy for long-term preservation of capital and in accordance with Canada Revenue Agency regulations. In 2015 the percentage of the funds distributed as grants was 3.5% (2014 – 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 2015 the percentage of the fund balances used for this allocation was 3.5% (2014 – 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.



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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 2015 the percentage charged for this administration fee was 1.5% (2014 – 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 guaranteed investment certificates. Cash and cash equivalents exclude cash held in investments.

Financial Instruments

The Foundation recognizes and measures its financial instruments as follows:

Cash, accounts receivable, investments at fair value, cash surrender value of life insurance, accounts payable and managed funds are initially recorded at their fair value;

Cash, accounts receivable, cash surrender value of life insurance, and accounts payable are subsequently measured at amortized cost; and,

Investments at fair value and managed funds are 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>2015</u>	<u>2014</u>
	\$	\$
Operating Account	533,525	2,895,923
Savings Account	3,625,732	2,899,877
Guaranteed Investment Certificates	1,925,394	2,098,332
Cash and Cash Equivalents, end of year	6,084,651	7,894,132

The balance of Cash and Cash Equivalents at the end of the year includes \$5,551,126 (2014 - \$6,505,828) 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 majority of these Flow Through funds are invested in savings and Guaranteed Investment Certificates so that the funds are liquid and easily accessed.



SASKATOON COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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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 balanced Pooled Investment Policy approved by the Board and monitored on a quarterly basis by the Investment Committee.

	<u>2015</u>	<u>2014</u>
	\$	\$
Cash and cash equivalents	2,475,575	2,422,192
Bonds and debentures	22,304,448	21,913,000
Equities		
Canadian	19,176,146	19,287,200
United States	5,135,044	5,128,100
International	5,227,311	4,755,900
Pooled Investments, end of year	<u>54,318,524</u>	<u>53,506,392</u>

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.

Non-Pooled Investments, end of year	<u>2,508,773</u>	<u>2,670,385</u>
Total Investments, end of year	<u>56,827,297</u>	<u>56,176,777</u>

5. Life Insurance Policies

The Foundation is the owner of life insurance policies with an insured value of \$2,924,279 (2014 - \$2,674,279). 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 increased in 2015 by \$1,867 (2014 - \$10,351). The cash surrender value of the policies at December 31, 2015 is \$204,919 (2014 - \$203,052).

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.

	<u>2015</u>	<u>2014</u>
	\$	\$
Managed Funds, beginning of year	19,634,952	15,227,009
Funds received, in trust	883,415	3,366,591
Income allocated to Managed Funds	402,670	1,454,107
Withdrawals	(1,945,066)	(299,849)
Administration fees charged	(122,136)	(112,906)
Managed Funds, end of year	<u>18,853,835</u>	<u>19,634,952</u>



SASKATOON COMMUNITY FOUNDATION
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7. Investment Income

	2015	2014
	\$	\$
Changes in fair value of investments	(3,077,787)	(285,270)
Interest income	35,697	119,444
Reinvestment of distributed income	4,419,770	4,826,845
Oil lease revenue	796	1,454
	1,378,476	4,662,473
Less: Fees paid to investment managers	(263,261)	(253,945)
	1,115,215	4,408,528
Less: Income allocated to Managed Funds	(402,670)	(1,454,107)
Investment income	712,545	2,954,421

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 five years are as follows:

2016	\$ 45,826
2017	\$ 46,078
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 2016. This percentage of funds distributed as grants is consistent with prior years.

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 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.