



Saskatoon Community Foundation

Financial Statements
And Independent Auditor's Report thereon
Year ended December 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Saskatoon Community Foundation

Opinion

We have audited the financial statements of Saskatoon Community Foundation (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, 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.

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 auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada 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.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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 the 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 Entity'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 Entity'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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Saskatoon, Canada

April 10, 2024



STATEMENT OF FINANCIAL POSITION

As at December 31, 2023, with comparative figures for 2022

| | 2023 | 2022 |
|---|-----------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents (Note 3) | \$ 3,752,327 | \$ 2,082,631 |
| Accounts receivable | 48,374 | 36,796 |
| Short term investment (Note 4) | 6,691,173 | 3,008,948 |
| | <u>10,491,874</u> | <u>5,128,375</u> |
| Long term Assets: | | |
| Investments, at fair value (Note 5) | 89,599,118 | 84,307,255 |
| Cash surrender value of life insurance (Note 6) | 139,575 | 145,012 |
| | <u>\$ 100,230,567</u> | <u>\$ 89,580,642</u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 122,859 | \$ 122,711 |
| Grants payable | 11,483 | 65,527 |
| Deferred revenue | 123,467 | 91,511 |
| Managed funds (Note 7) | 24,616,954 | 22,707,189 |
| | <u>24,874,763</u> | <u>22,986,938</u> |
| Net Assets: | | |
| Flow through funds | 18,349,062 | 12,091,834 |
| Operations fund | 1,155,929 | 897,210 |
| Endowment: | | |
| Cumulative contributions | 46,092,926 | 45,529,184 |
| Cumulative excess of revenues over expenses | 9,757,887 | 8,075,476 |
| | <u>75,355,804</u> | <u>66,593,704</u> |
| | <u>\$ 100,230,567</u> | <u>\$ 89,580,642</u> |

Commitments (Note 10)

See accompanying notes to financial statements

On behalf of the Board;

Director

Director



STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31, 2023, with comparative figures for 2022

| | 2023 | | | | | 2022 | | | | |
|--|--------------------------|---|----------------------|---------------------|----------------------|--------------------------|---|----------------------|-------------------|----------------------|
| | ENDOWMENT | | | | | ENDOWMENT | | | | |
| | Cumulative Contributions | Cumulative excess of Revenues over Expenses | Flow Through Funds | Operations Fund | Total | Cumulative Contributions | Cumulative excess of Revenues over Expenses | Flow Through Funds | Operations Fund | Total |
| Revenues: | | | | | | | | | | |
| Donations | \$ 1,576,514 | \$ - | \$ 6,768,350 | \$ 231,327 | \$ 8,576,191 | \$ 1,233,364 | \$ - | \$ 8,508,711 | \$ 147,452 | \$ 9,889,527 |
| Investment income (loss) (Note 8) | - | 4,472,625 | 856,537 | 209,901 | 5,539,063 | - | (4,523,600) | 11,128 | 91,774 | (4,420,698) |
| Fees - managed funds & professional services | - | - | - | 314,295 | 314,295 | - | - | - | 238,921 | 238,921 |
| Life insurance - premium donations | - | - | - | 10,730 | 10,730 | - | - | - | 9,826 | 9,826 |
| | 1,576,514 | 4,472,625 | 7,624,887 | 766,253 | 14,440,279 | 1,233,364 | (4,523,600) | 8,519,839 | 487,973 | 5,717,576 |
| Expenses: | | | | | | | | | | |
| Grants | - | (1,829,890) | (2,366,547) | 25,351 | (4,171,086) | - | (1,913,267) | (3,841,554) | 26,607 | (5,728,214) |
| Fees - endowed & flow through | - | (867,518) | (101,253) | 965,511 | (3,260) | - | (874,619) | (65,945) | 937,656 | (2,908) |
| Operating expenses | - | - | - | (1,480,741) | (1,480,741) | - | - | - | (1,286,173) | (1,286,173) |
| Life insurance - premiums paid | - | - | - | (17,655) | (17,655) | - | - | - | (23,416) | (23,416) |
| Life insurance - change in cash surrender value | - | (5,437) | - | - | (5,437) | - | (13,790) | - | - | (13,790) |
| | - | (2,702,845) | (2,467,800) | (507,534) | (5,678,179) | - | (2,801,676) | (3,907,499) | (345,326) | (7,054,501) |
| Fundraising: | | | | | | | | | | |
| Gross revenue | - | - | - | - | - | - | - | - | 284,992 | 284,992 |
| Expenses | - | - | - | - | - | - | - | - | (190,180) | (190,180) |
| | - | - | - | - | - | - | - | - | 94,812 | 94,812 |
| Excess (deficiency) of revenues over expenses | 1,576,514 | 1,769,780 | 5,157,087 | 258,719 | 8,762,100 | 1,233,364 | (7,325,276) | 4,612,340 | 237,459 | (1,242,113) |
| Fund transfers | (1,012,772) | (87,369) | 1,100,141 | - | - | - | - | - | - | - |
| Fund balance, beginning of year | 45,529,184 | 8,075,476 | 12,091,834 | 897,210 | 66,593,704 | 44,295,820 | 15,400,752 | 7,479,494 | 659,751 | 67,835,817 |
| Fund balance, end of year | \$ 46,092,926 | \$ 9,757,887 | \$ 18,349,062 | \$ 1,155,929 | \$ 75,355,804 | \$ 45,529,184 | \$ 8,075,476 | \$ 12,091,834 | \$ 897,210 | \$ 66,593,704 |

See accompanying notes to financial statements



STATEMENT OF CASH FLOWS

For the year ended December 31, 2023, with comparative figures for 2022

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Cash and Cash Equivalents provided by (used in): | | |
| Operating activities: | | |
| Excess (deficiency) of revenues over expenditures | \$ 8,762,100 | \$ (1,242,113) |
| Items not involving cash: | | |
| Investment Income Reinvested (Note 8) | (2,173,477) | (2,624,881) |
| Changes in fair value of investments (Note 8) | (5,341,281) | 8,837,119 |
| Investment income (loss) allocated to Managed Funds (Note 8) | 1,970,875 | (1,949,185) |
| | 3,218,217 | 3,020,940 |
| Change in cash surrender value of life insurance policies | 5,437 | 13,790 |
| | 3,223,654 | 3,034,730 |
| Changes in non-cash working capital: | | |
| Accounts Receivable | (11,578) | 131,623 |
| Prepaid expenses | - | 7,671 |
| Accounts payable and accrued liabilities | 148 | 7,076 |
| Grants Payable | (54,044) | (18,039) |
| Deferred Revenue | 31,956 | 43,469 |
| | 3,190,136 | 3,206,530 |
| Investing activities: | | |
| Purchase of investments | (3,989,571) | (31,754,227) |
| Proceeds from sale of investments | 2,530,241 | 23,048,582 |
| | (1,459,330) | (8,705,645) |
| Fund Management activities: | | |
| Managed Funds - Contributions (Note 7) | 897,513 | 315,120 |
| Managed Funds - Withdrawals (Note 7) | (786,715) | (325,263) |
| Managed Funds - Fees (Note 7) | (171,908) | (170,649) |
| | (61,110) | (180,792) |
| Net increase (decrease) in Cash and Cash Equivalents | 1,669,696 | (5,679,907) |
| Cash and Cash Equivalents, beginning of year | 2,082,631 | 7,762,538 |
| Cash and Cash Equivalents, end of year (Note 3) | \$ 3,752,327 | \$ 2,082,631 |

See accompanying notes to financial statements



Notes to Financial Statements
Year ended December 31, 2023

1. Purpose of the Foundation

The Foundation was established as the Saskatoon Foundation by an Act of the Saskatchewan Legislature in 1970 (updated in 1994, 2005 and 2020) to benefit the citizens of Saskatoon by supporting registered charitable organizations which contribute to the quality of life in Saskatoon. 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. 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 administration fees charged to the endowment.

Income from the investment of endowed funds is dispersed in accordance with the Foundation's Spending Policy. In 2023 the percentage of the funds distributed as grants was 3.5% (2022 – 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 2023 the percentage of the fund balances used for this allocation was 3.50% (2022 – 3.50%).



Notes to Financial Statements
Year ended December 31, 2023 (continued)

2. Significant Accounting Policies (continued)

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 2023 the percentage charged for this administration fee varied from 1.0% to 2.0% per annum (2022 – varied from 1.0% to 2.0%) 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 and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and savings account and term deposits which are highly liquid with original maturities of less than three months at the date of acquisition. Cash and cash equivalents exclude cash held in investments.

Short term investments

The Foundation holds term deposits for investment purposes with the intention of holding the term deposits to maturity. Interest revenue is recognized as revenue when benefits accrue.

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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to estimation uncertainty are fair value of investments that are based on unobservable market variables. Actual results could differ from those estimates.

Financial Instruments

The Foundation recognizes and measures its financial instruments as follows:

Cash and cash equivalents, short term investments, accounts receivable, accounts payable and accrued liabilities and grants payable are initially recorded at their fair value; and are subsequently measured at amortized cost; and cash surrender value of life insurance, investments and managed funds are initially recorded at fair value and subsequently measured at fair value.



Notes to Financial Statements
Year ended December 31, 2023 (continued)

2. Significant Accounting Policies (continued)

Financial Instruments (continued)

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 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, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected 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 or 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 impairment charge.

3. Cash and Cash Equivalents

| | 2023 | 2022 |
|---|------------------|------------------|
| | \$ | \$ |
| Operating Account | 3,315,309 | 563,313 |
| Savings Account | 440,018 | 1,519,318 |
| Cash and Cash Equivalents, end of year | 3,755,327 | 2,082,631 |

4. Short term investments

Included in short term investments are term deposits with a major Canadian financial institution which bear interest at rates of 4.75% and 5.6% and mature in between May and December 2024. Amounts are invested based on estimated financial requirements of the Foundation.

5. 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.

The endowed assets held by the Saskatoon Community Foundation are professionally managed by SEI Investments. These investments are managed under the Foundation's Statement of Investment Beliefs and Statement of Investment Principles approved by the Board and monitored on a quarterly basis by the Investment Committee.



Notes to Financial Statements
Year ended December 31, 2023 (continued)
Investments (continued)

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Cash and Cash Equivalents | 21,675 | 12,030,078 |
| Bonds and debentures | 23,813,093 | 22,298,840 |
| Equities | | |
| Canadian | 4,489,433 | 4,124,946 |
| United States | 13,973,235 | 12,544,206 |
| International | 13,531,286 | 12,595,503 |
| Real Estate LP | 13,034,865 | 13,625,259 |
| Infrastructure LP | 13,011,531 | - |
| Pooled Investments, end of year | 81,875,118 | 77,218,832 |

As at December 31, 2022 the Foundation was in process of investing an amount of \$12 million which was recorded as cash and cash equivalents in investments. This amount was subsequently invested in the Infrastructure LP during 2023.

Some endowed funds and one non-endowed fund are held outside of the Pooled Funds. They are governed under Non-pooled Investment Policy.

| | | |
|---------------------------------------|-------------------|-------------------|
| Other Investments, end of year | 7,724,000 | 7,088,423 |
| Total Investments, end of year | 89,599,118 | 84,307,255 |

6. Life Insurance Policies

The Foundation is the owner of life insurance policies with an insured value of \$2,490,397 (2022 - \$2,490,397). 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 2023 by \$5,437 (2022 decreased by \$13,790). Cash surrender value of the policies at December 31, 2023 is \$139,575 (2022-\$145,012).

7. Managed Funds

Investments include funds which are held 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.

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Managed Funds, beginning of year | 22,707,189 | 24,837,166 |
| Funds received, in trust | 897,513 | 315,120 |
| Income (loss) allocated to Managed Funds | 1,970,875 | (1,949,185) |
| Withdrawals | (786,715) | (325,263) |
| Administration fees charged | (171,908) | (170,649) |
| Managed Funds, end of year | 24,616,954 | 22,707,189 |



Notes to Financial Statements
Year ended December 31, 2023 (continued)

8. Investment Income/(loss)

| | 2023 | 2022 |
|---|------------------|--------------------|
| | \$ | \$ |
| Investment Income Reinvested | 2,173,477 | 2,624,881 |
| Changes in fair value of investments | 5,341,281 | (8,837,119) |
| Interest income | 209,901 | 91,774 |
| Gross Investment (loss) income | 7,724,659 | (6,120,464) |
| Less: Fees paid to investment managers | (214,721) | (249,419) |
| | 7,509,938 | (6,369,883) |
| Add: Loss (Income) allocated to Managed Funds | (1,970,875) | 1,949,185 |
| Investment (loss) income | 5,539,063 | (4,420,698) |

Gross investment (loss) income in 2023 includes realized gains on investments of \$20,024 (2022 – realized losses on investments of \$164,534).

9. Fund Transfers

All Fund transfers were completed in accordance with the Fund Transfer Policy.

10. Commitments

Lease Commitments

The Foundation leases premises under leases expiring November 30, 2027. The fixed minimum annual lease payments in each of the next 5 years and thereafter are as follows:

| | Total |
|------|--------------|
| 2024 | 59,799 |
| 2025 | 59,799 |
| 2026 | 59,799 |
| 2027 | 54,816 |

Commitment to Grants

In accordance the Foundation's Spending Policy, the Board of Directors of the Foundation has approved the distribution of 3.5% of the endowment as grants for the fiscal year 2024. This percentage of funds distributed as grants is consistent with prior years and meets CRA requirements. For the 2025 fiscal year, the Board of Directors committed to a grant distribution of 3.5%.

11. Financial Instruments

The Foundation's financial instruments consist of cash and cash equivalents, accounts receivable, short-term investments, investments at fair value, cash surrender value of life insurance, accounts payable, grants payable and managed funds.



Notes to Financial Statements
Year ended December 31, 2023 (continued)

11. Financial Instruments (continued)

The Foundation's financial instruments have exposure to credit, currency, interest and other price risks. Fair values may fluctuate because of changes in market prices, exchange 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.

(a) Credit risk:

The Foundation is exposed to credit risk primarily on cash accounts, short term investments and investments. Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Credit risk related to cash is minimized by dealing with financial institutions that have strong credit ratings. Investments meet guidelines stipulated in the Statement of Investment Principles on diversification to reduce exposure. There has been no material change to the risk exposure from 2022.

(b) Currency risk:

The Foundation is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. This risk relates to investments held in International and US equity pooled funds. Management and the investment committee regularly review and monitor these investments to ensure they meet guidelines stipulated in Statement of Investment Policy. There has been no material change to the risk exposure from 2022.

(c) 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. Short term investments consist of term deposits and investments consist of bonds and debentures and real estate funds which the Foundation is exposed to changes in interest rates. Management and the investment committee regularly review and monitor the investments to ensure they meet guidelines stipulated in Statement of Investment Policy. Changes in interest rates during the year impacted the fair value of bonds.

(d) Other risk:

The Foundation is exposed to equity price risk as the Foundation investments includes holdings in equity funds. This risk relates to changes in the equity markets. Management and the investment committee regularly review and monitor these investments to ensure they meet guidelines stipulated in Statement of Investment Principles. There has been no material change to the risk exposure from 2022.