
SASKATOON COMMUNITY FOUNDATION

**Financial Statements
December 31, 2007**

March 20, 2008

Auditors' Report

To the Board of Directors of Saskatoon Community Foundation

We have audited the statement of financial position of **The Saskatoon Community Foundation** as at December 31, 2007 and the statements of endowment, equity in capital assets and revenue and expenditures for the year then ended. These financial statements are the responsibility of the foundation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the foundation as at December 31, 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

SASKATOON COMMUNITY FOUNDATION

Statement of Financial Position

December 31, 2007 with comparative figures for 2006.

	2007	2006
Assets		
Current assets:		
Cash	\$ 512,693	\$ 98,851
Accounts Receivable	31,709	45,523
Prepaid expenses	2,248	2,124
	<u>546,650</u>	<u>146,498</u>
Investments, at market (note 2)	22,167,888	19,161,664
Cash surrender value of life insurance (note 3)	144,645	169,202
Capital assets, net (note 4)	2,529	4,781
	<u>\$ 22,861,712</u>	<u>\$ 19,482,145</u>
Liabilities, Equity and Endowment		
Current liabilities:		
Accounts payable	\$ 57,805	\$ 43,487
Grants payable	814	1,586
Trust projects payable	7,787	26,310
Flow through funds payable (note 5)	10,846	72,298
Unearned revenue	11,765	15,925
Managed funds, at market (note 6)	5,323,476	4,435,197
	<u>5,412,493</u>	<u>4,594,803</u>
Equity in capital assets	2,529	4,781
Endowment (note 7)	17,446,690	14,882,561
	<u>17,449,219</u>	<u>14,887,342</u>
	<u>\$ 22,861,712</u>	<u>\$ 19,482,145</u>

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Statement of Equity in Capital Assets

For the year ended December 31, 2007 with comparative figures for 2006.

	2007		2006	
Balance, beginning of year	\$	4,781	\$	7,033
Amortization expense		(2,252)		(2,252)
Balance, end of year	\$	2,529	\$	4,781

Statement of Endowment (note 7)

For the year ended December 31, 2007 with comparative figures for 2006.

	2007		2006	
Balance, beginning of year	\$	14,882,561	\$	12,515,261
Excess (deficiency) of revenue over expenditures		(328,874)		695,939
Donations including bequests		2,915,308		1,606,064
Change in cash surrender value of life insurance policies owned		(24,557)		63,045
Transfer from equity in capital assets		2,252		2,252
Balance, end of year	\$	17,446,690	\$	14,882,561

SASKATOON COMMUNITY FOUNDATION

Statement of Revenue and Expenditures

For the year ended December 31, 2007 with comparative figures for 2006.

	2007	2006
Revenue, Grants and Operating Expenditures:		
Investment income, net	\$ 325,436	\$ 1,541,345
Donations specified for community and leadership projects:		
Anonymous Donor Challenge	57,548	50,000
Cameco Caring Community	35,500	30,500
CKOM Adopt a Family	35,486	21,743
Other flow through donations	149,210	172,208
	<u>277,744</u>	<u>274,451</u>
Other Donations, Fees and Fundraising Activities		
Donations specified for Administration and Capacity Building	79,609	152,982
Life Insurance premiums received	143,351	71,674
Fees earned for management services provided	66,958	3,500
Fundraising and other events	325,977	11,872
	<u>615,895</u>	<u>240,028</u>
Total Revenue	1,219,075	2,055,824
Grants and Expenditures:		
Grants	812,051	732,537
Income allocated to managed funds	76,221	144,345
Life Insurance premiums paid	143,351	71,674
Fundraising and other event expenses	127,794	4,651
Operating expenditures	388,532	406,678
	<u>1,547,949</u>	<u>1,359,885</u>
Excess (deficiency) of revenue over expenditures	\$ (328,874)	\$ 695,939

Saskatoon Community Foundation

Notes to Financial Statements

December 31, 2007

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).

1. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, on a restricted fund accounting basis, and include the following significant accounting policies:

Investments

The Foundation has adopted the Canadian Institute of Chartered Accountants recommendations outlined in *Section 3855 Financial Instruments – Recognition and Measurement* to include all accrued interest, dividends and lease payments received and receivable, and all unrealized market gains or losses earned on the investments, less all investment and custodial fees. The Foundation has designated its investments as held-for-trading, effective January 1, 2007. The Foundation records its investments at market value.

Trust projects payable

The Foundation receives funds to be used in separate programs. The Foundation administers these funds, but does not have any residual right to the funds. Accordingly, the Foundation does not include these funds in income and the disbursement of these funds is recorded as a reduction to the trust projects payable account.

Flow-through funds

Flow-through funds are not endowed. They are received as donations for distribution over a period of time for a specific project.

Cash surrender value of donated life insurance policies

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

Capital assets

Expenditures on capital assets are capitalized and amortized on the following basis:

Equipment	5 years straight-line
Computer equipment	3 years straight-line
Artwork	No amortization

One-half of the full year's amortization is provided in the year of acquisition.

Endowment

All contributions, including bequests and donations, identified by the donor as endowed are recorded as an increase to the endowment. The terms of the Act incorporating the Foundation are that these capital contributions are not to be expended by the Foundation. The endowment is also increased by the amount by which net investment income exceeds grants and operating expenditures for the year, and by the increase (decrease) in the cash surrender value of life insurance policies owned by the Foundation, in excess of the premiums paid to maintain those policies. The Board of Directors, from time to time, may allocate a portion of net proceeds from fundraising events and special events, to the endowment.

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Financial instruments

The Foundation's financial instruments are comprised of cash, accounts receivable, prepaid expenses, investments, cash surrender value of life insurance, accounts payable, grants payable, trust projects payable, flow through funds payable, unearned revenue and managed funds. The carrying values of items approximate their fair values with the exception of investments and managed funds, the carrying values of which are determined based on market values as at December 31.

The Foundation is exposed to fluctuations in market prices of stocks and bonds, interest rates and exchange rates and credit risks on bonds. The Foundation's investment policies, standards and procedures prescribe the asset mix of investments, including the amount of foreign content and credit ratings of bond issuers. These policies, standards and procedures are designed to avoid undue risk of loss and impairment of assets and to provide a reasonable expectation of fair return given the nature of the investments. The maximum investment risk of the Foundation is represented by the market value of the investments.

2. Investments

The gains (losses) included in net investment income for the year-ended December 31, 2007 are (\$327,806), for the year ended December 31, 2006 - \$1,026,284.

3. Life insurance policies

The Foundation is the owner of life insurance policies with an insured value of \$3,844,279 (2006 - \$3,694,279).

Life insurance premiums paid by donors on policies owned by the Foundation are shown as both donations and operating expenses on the statement of Revenue and Expenditures.

4. Capital assets

	2007			2006
	Cost	Accumulated Amortization	Net	Net
	\$	\$	\$	\$
Equipment	23,856	23,261	595	978
Computer equipment	5,607	4,673	934	2,803
Artwork	1,000	-	1,000	1,000
	30,463	27,934	2,529	4,781

5. Flow-through funds payable

The Foundation accepts and receives funds from donors, as donations, which are to be paid out to registered charities or qualified donees. Certain of these funds have not been paid out at year-end. In the next fiscal year when the donee has completed the conditions of the agreement, the funds will be paid out and recorded as flow-through donations on the statement of Revenue and Expenditures.

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6. Managed Funds

Investments include funds which are managed by the Foundation for certain agencies. Under agreements, the Foundation manages these funds and allocates investment returns to those managed funds at the rate of return of the investment portfolio of the Foundation, net of a fee for service.

	2007	2006
	\$	\$
Managed Funds		
Balance, beginning of year	4,435,197	2,016,117
Funds received in trust during the year	1,110,283	2,515,692
Income earned and allocated	76,221	144,345
Withdrawals	(263,966)	(228,037)
Administration fees charged	(34,259)	(12,920)
Total Managed Funds	5,323,476	4,435,197

7. Endowment

Income from all 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. The endowment is comprised of two components:

The cumulative contributions to the endowment, (by way of donations and bequests), which cannot be distributed under the terms of the legislation establishing the Foundation; and

The cumulative net investment income earned in excess of the cumulative grants and expenditures made, since the inception of the Foundation.

	2007	2006
	\$	\$
Cumulative contributions to the endowment		
Balance, beginning of year	12,275,849	10,606,740
Donations, including bequests	2,915,308	1,606,064
Change in cash surrender value of life insurance policies owned	(24,557)	63,045
Balance, end of year	15,166,600	12,275,849
Cumulative revenue in excess of cumulative grants and operating expenditures		
Balance, beginning of year	2,606,712	1,908,521
Excess (deficiency) of revenue over expenditures	(328,874)	695,939
Transfer from equity in capital assets	2,252	2,252
Balance, end of year	2,280,090	2,606,712
Total Endowment	17,446,690	14,882,561

For purposes of granting, the income earned on endowed funds is either restricted or unrestricted.

Funds earning unrestricted income – are funds which support charities chosen at the discretion of the Board of Directors.

Funds earning restricted income – are funds intended to provide support for a general area such as education or the environment (Field of Interest), or to support a particular charity as named by the donor (Designated), or to support education (Student awards), or to support a charity decided by the donor on an annual basis (Donor Advised), or to support a particular charity from funds they have transferred to the Foundation (Agency Endowments).

The Board established an administrative endowment from the MacDermid Estate and other transfers. This fund is part of the funds earning restricted income. An annual allocation of a portion of the earnings on this fund is used to assist in funding administrative costs associated with operating the Foundation. In 2007 the percentage used for this allocation was 4.5% (2006 - 4.5%).

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8. Statement of cash flows

A separate statement of cash flows has not been presented since cash flows from operating, investing and financing activities are readily apparent from the other statements.

9. Prior year reclassification

Certain prior year's figures have been reclassified to facilitate comparison.