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# SASKATOON COMMUNITY FOUNDATION

Financial Statements

December 31, 2008

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April 17, 2009

## **Auditors' Report**

### **To the Board of Directors of Saskatoon Community Foundation**

We have audited the statement of financial position of **Saskatoon Community Foundation** as at December 31, 2008 and the statement of revenues, expenditures and fund balances 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, 2008 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, 2008, with comparative figures for 2007.

	2008	2007
<b>Assets</b>		
Current assets:		
Cash	\$ 225,788	\$ 512,693
Accounts Receivable	16,035	22,621
Prepaid expenses	2,124	2,248
	243,947	537,562
Investments, at market	21,406,354	22,167,888
Cash surrender value of life insurance (note 2)	167,831	144,645
Capital assets, net (note 3)	1,212	2,529
	\$ 21,819,344	\$ 22,852,624
<b>Liabilities and Fund Balances</b>		
Current liabilities:		
Accounts payable	\$ 61,080	\$ 57,805
Grants payable	4,757	814
Trust projects payable	15,941	7,787
Flow through donations payable (note 4)	9,046	10,846
Unearned revenue	15,192	11,765
Managed funds, at market (note 5)	4,961,772	5,314,388
	5,067,788	5,403,405
Endowment:		
Cumulative contributions	17,349,467	15,240,695
Cumulative excess of revenue over expenditures (expenditures over revenue)	(794,695)	2,205,995
	16,554,772	17,446,690
Operations Surplus (note 6)	195,572	-
Equity in Capital Assets	1,212	2,529
	16,751,556	17,449,219
	\$ 21,819,344	\$ 22,852,624

**Approved by the Board of Directors:**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# SASKATOON COMMUNITY FOUNDATION

## Statement of Revenues, Expenditures and Fund Balances

For the year ended December 31, 2008 with comparative figures for 2007.

	2008					2007				
	ENDOWMENT		Operations Fund (note 8)	Equity in Capital Assets	TOTAL	ENDOWMENT		Equity in Capital Assets	TOTAL	
	Cumulative Contributions	Cumulative Revenue in excess of Expenditures				Cumulative Contributions	Cumulative Revenue in excess of Expenditures			
<b>Revenues:</b>										
Donations including bequests	\$ 2,053,161	\$ -	\$ -	\$ -	\$ 2,053,161	\$ 2,915,308	\$ -	\$ -	\$ 2,915,308	
Flow through donations (note 4)	-	136,445	-	-	136,445	-	184,710	-	184,710	
Donations specified for administration and capacity building	-	-	60,000	-	60,000	-	55,000	-	55,000	
Donations received for Life Insurance premiums	-	-	65,225	-	65,225	-	71,677	-	71,677	
Anonymous Donor Challenge	-	-	-	-	-	-	57,548	-	57,548	
Investment income (loss), net (note 7)	-	(2,213,885)	-	-	(2,213,885)	-	232,611	-	232,611	
Fees earned from management services	-	-	73,458	-	73,458	-	83,962	-	83,962	
Mayor's Gala and other fundraising event revenues (note 8)	-	-	297,280	-	297,280	-	198,183	-	198,183	
Sponsorship of annual report and other expenses	-	-	7,500	-	7,500	-	24,209	-	24,209	
Income from charitable activities	-	31,978	-	-	31,978	-	35,486	-	35,486	
	2,053,161	(2,045,462)	503,463	-	511,162	2,915,308	943,386	-	3,858,694	
<b>Grants and Expenditures:</b>										
Grants including flow through donations	-	(754,601)	20,278	-	(734,323)	-	(812,051)	-	(812,051)	
Administration charges to endowed funds	-	(200,627)	200,627	-	-	-	-	-	-	
Operating expenses	-	-	(431,146)	(1,317)	(432,463)	-	(386,280)	(2,252)	(388,532)	
Life Insurance premiums paid	-	-	(65,225)	-	(65,225)	-	(71,677)	-	(71,677)	
	-	(955,228)	(275,466)	(1,317)	(1,232,011)	-	(1,270,008)	(2,252)	(1,272,260)	
<b>Other:</b>										
Change in cash surrender value of life insurance policies owned	23,186	-	-	-	23,186	(24,557)	-	-	(24,557)	
	23,186	-	-	-	23,186	(24,557)	-	-	(24,557)	
<b>Excess of revenues over expenditures (expenditures over revenues)</b>	<b>2,076,347</b>	<b>(3,000,690)</b>	<b>227,997</b>	<b>(1,317)</b>	<b>(697,663)</b>	<b>2,890,751</b>	<b>(326,622)</b>	<b>(2,252)</b>	<b>2,561,877</b>	
<b>Balance, beginning of year</b>	15,240,695	2,205,995	-	2,529	17,449,219	12,275,849	2,606,712	4,781	14,887,342	
Funds transferred to the endowment from the Mayor's Gala	32,425	-	(32,425)	-	-	74,095	(74,095)	-	-	
<b>Balance, end of year</b>	<b>\$ 17,349,467</b>	<b>\$ (794,695)</b>	<b>\$ 195,572</b>	<b>\$ 1,212</b>	<b>\$ 16,751,556</b>	<b>\$ 15,240,695</b>	<b>\$ 2,205,995</b>	<b>\$ 2,529</b>	<b>\$ 17,449,219</b>	

# Saskatoon Community Foundation

Notes to Financial Statements

December 31, 2008

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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, and include the following significant accounting policies:

### Fund accounting

The Foundation follows the Restricted Fund method of accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, all donations 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 Revenue in excess of Expenditures Fund* reports the income earned (loss incurred) on the entire endowment, in excess of grants made and administrations fees charged to the endowment, as well as flow through donations received and activities undertaken specifically for distribution for charitable purposes.

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. 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 the charity has transferred to the Foundation (Agency Endowments).

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 assist in funding administrative costs associated with operating the Foundation. In 2008 the percentage used for this allocation was 4.5% (2007 - 4.5%).

#### Operations Fund

The Operations fund reports resources available for the Foundation's general operating and administration. 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.

### Investments

The Foundation has adopted the Canadian Institute of Chartered Accountants recommendations outlined in *Sections 3855 Financial Instruments – Recognition and Measurement* and *3861 Financial Instruments – Disclosure and Presentation* 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.

# Saskatoon Community Foundation

Notes to Financial Statements

December 31, 2008

---

## 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 donations

Flow-through donations 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.

## 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 donations payable, unearned revenue and managed funds. The carrying values of these financial instruments approximate their fair 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. Life insurance policies

The Foundation is the owner of life insurance policies with an insured value of \$4,069,279 (2007 - \$3,844,279). Life insurance premiums paid by donors on policies owned by the Foundation are shown as both donations and operating expenses on the Statement of Revenues Expenditures and Fund Balances.

## 3. Capital assets

	2008			2007
	Cost	Accumulated Amortization	Net	Net
	\$	\$	\$	\$
Equipment	23,856	23,856	-	595
Computer equipment	5,607	5,395	212	934
Artwork	1,000	-	1,000	1,000
	<u>30,463</u>	<u>29,251</u>	<u>1,212</u>	<u>2,529</u>

# Saskatoon Community Foundation

Notes to Financial Statements

December 31, 2008

---

## 4. Flow-through donations payable

The Foundation accepts and receives donations which are to be paid out to registered charities or qualified donees. Certain of these donations 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 dispersed.

## 5. 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 rate of return of the investment portfolio of the Foundation, net of a fee for service.

	<u>2008</u>	<u>2007</u>
	\$	\$
Balance, beginning of year	5,314,388	4,425,500
Funds received in trust during the year	280,005	1,072,104
Income (loss) earned and allocated	(594,883)	105,727
Withdrawals	(11,365)	(263,966)
Administration fees charged	(26,373)	(24,977)
<b>Balance, end of year</b>	<b><u>4,961,772</u></b>	<b><u>5,314,388</u></b>

## 6. Operations Fund

The Board established that a separate accounting of operating revenues and expenditures would be done for the year ended December 31, 2008.

## 7. Investment Income

	<u>2008</u>	<u>2007</u>
	\$	\$
Gains (losses) on investments	(3,849,132)	(350,975)
Interest	49,533	63,962
Dividends	1,055,684	703,755
Oil lease revenue	19,722	6,056
Other	4,822	5,363
	<u>(2,719,371)</u>	<u>428,161</u>
Less: Fees paid to investment managers	89,397	89,823
	<u>(2,808,768)</u>	<u>338,338</u>
Less: Income (loss) allocated to Managed Funds	(594,883)	105,727
<b>Investment Income (loss), net</b>	<b><u>(2,213,885)</u></b>	<b><u>232,611</u></b>

## 8. Mayor's Gala

Revenues of the Operations Fund include net revenue from the Mayor's Gala fundraising event of \$297,280 (2007 - \$198,183). Gross revenue and expenses were \$412,829 and \$115,549 respectively (2007 - \$325,977 and \$127,794).

## 9. 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.

## 10. Prior year reclassification

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