
SASKATOON COMMUNITY FOUNDATION

Financial Statements
December 31, 2009

April 15, 2010

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, 2009 and the statement of revenues, expenditures and fund balances, and cash flows 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, 2009 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, 2009, with comparative figures for 2008.

	2009	2008
Assets		
Current assets:		
Cash	\$ 2,006,431	\$ 225,788
Accounts Receivable	17,004	16,035
Prepaid expenses	2,157	2,124
	<u>2,025,592</u>	<u>243,947</u>
Investments, at market	25,590,285	21,406,354
Cash surrender value of life insurance (note 2)	189,305	167,831
Capital assets, net (note 3)	-	1,212
	<u>\$ 27,805,182</u>	<u>\$ 21,819,344</u>
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable	\$ 82,107	\$ 61,080
Grants payable	1,189	4,757
Trust projects payable	8,039	15,941
Flow through donations payable (note 4)	1,825	9,046
Unearned revenue	1,386	15,192
Managed funds, at market (note 5)	5,783,338	4,961,772
	<u>5,877,884</u>	<u>5,067,788</u>
Endowment:		
Cumulative contributions	20,008,231	17,349,467
Cumulative excess of revenue over expenditures (expenditures over revenue)	1,558,514	(794,695)
	<u>21,566,745</u>	<u>16,554,772</u>
Operations Surplus	65,783	195,572
Funds for Charitable Distribution	294,770	-
Equity in Capital Assets	-	1,212
	<u>21,927,298</u>	<u>16,751,556</u>
	<u>\$ 27,805,182</u>	<u>\$ 21,819,344</u>

Approved by the Board of Directors:

_____ Director

_____ Director

SASKATOON COMMUNITY FOUNDATION

Statement of Revenues, Expenditures and Fund Balances

For the year ended December 31, 2009 with comparative figures for 2008.

	2009						2008					
	ENDOWMENT			ENDOWMENT			ENDOWMENT			ENDOWMENT		
	Cumulative Contributions	Cumulative Revenue in excess of Expenditures	Funds for Charitable Distribution	Equity in Capital Assets	TOTAL	Cumulative Contributions	Cumulative Revenue in excess of Expenditures	Operations Fund	Equity in Capital Assets	TOTAL		
Balance, beginning of year	\$ 17,349,467	\$ (794,695)	\$ 195,572	\$ 1,212	\$ 16,751,556	\$ 15,240,695	\$ 2,205,995	\$ -	\$ 2,529	\$ 17,449,219		
Revenues:												
Donations including bequests	2,150,335	-	-	-	2,445,105	2,053,161	-	-	-	2,053,161		
Flow through donations (note 4)	-	309,346	-	-	309,346	-	136,445	-	-	136,445		
Donations specified for administration and capacity building	-	-	176,400	-	176,400	-	-	60,000	-	60,000		
Donations received for Life Insurance premiums	-	-	132,941	-	132,941	-	-	65,225	-	65,225		
Anonymous Donor Challenge	-	25,000	-	-	25,000	-	-	-	-	-		
Investment income (loss), net (note 6)	-	2,603,682	-	-	2,603,682	-	(2,213,885)	-	-	(2,213,885)		
Fees earned from management services	-	-	79,253	-	79,253	-	-	73,458	-	73,458		
Mayor's Gala and other fundraising event revenues (note 7)	-	-	312,101	-	312,101	-	-	297,280	-	297,280		
Sponsorship of annual report and other expenses	-	-	8,750	-	8,750	-	-	7,500	-	7,500		
Income from charitable activities	-	34,332	-	-	34,332	-	31,978	-	-	31,978		
	2,150,335	2,972,360	709,445	-	6,126,910	2,053,161	(2,045,462)	503,463	-	511,162		
Grants and Expenditures:												
Grants including flow through donations	-	(417,678)	-	-	(417,678)	-	(754,601)	20,278	-	(734,323)		
Administration charges to endowed funds	-	(220,473)	220,473	-	-	-	(200,627)	200,627	-	-		
Operating expenses	-	-	(426,156)	(1,212)	(427,368)	-	-	(431,146)	(1,317)	(432,463)		
Life Insurance premiums paid	-	-	(127,596)	-	(127,596)	-	-	(65,225)	-	(65,225)		
	-	(638,151)	(333,279)	(1,212)	(972,642)	-	(955,228)	(275,466)	(1,317)	(1,232,011)		
Other:												
Increase in cash surrender value of life insurance policies owned	21,474	-	-	-	21,474	23,186	-	-	-	23,186		
	21,474	-	-	-	21,474	23,186	-	-	-	23,186		
Excess of revenues over expenditures (expenditures over revenues)	2,171,809	2,334,209	376,166	(1,212)	5,175,742	2,076,347	(3,000,690)	227,997	(1,317)	(697,663)		
Fund Transfers												
Allocated from Mayor's Gala net revenues	486,955	19,000	(505,955)	-	-	32,425	-	(32,425)	-	-		
Balance, end of year	\$ 20,008,231	\$ 1,558,514	\$ 65,783	\$ -	\$ 21,927,298	\$ 17,349,467	\$ (794,695)	\$ 195,572	\$ 1,212	\$ 16,751,556		

SASKATOON COMMUNITY FOUNDATION

Statement of Cash Flows

For the year ended December 31, 2009 with comparative figures for 2008.

	2009	2008
Cash provided from (used in):		
Operating activities:		
Excess of revenues over expenditures (expenditures over revenues)	\$ 5,175,742	\$ (697,663)
Items not involving cash:		
(Gains) losses on investments	(3,299,841)	3,849,132
Less: (Gains) losses allocated to Managed Funds	731,597	(594,883)
	2,607,498	2,556,586
Increase in cash surrender value of life insurance policies	(21,474)	(23,186)
Amortization of capital assets	1,212	1,317
	2,587,236	2,534,717
Changes in non-cash working capital:		
Accounts Receivable	(969)	6,586
Prepaid expenses	(33)	124
Accounts payable	21,027	3,275
Grants payable	(3,568)	3,943
Trust projects payable	(7,902)	8,154
Flow through donations payable	(7,221)	(1,800)
Unearned revenue	(13,806)	3,427
	2,574,764	2,558,426
Fund Management activities:		
Contributions to Managed Fund accounts	131,042	280,005
Withdrawals from Managed Fund accounts	(15,271)	(11,365)
Administration fees charged on Managed Funds	(25,802)	(26,373)
	89,969	242,267
Investment activities:		
Purchase of investments (net)	(884,090)	(3,087,598)
	(884,090)	(3,087,598)
Net increase (decrease) in cash	1,780,643	(286,905)
Cash, beginning of year	225,788	512,693
Cash, end of year	\$ 2,006,431	\$ 225,788

Saskatoon Community Foundation

Notes to Financial Statements

December 31, 2009

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. In 2009 the percentage of the funds distributed as grants was nil (2008 – 4.5%). 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 2009 the percentage of the fund balances used for this allocation was nil (2008 – 4.5%).

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 2009 the percentage charged for this administration fee was 1.5% (2008 – 1.6%) 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.

Funds for Charitable Distribution

Funds for Charitable Distribution reports resources available for granting by the Foundation in accordance with purposes which have yet to be specified by the donor. At the time the donation is accepted by the Foundation, the specific purpose or recipient charity is not known. The final dispersal of these funds requires approval of the Foundation's Board of Directors.

Saskatoon Community Foundation

Notes to Financial Statements

December 31, 2009

Investments

The Foundation has adopted the Canadian Institute of Chartered Accountants recommendations outlined in *Sections 3855 Financial Instruments – Recognition and Measurement* and *38 Financial Instruments – Disclosure* 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 donations

Flow-through donations are not endowed. At the time the donation is accepted by the Foundation, the specific purpose or recipient charity is known.

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 has been recorded in prior years. Artwork with a fair value approximately equal to its cost, was completely amortized in the current year.

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 \$3,924,279 (2008 - \$4,069,279). 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.

Saskatoon Community Foundation

Notes to Financial Statements

December 31, 2009

3. Capital assets

	2009		2008	
	Cost	Accumulated Amortization	Net	Net
	\$	\$	\$	\$
Equipment	23,856	23,856	-	-
Computer equipment	5,607	5,607	-	212
Artwork	1,000	1,000	-	1,000
	30,463	30,463	-	1,212

The cost of artwork was completely amortized in the current year.

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.

	2009	2008
	\$	\$
Balance, beginning of year	4,961,772	5,314,388
Funds received in trust during the year	131,042	280,005
Income (loss) earned and allocated	731,597	(594,883)
Withdrawals	(15,271)	(11,365)
Administration fees charged	(25,802)	(26,373)
Balance, end of year	5,783,338	4,961,772

6. Investment Income

	2009	2008
	\$	\$
Gains (losses) on investments	3,299,841	(3,849,132)
Interest	8,097	49,533
Dividends	111,670	1,055,684
Oil lease revenue	2,839	19,722
Other	4,904	4,822
	3,427,351	(2,719,371)
Less: Fees paid to investment managers	92,072	89,397
	3,335,279	(2,808,768)
Less: Income (loss) allocated to Managed Funds	731,597	(594,883)
Investment Income (loss), net	2,603,682	(2,213,885)

7. Mayor's Gala

Revenues of the Operations Fund include net revenue from the Mayor's Gala fundraising event of \$312,101 (2008 - \$297,280). Gross revenue and expenses were \$443,444 and \$131,343 respectively (2008 - \$412,829 and \$115,549). During the year, the Board of Directors of the Foundation approved a transfer of 2008 and 2009 net Gala revenues in the amount of \$438,755 from the Operations Fund to the Cumulative Contributions portion of the Endowment.