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# SASKATOON COMMUNITY FOUNDATION

Financial Statements  
December 31, 2010

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April 4, 2011

**PricewaterhouseCoopers LLP**  
**Chartered Accountants**  
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## **Independent Auditors' Report**

### **To the Board of 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, 2010 and the statement of revenues, expenditures and fund balances, and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

#### **Auditor's 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 the auditor's 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, the auditor considers 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, 2010 and the results of operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**

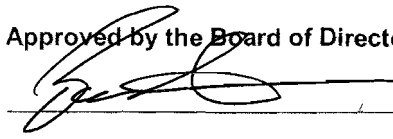
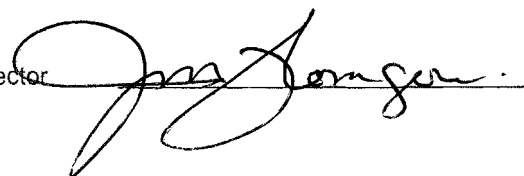
# SASKATOON COMMUNITY FOUNDATION

## Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
<b>Assets</b>		
Current assets:		
Cash	\$ 546,707	\$ 2,006,431
Accounts Receivable	19,614	17,004
Prepaid expenses	3,966	2,157
	570,287	2,025,592
Investments, at market	32,854,626	25,590,285
Cash surrender value of life insurance (note 2)	181,952	189,305
Capital assets, net (note 3)	0	0
	\$ 33,606,865	\$ 27,805,182
<b>Liabilities and Fund Balances</b>		
Current liabilities:		
Accounts payable	\$ 75,835	\$ 82,107
Grants payable	17,131	1,189
Trust projects payable	7,312	8,039
Flow through donations payable (note 4)	24,933	1,825
Unearned revenue	11,765	1,386
Managed funds, at market (note 5)	6,612,288	5,783,338
	\$ 6,749,264	\$ 5,877,884
Endowment:		
Cumulative contributions	\$ 22,833,397	\$ 20,008,231
Cumulative excess of revenue over expenditures	3,406,666	1,558,514
	26,240,063	21,566,745
Operations Surplus	63,240	65,783
Funds for Charitable Distribution	554,298	294,770
Equity in Capital Assets	0	0
	26,857,601	21,927,298
	\$ 33,606,865	\$ 27,805,182

Approved by the Board of Directors:

 Director
  Director

**SASKATOON COMMUNITY FOUNDATION**  
Statement of Revenues, Expenditures and Fund Balances

December 31, 2010

	2010						2009					
	ENDOWMENT						ENDOWMENT					
	Cumulative Contributions	Cumulative Revenue in excess of Expenditures	Operations Fund	Funds for Charitable Distribution	Equity in Capital Assets	TOTAL	Cumulative Contributions	Cumulative Revenue in excess of Expenditures	Operations Fund	Funds for Charitable Distribution	Equity in Capital Assets	TOTAL
<b>Balance, beginning of year</b>	\$ 20,008,231	1,558,514	65,783	294,770	-	\$ 21,927,298	\$ 17,349,467	(794,695)	195,572	-	1,212	\$ 16,751,556
<b>Revenues:</b>												
Donations including bequests	2,521,240	-	-	413,643	-	2,934,883	2,150,335	-	-	294,770	-	2,445,105
Flow through donations (note 4)	-	638,462	-	-	-	638,462	-	309,346	-	-	-	309,346
Donations specified for administration and capacity building	-	-	60,000	-	-	60,000	-	-	176,400	-	-	176,400
Donations received for Life Insurance premiums	-	-	93,513	-	-	93,513	-	-	132,941	-	-	132,941
Anonymous Donor Challenge	-	125,000	-	-	-	125,000	-	25,000	-	-	-	25,000
Investment income, net (note 6)	-	2,760,887	-	-	-	2,760,887	-	2,603,682	-	-	-	2,603,682
Fees earned from management services	-	-	86,517	-	-	86,517	-	-	79,253	-	-	79,253
Mayor's Gala and other fundraising event revenues (note 7)	-	-	303,960	-	-	303,960	-	-	312,101	-	-	312,101
Sponsorship of annual report and other expenses	-	-	6,500	-	-	6,500	-	-	8,750	-	-	8,750
Income from charitable activities	-	40,838	-	-	-	40,838	-	34,332	-	-	-	34,332
	2,521,240	3,565,187	550,490	413,643	-	7,050,560	2,150,335	2,972,360	709,445	294,770	-	6,126,910
<b>Grants and Expenditures:</b>												
Grants including flow through donations	-	(1,367,440)	17,798	(154,115)	-	(1,503,757)	-	(417,678)	-	-	-	(417,678)
Administration charges to Endowed Funds and Funds for Charitable Distribution	-	(349,595)	349,595	-	-	-	-	(220,473)	220,473	-	-	-
Operating expenses	-	-	(502,450)	-	-	(502,450)	-	-	(426,156)	-	(1,212)	(427,368)
Life Insurance premiums paid	-	-	(106,697)	-	-	(106,697)	-	-	(127,596)	-	-	(127,596)
	-	(1,717,035)	(241,754)	(154,115)	-	(2,112,904)	-	(638,151)	(333,279)	-	(1,212)	(972,642)
<b>Other:</b>												
Increase (decrease) in cash surrender value of life insurance policies owned	(7,353)	-	-	-	-	(7,353)	21,474	-	-	-	-	21,474
	(7,353)	-	-	-	-	(7,353)	21,474	-	-	-	-	21,474
<b>Excess of Revenues over Expenditures (Expenditures over Revenues)</b>	<b>2,513,887</b>	<b>1,848,152</b>	<b>308,736</b>	<b>259,528</b>	<b>-</b>	<b>4,930,303</b>	<b>2,171,809</b>	<b>2,334,209</b>	<b>376,166</b>	<b>294,770</b>	<b>(1,212)</b>	<b>5,175,742</b>
<b>Fund Transfers</b>												
Allocated from Mayor's Gala and other fundraiser events (note 7)	311,279	-	(311,279)	-	-	-	486,955	19,000	(505,955)	-	-	-
<b>Balance, end of year</b>	<b>\$ 22,833,397</b>	<b>3,406,666</b>	<b>63,240</b>	<b>554,298</b>	<b>-</b>	<b>\$ 26,857,601</b>	<b>\$ 20,008,231</b>	<b>1,558,514</b>	<b>65,783</b>	<b>294,770</b>	<b>-</b>	<b>\$ 21,927,298</b>

# SASKATOON COMMUNITY FOUNDATION

## Statement of Cash Flows

December 31, 2010

	2010	2009
<b>Cash provided from (used in):</b>		
<b>Operating activities:</b>		
Excess of revenues over expenditures	\$ 4,930,303	\$ 5,175,742
Items not involving cash:		
(Gains) on investments	(3,413,757)	(3,299,841)
Less: Gains allocated to Managed Funds	662,864	731,596
	2,179,410	2,607,497
Decrease (Increase) in cash surrender value of life insurance policies	7,353	(21,474)
Amortization of capital assets	-	1,212
	2,186,763	2,587,235
Changes in non-cash working capital:		
Accounts Receivable	(2,610)	(969)
Prepaid expenses	(1,809)	(33)
Accounts payable	(6,272)	21,027
Grants payable	15,942	(3,568)
Trust projects payable	(727)	(7,902)
Flow through donations payable	23,108	(7,221)
Unearned revenue	10,379	(13,806)
	2,224,774	2,574,763
<b>Fund Management activities:</b>		
Contributions to Managed Fund accounts	239,053	131,042
Withdrawals from Managed Fund accounts	(42,362)	(15,271)
Administration fees charged on Managed Funds	(30,605)	(25,802)
	166,086	89,969
<b>Investment activities:</b>		
Purchase of investments (net)	(3,850,584)	(884,089)
	(3,850,584)	(884,089)
<b>Net increase (decrease) in cash</b>	(1,459,724)	1,780,643
<b>Cash, beginning of year</b>	2,006,431	225,788
<b>Cash, end of year</b>	\$ 546,707	\$ 2,006,431

# Saskatoon Community Foundation

Notes to Financial Statements

December 31, 2010

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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. In 2010 the percentage of the funds distributed as grants was 3.5% (2009 – nil). 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 2010 the percentage of the fund balances used for this allocation was 3.5% (2009 – nil).

#### 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% (2009 – nil) 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, 2010

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## 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.

## 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

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 \$4,384,279 (2009 - \$3,924,279). 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, 2010

### 3. Capital assets

The cost of the capital assets were completely amortized in the 2009.

	2010		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Equipment	23,856	23,856	-
Computer equipment	5,607	5,607	-
Artwork	1,000	1,000	-
	<b>30,463</b>	<b>30,463</b>	<b>-</b>

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

	2010	2009
	\$	\$
Balance, beginning of year	5,783,338	4,961,772
Funds received in trust during the year	239,053	131,042
Income earned and allocated	662,864	731,597
Withdrawals	(42,362)	(15,271)
Administration fees charged	(30,605)	(25,802)
<b>Balance, end of year</b>	<b>6,612,288</b>	<b>5,783,338</b>

### 6. Investment Income

	2010	2009
	\$	\$
Gains (losses) on investments	3,413,757	3,299,841
Interest	44,050	8,097
Dividends	29,257	111,670
Oil lease revenue	1,680	2,839
Other	100,564	4,904
	<b>3,589,308</b>	<b>3,427,351</b>
Less: Fees paid to investment managers	165,557	92,072
	<b>3,423,751</b>	<b>3,335,279</b>
Less: Income (loss) allocated to Managed Funds	662,864	731,596
<b>Investment Income (loss), net</b>	<b>2,760,887</b>	<b>2,603,682</b>

# Saskatoon Community Foundation

Notes to Financial Statements

December 31, 2010

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## 7. Mayor's Gala and Other Fundraising Events

Revenues of the Operations Fund include net revenue from these events at \$310,010 (2009 – 312,001). Gross revenue and expenses were \$485,468 and \$175,458 respectively (2009 - \$443,444 and \$131,343). During the year, the Board of Directors of the Foundation approved a transfer net revenues in the amount of \$311,279 from the Operations Fund to the Cumulative Contributions portion of the Endowment.

## 8. Lease Commitments

The company leases premises under a five-year lease expiring November 30, 2015. The fixed minimum annual lease payments in each of the next five years are as follows:

2011	\$ 24,018
2012	\$ 24,018
2013	\$ 25,194
2014	\$ 25,194
2015	\$ 25,194

In addition to the fixed payments, the company is responsible for its proportionate share of occupancy costs.