

SASKATOON
COMMUNITY
FOUNDATION

Financial Statements

December 31, 2012



April 26, 2013

Independent Auditor's Report

To the Directors of Saskatoon Community Foundation

We have audited the accompanying financial statements of the Saskatoon Community Foundation, which comprise the statement of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011 and the statements of operations and changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in our audits 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 the Saskatoon Community Foundation as at December 31, 2012, December 31, 2011 and January 1, 2011 and

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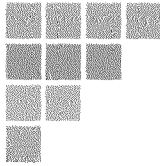
"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Accountants



SASKATOON COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
As at December 31, 2012

	December 31, 2012	December 31, 2011	January 1, 2011
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 4,384,405	\$ 2,995,581	\$ 546,707
Accounts receivable	207,480	19,405	19,614
Prepaid expenses	4,423	4,356	3,966
	4,596,308	3,019,342	570,287
Long Term Assets:			
Investments, at fair value (Note 5)	42,309,675	39,534,977	32,854,627
Cash surrender value of life insurance (Note 4)	184,945	185,553	181,952
	\$ 47,090,928	\$ 42,739,872	\$ 33,606,866

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued liabilities	\$ 430,782	\$ 98,453	\$ 136,978
Deferred revenue	-	100,000	-
Managed funds (Note 5)	12,651,401	11,875,893	6,612,288
	13,082,183	12,074,346	6,749,266

Net Assets:

Flow through funds	4,041,171	3,072,909	554,298
Operations fund	89,988	286,970	63,241
Endowment:			
Cumulative contributions	26,594,656	24,476,582	22,833,397
Cumulative excess of revenues over expenditures	3,282,930	2,829,065	3,406,664
	34,008,745	30,665,526	26,857,600
	\$ 47,090,928	\$ 42,739,872	\$ 33,606,866

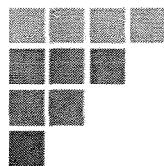
Approved by the Board of Directors



Director

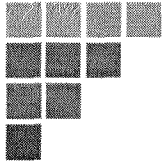


Director



SASKATOON COMMUNITY FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
For the year ended *December 31, 2012*

	2012					2011				
	ENDOWMENT		Operations Fund	Flow Through Funds	Total	ENDOWMENT		Operations Fund	Flow Through Funds	Total
Cumulative Contributions	Cumulative Revenue in excess of Expenditures	Cumulative Contributions				Cumulative Revenue in excess of Expenditures				
Balance, beginning of year	\$ 24,476,582	\$ 2,829,065	\$ 286,970	\$ 3,072,909	\$ 30,665,526	\$ 22,833,397	\$ 3,406,666	\$ 63,239	\$ 554,298	\$ 26,857,600
Revenues:										
Donations endowed including bequests	1,551,137	-	-	-	1,551,137	1,525,870	-	-	-	1,525,870
Donations received and directed to other charities and student awards	-	-	-	2,344,238	2,344,238	-	430,636	-	2,600,901	3,031,537
Donations specified for administration and capacity building	-	-	1,159	-	1,159	-	-	31,903	-	31,903
Donations received for life insurance premiums	-	-	91,118	-	91,118	-	-	94,775	-	94,775
Anonymous Donor challenge	-	-	-	-	-	-	75,000	-	-	75,000
Investment income (Note 6)	-	1,748,765	-	73,055	1,821,820	-	509,191	-	15,816	525,007
Fees earned from management services	-	-	83,315	-	83,315	-	-	90,929	-	90,929
Sponsorship of annual report and other	-	-	16,000	-	16,000	-	-	4,250	-	4,250
Income from charitable activities	-	-	-	-	-	-	77,583	-	-	77,583
	1,551,137	1,748,765	191,592	2,417,293	5,908,787	1,525,870	1,092,410	221,857	2,616,717	5,456,854
Grants and Expenditures:										
Grants from the Endowment and from Funds directed to other charities and student awards	-	(928,240)	19,606	(1,371,525)	(2,280,159)	-	(1,333,744)	16,510	(115,664)	(1,432,898)
Administration charges to endowed & other funds	-	(366,660)	439,815	(73,155)	-	-	(336,267)	352,083	(15,816)	-
Operating expenses	-	-	(522,196)	-	(522,196)	-	-	(534,735)	-	(534,735)
Life insurance premiums paid	-	-	(95,877)	-	(95,877)	-	-	(98,607)	-	(98,607)
Increase in cash surrender value of life insurance policies owned	(608)	-	-	-	(608)	3,600	-	-	-	3,600
	(608)	(1,294,900)	(158,652)	(1,444,680)	(2,898,840)	3,600	(1,670,011)	(264,749)	(131,480)	(2,062,640)
Fundraising:										
Gross Revenues	-	-	506,839	-	506,839	-	-	611,026	-	611,026
Expenses	-	-	(173,567)	-	(173,567)	-	-	(197,314)	-	(197,314)
	-	-	333,272	-	333,272	-	-	413,712	-	413,712
EXCESS (deficiency) of REVENUES OVER EXPENDITURES	1,550,529	453,865	366,212	972,613	3,343,219	1,529,470	(577,601)	370,820	2,485,237	3,807,926
Fund Transfers (Note 7)	567,545	-	(563,194)	(4,351)	-	113,715	-	(147,089)	33,374	-
Balance, end of year	\$ 26,594,656	\$ 3,282,930	\$ 89,988	\$ 4,041,171	\$ 34,008,745	\$ 24,476,582	\$ 2,829,065	\$ 286,970	\$ 3,072,909	\$ 30,665,526

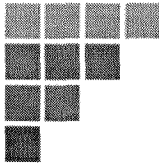


SASKATOON COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2012

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenditures	\$ 3,343,219	\$ 3,807,926
Items not involving cash:		
Changes in fair value of investments	(2,743,501)	(825,050)
Less: Investment Income allocated to Managed Funds	768,046	141,729
	1,367,764	3,124,605
Increase in cash surrender value of life insurance policies	608	(3,600)
	1,368,372	3,121,005
Changes in non-cash working capital:		
Accounts receivable	(188,075)	209
Prepaid expenses	(67)	(390)
Accounts payable and accrued liabilities	332,329	(38,523)
Deferred revenue	(100,000)	100,000
	1,412,559	3,182,301
Purchase of investments	(2,779,712)	(11,940,688)
Proceeds from sale of investments	2,748,515	6,085,385
Fund Management activities:		
Contributions to Managed Fund accounts	346,613	5,220,911
Withdrawals from Managed Fund accounts	(278,027)	(52,570)
Administrative fees charged on Managed Funds	(61,124)	(46,465)
	1,388,824	2,448,874
Net increase (decrease) in cash	1,388,824	2,448,874
Cash, beginning of year	2,995,581	546,707
Cash, end of year	\$ 4,384,405	\$ 2,995,581



SASKATOON COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

1. Purpose of the Foundation

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).

2. Transition to Accounting Standards for Not-For-Profit Organizations

Effective January 1, 2012, the Foundation elected to adopt Canadian accounting standards for not-for-profit organizations ("ASNPO") as issued by the Canadian Accounting Standards Board. The accounting policies selected under this framework have been applied consistently and retroactively as if these policies had always been in effect. The Foundation has not utilized any transitional exemptions on the adoption of ASNPO. There were no adjustments to the statement of financial position, statement of operations and changes in net assets, or statement of cash flows.

3. 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:

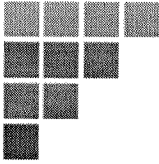
Fund Accounting and Revenue Recognition

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 and, any contributions received without a specific purpose identified, are added to the Cumulative Contributions portion of the Endowment. 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.



SASKATOON COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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 2012 the percentage of the funds distributed as grants was 3.5% (2011 – 3.5%). For purposes of granting, the income earned on endowed funds is either restricted or unrestricted.

Funds earning unrestricted income – are funds supporting 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 fund administrative costs associated with operating the Foundation. In 2012 the percentage of the fund balances used for this allocation was 3.5% (2011 – 3.5%).

Operations Fund

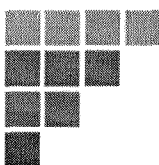
The Operations Fund reports resources available for the Foundation's general operating and administration. Each quarter, endowed funds are charged a fee to be used for administration. In 2012 the percentage charged for this administration fee was 1.5% (2011 – 1.5%) of the fund balance. The Board of Directors, from time to time, may allocate a portion of net proceeds from fundraising events and special events of the Operations Fund, to the Endowment.

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.

Cash Surrender Value of Donated Life Insurance Policies

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



SASKATOON COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash balances and term deposits with original maturities of three months or less.

Financial Instruments

The Foundation recognizes and measures its financial instruments as follows:

Cash, accounts receivable, investments at fair value, cash surrender value of life insurance, accounts payable and managed funds are initially recorded at their fair value;

Cash, accounts receivable, cash surrender value of life insurance, and accounts payable are subsequently measured at amortized cost; and,

Investments at fair value and managed funds are subsequently measured at fair value.

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 tested for impairment at the end of each reporting period when there are indications that an asset may be impaired.

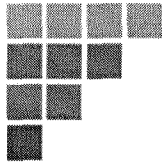
4. Life Insurance Policies

The Foundation is the owner of life insurance policies with an insured value of \$3,974,279 (2011 - \$4,174,279). Life insurance premiums paid by donors on policies owned by the Foundation are shown as both donations and operating expenses on the Statement of Operations and Changes in Net Assets.

5. Investments and 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.

	<u>2012</u>	<u>2011</u>
	\$	\$
Managed Funds, beginning of year	11,875,893	6,612,288
Funds received, in trust	346,613	5,220,911
Income allocated to Managed Funds	768,046	141,729
Withdrawals	(278,027)	(52,570)
Administration fees charged	(61,124)	(46,465)
Managed Funds, end of year	<u>12,651,401</u>	<u>11,875,893</u>



SASKATOON COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

6. Investment Income

	<u>2012</u>	<u>2011</u>
	\$	\$
Changes in fair value of investments	2,743,501	825,050
Interest Income	36,248	14,671
Oil lease revenue	1,292	1,537
	<u>2,781,041</u>	<u>841,258</u>
Less: Fees paid to investment managers	(191,175)	(174,522)
	<u>2,589,866</u>	<u>666,736</u>
Less: Income allocated to Managed Funds	(768,046)	(141,729)
Investment income	<u>1,821,820</u>	<u>525,007</u>

7. Fund Transfers

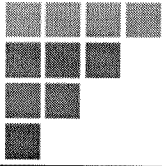
	<u>2012</u>	<u>2011</u>
	\$	\$
Fundraising income endowed	563,194	113,715
Flow Through Funds endowed	4,351	-
Transfers to the Cumulative Contributions Fund	567,545	113,715
Transfers of fundraising income to Flow Through Funds	-	33,374
Transfers into Funds	<u>567,545</u>	<u>147,089</u>
Transfers of fundraising income from the Operations Fund to the Cumulative Contributions Fund	(563,194)	(113,715)
Transfers of fundraising income from the Operations Fund to Flow Through Funds	-	(33,374)
Transfers from the Operations Fund	(563,194)	(147,089)
Transfers from Flow Through Funds to the Cumulative Contributions Fund	(4,351)	-
Transfers out of Funds	<u>(567,545)</u>	<u>(147,089)</u>

The above transfers were approved by the Board of Directors during the above years.

8. Lease Commitments

The Foundation 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:

2013	\$	31,771
2014	\$	31,771
2015	\$	29,123



SASKATOON COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

9. Financial Instruments

The Foundation's financial assets and liabilities consist of cash, accounts receivable, investments at fair value, cash surrender value of life insurance, accounts payable and managed funds.

The Foundation has exposure to other price risk, credit risk, currency risk and interest rate risk on its investments at fair value and managed funds as the fair value or future cash flows may fluctuate because of changes in market prices, exchange rates, currency 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.