

**BATTLEFORD AND DISTRICT COMMUNITY FOUNDATION**

**Financial Statements**

**Year Ended September 30, 2018**

**Management's Responsibility**

To the Battlefords and District Community Foundation:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is composed of directors who are not employees of the organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with external auditors. The Board is also responsible for recommending the appointment of the organization's external auditors.

Holm Raiche Oberg, Chartered Professional Accountants P.C. Ltd. an independent firm of chartered professional accountants, is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and administration to discuss their audit findings.

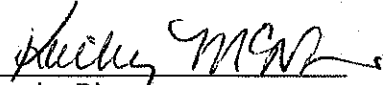


\_\_\_\_\_  
Chairperson

Date

Jan 21/19

\_\_\_\_\_  
Executive Director





**HRO** Holm Raiche Oberg  
Chartered Professional Accountants P.C. Ltd.

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Battleford and District Community Foundation

We have audited the accompanying financial statements of Battleford and District Community Foundation, which comprise the statement of financial position as at September 30, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and 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 the 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 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 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 presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, Battleford and District Community Foundation derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Battleford and District Community Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended September 30, 2018, current assets and net assets as at September 30, 2018.

*(continues)*

Graham K. Holm, CPA, CA\*    Loralee A. Raiche, CPA, CA, CFP\*    Dallan D. Oberg, CPA, CA\*  
(Retired)

\*Denotes a professional corporation



Independent Auditor's Report to the Members of Battleford and District Community Foundation *(continued)*

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section, the financial statements present fairly, in all material respects, the financial position of Battleford and District Community Foundation as at September 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

North Battleford, Saskatchewan  
January 21, 2019

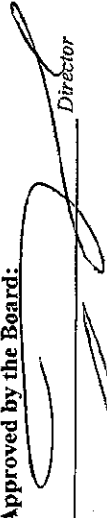
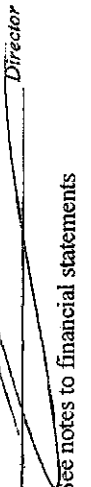
*Holm Raiche Oberg*

Chartered Professional Accountants

**BATTLEFORD AND DISTRICT COMMUNITY FOUNDATION**  
**Statement of Financial Position**  
**September 30, 2018**

	General fund	Capital fund	Investment fund	2018	2017 (Restated)
<b>ASSETS</b>					
<b>Current</b>					
Cash	\$ 19,847	\$ -	\$ 29,767	\$ 49,614	\$ 69,644
Interfund receivable (payable) (Note 3)	21,191	-	(21,191)	-	-
Goods and services tax recoverable	1,473	-	-	1,473	1,201
	42,511	-	8,576	51,087	70,845
<b>Investments (Note 4)</b>	-	-	1,139,263	1,139,263	1,023,182
<b>Capital assets (Note 5)</b>	-	586	-	586	352
	\$ 42,511	\$ 586	\$ 1,147,839	\$ 1,190,936	\$ 1,094,379
<b>LIABILITIES</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ 12,890	\$ -	\$ (1)	\$ 12,889	\$ 13,580
Amounts held in trust	-	-	9,978	9,978	9,978
	12,890	-	9,977	22,867	23,558
<b>NET ASSETS</b>					
<b>Endowment (Note 6)</b>	-	-	1,091,190	1,091,190	970,491
<b>Net assets</b>	29,621	586	46,672	76,879	100,330
	29,621	586	1,137,862	1,168,069	1,070,821
	\$ 42,511	\$ 586	\$ 1,147,839	\$ 1,190,936	\$ 1,094,379

Approved by the Board:

 Director  
 Director

See notes to financial statements

**BATTLEFORD AND DISTRICT COMMUNITY FOUNDATION**  
**Statement of Operations**  
**Year Ended September 30, 2018**

	General fund	Capital fund	Investment fund	2018	2017 <i>(Restated)</i>
<b>Revenue</b>					
Donations	\$ 7,820	\$ -	\$ 120,698	\$ 128,518	\$ 24,639
Flow through funds	18,597	-	-	18,597	299,955
Foreign exchange	-	-	(9,202)	(9,202)	(28,215)
Gain (loss) on sale of capital assets	-	(352)	-	(352)	-
Gain (loss) on sale of investments	-	-	6,517	6,517	22,533
Investment income	-	-	54,025	54,025	40,550
Unrealized (loss) gain on investments	-	-	(11,851)	(11,851)	6,935
	26,417	(352)	160,187	186,252	366,397
<b>Expenses</b>					
Advertising	517	-	-	517	1,139
Amortization	-	104	-	104	151
Bank charges	95	-	-	95	108
Insurance	716	-	-	716	655
Meetings and conferences	2,114	-	-	2,114	633
Memberships	608	-	-	608	723
Office supplies	1,350	-	-	1,350	617
Flow through funds	18,597	-	-	18,597	299,955
Grants and scholarships	-	-	40,530	40,530	48,558
Professional fees	2,454	-	-	2,454	1,674
Sub-contracts	7,583	-	-	7,583	11,009
Broker fee	-	-	13,765	13,765	13,551
Telephone	572	-	-	572	570
	34,606	104	54,295	89,005	379,343
<b>Excess (deficiency) of revenue over expenses</b>	\$ (8,189)	\$ (456)	\$ 105,892	\$ 97,247	\$ (12,946)

See notes to financial statements

**BATTLEFORD AND DISTRICT COMMUNITY FOUNDATION**

**Statement of Changes in Net Assets**

**Year Ended September 30, 2018**

	General fund	Capital fund	Investment fund	2018	2017 <i>(Restated)</i>
<b>Net assets - beginning of year</b>	\$ 23,645	\$ 352	\$ 76,333	\$ 100,330	\$ 126,189
Excess (deficiency) of revenue over expenses	(8,189)	(456)	105,892	97,247	(12,946)
Administration fee transfer	14,855	-	(14,855)	-	-
Purchase of capital assets	(690)	690	-	-	-
Endowment fund donations	-	-	(120,698)	(120,698)	(12,913)
<b>Net assets - end of year</b>	\$ 29,621	\$ 586	\$ 46,672	\$ 76,879	\$ 100,330

Administration fee transfer is a transfer from the Investment Fund to operations to cover the costs associated with managing the Investment Fund. The administration fee is calculated as 1.5% of the average value of the investment fund for the preceding year.

From time to time capital assets are required to be purchased. The organization does not specifically set aside money each year for this purpose, rather funds from the General Fund are used to purchase assets for the Capital Fund as needed.

**BATTLEFORD AND DISTRICT COMMUNITY FOUNDATION**

**Statement of Cash Flows**

**Year Ended September 30, 2018**

	General fund	Capital fund	Investment fund	2018	2017 <i>(Restated)</i>
<b>Operating activities</b>					
Cash receipts from donations and investments	\$ 26,417	\$ -	\$ 117,718	\$ 144,135	\$ 324,593
Remove stock donations	-	-	(127,831)	(127,831)	-
Cash paid to suppliers and employees	(35,569)	-	(54,296)	(89,865)	(398,946)
Interest received	-	-	54,025	54,025	40,550
Cash flow from operating activities	(9,152)	-	(10,384)	(19,536)	(33,803)
<b>Investing activities</b>					
Purchase of capital assets	-	(690)	-	(690)	-
Proceeds from sale of investments	-	-	719,911	719,911	288,696
Purchase of investments	-	-	(719,716)	(719,716)	(270,218)
Cash flow from (used by) investing activities	-	(690)	195	(495)	18,478
<b>Other cash flow items</b>					
Admin fee transfer	14,855	-	(14,855)	-	-
Capital asset transfer	(690)	690	-	-	-
Change in interfund receivable (payable)	(2,498)	-	2,498	-	-
	11,667	690	(12,357)	-	-
<b>Increase (decrease) in cash flow</b>	2,515	-	(22,546)	(20,031)	(15,325)
Cash - beginning of year	17,332	-	52,313	69,645	84,970
Cash - end of year	\$ 19,847	\$ -	\$ 29,767	\$ 49,614	\$ 69,645
<b>Cash consists of:</b>					
Cash	\$ 19,847	\$ -	\$ 29,767	\$ 49,614	\$ 69,645

See notes to financial statements



**BATTLEFORD AND DISTRICT COMMUNITY FOUNDATION****Notes to Financial Statements****Year Ended September 30, 2018****1. Purpose of the organization**

Battleford and District Community Foundation (the "organization") is a not-for-profit organization incorporated provincially under the *Non-profit Corporations Act* of Saskatchewan. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the *Income Tax Act*.

The BDCF is a volunteer organization that provides support and development of emerging community projects of arts, culture and recreation and creates and manages funds to meet and respond to community needs.

**2. Significant accounting policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Outlined below are those policies the organization considered particularly significant.

Cash and cash equivalents

The organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn, bank lines of credit and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the organization cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer hardware	30%	declining balance method
Computer software	100%	declining balance method

Capital assets acquired during the year are amortized at one-half the annual rate.

The company tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Investments

Investments consist of marketable securities and are recorded at their market value.

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**BATTLEFORD AND DISTRICT COMMUNITY FOUNDATION****Notes to Financial Statements****Year Ended September 30, 2018**

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**2. Significant accounting policies (continued)**Revenue recognition

Battleford and District Community Foundation follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Investment Fund.

Unrestricted investment income earned on Endowment Fund resources is recognized as revenue of the General Fund. Other investment income is recognized as revenue of the General Fund when earned.

Contributed services

Volunteers contribute a significant amount of time to assist the organization in carrying out its activities. Because of the difficulty of determining the fair value of such services, contributed services are not recognized in the financial statements.

Fund accounting

Battleford and District Community Foundation follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports the assets, liabilities, revenues and expenses related to Battleford and District Community Foundation's capital assets.

The Investment Fund reports resources contributed for endowment. Investment income earned on resources of the Endowment Fund is reported in the Investment Fund or General Fund depending on the nature of any restrictions imposed by contributors of funds for endowment.

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of capital assets;
- the recoverability of capital assets;

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

## BATTLEFORD AND DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements  
Year Ended September 30, 2018**3. Interfund receivable (payable)**

Excess funds have been advanced from the operating fund to the investment fund to earn interest in the investment fund investment accounts. Repayment will be at the board's discretion should the deem the funds are needed for operations.

**4. Investments**

	2018	2017
RBC Dominion Securities portfolio account	\$ 1,102,527	\$ 974,595
Fair value difference	36,736	48,587
	<u>\$ 1,139,263</u>	<u>\$ 1,023,182</u>

**5. Capital assets**

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer hardware	\$ 690	\$ 103	\$ 587	\$ 352

**6. Endowment donations**

Endowment donations are donations that the organization has agreed to hold in perpetuity.

The organization may charge an administrative fee against the Fund as per the administrative policy of the organization. The annual administrative fee may be paid out of the annual distributable earnings of the Fund and transferred to the General Fund of the Organization.

Earnings distributions shall be made at least annually, in accordance with the distribution policy, to qualified donees based on the original agreement at the time of the original donation.

In the event of the death or incapacitation of the Donor, shall give Battlefords and District Community Foundation input on the annual distribution of the Fund income.

**7. Financial instruments**

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of September 30, 2018.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

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**BATTLEFORD AND DISTRICT COMMUNITY FOUNDATION****Notes to Financial Statements****Year Ended September 30, 2018**

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**7. Financial instruments (continued)****Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to currency risk and interest rate risk.

**Currency risk**

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investment in quoted shares.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

**8. Prior period adjustment**

During the current year, it was determined that the opening accounts payable and prior year flow through donations received and donations paid out were overstated by \$4,000. A correction has been made to reduce accounts payable, flow through funds paid out, and flow through funds received. Donation income has also been increased by \$4,000 in the 2017 comparative columns.