

**BATTLEFORD & DISTRICT COMMUNITY FOUNDATION**

**Financial Statements**

**September 30, 2016**

## Management's Responsibility

To the Battlefords & 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.

Jan 18 / 2017  
Date

  
\_\_\_\_\_  
Chairperson

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

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Battleford & District Community Foundation

We have audited the accompanying financial statements of Battleford & District Community Foundation, which comprise the statement of financial position as at September 30, 2016 and the statements of revenues and expenditures, 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 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 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 qualified audit opinion.

### *Basis for Qualified Opinion*

In common with many charitable organizations, the organization derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

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Graham K. Holm, CPA, CA\*    Loralie A. Raiche, CPA, CA, CFP\*    Dallan D. Oberg, CPA, CA\*

\*Denotes a professional corporation

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

*Qualified Opinion*

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Battleford & District Community Foundation as at September 30, 2016 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 18, 2017

*Holm Raiche Oberg*

Chartered Professional Accountants

**BATTLEFORD & DISTRICT COMMUNITY FOUNDATION****Statement of Financial Position****September 30, 2016**

	2016	2015
<b><u>ASSETS</u></b>		
<b>Current</b>		
Cash	\$ 84,970	\$ 68,286
Goods and services tax receivable	964	766
	<u>85,934</u>	<u>69,052</u>
<b>Investments (Note 4)</b>	1,040,406	865,090
<b>Capital assets (Note 5)</b>	<u>503</u>	<u>66</u>
	<b>\$ 1,126,843</b>	<b>\$ 934,208</b>
<b><u>LIABILITIES</u></b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 33,097	\$ 1,998
Amounts held in trust	9,978	9,978
	<u>43,075</u>	<u>11,976</u>
<b><u>NET ASSETS</u></b>		
<b>Capital fund</b>	503	66
<b>Endowment fund</b>	1,068,278	904,725
<b>Operating fund</b>	<u>14,987</u>	<u>17,441</u>
	<u>1,083,768</u>	<u>922,232</u>
	<b>\$ 1,126,843</b>	<b>\$ 934,208</b>

Approved by the Board:


  
 \_\_\_\_\_ Director


  
 \_\_\_\_\_ Director

See notes to financial statements

**BATTLEFORD & DISTRICT COMMUNITY FOUNDATION****Statement of Revenues and Expenditures****for the year ended September 30, 2016**

	2016	2015
<b>Revenue</b>		
Donations	\$ 68,478	\$ 88,527
Flow through funds	44,345	315,327
Foreign exchange	37,067	1,284
Gain on sale of investments	6,447	23,154
Investment income	34,855	33,992
Unrealized gain (loss) on marketable securities	78,651	(59,224)
	<u>269,843</u>	<u>403,060</u>
<b>Expenses</b>		
Advertising	1,623	733
Amortization	89	29
Bank charges	101	77
Broker fee	14,005	14,236
Flow through funds	44,345	315,327
Grants and scholarships	31,770	34,423
Insurance	655	-
Meetings and conferences	750	951
Memberships	573	673
Office supplies	1,419	1,743
Professional fees	2,332	2,636
Sub-contracts	9,999	4,121
Telephone	580	580
Travel	-	118
	<u>108,241</u>	<u>375,647</u>
<b>Excess of revenue over expenses from operations</b>	<b>161,602</b>	<b>27,413</b>
<b>Other income</b>		
Loss on sale of property and equipment	(66)	-
<b>Excess of revenue over expenses</b>	<b>\$ 161,536</b>	<b>\$ 27,413</b>

See notes to financial statements

**BATTLEFORD & DISTRICT COMMUNITY FOUNDATION****Statement of Changes in Net Assets  
for the year ended September 30, 2016**

	Capital Fund	Endowment Fund	Operating Fund	2016	2015
Net assets - beginning of year	\$ 66	\$ 904,725	\$ 17,441	\$ 922,232	\$ 894,819
(Deficiency) excess of revenue over expenses	(155)	163,653	(1,962)	161,536	27,413
Purchase of capital assets	592	-	(592)	-	-
Net assets - end of year	\$ 503	\$ 1,068,378	\$ 14,887	\$ 1,083,768	\$ 922,232

See notes to financial statements

**BATTLEFORD & DISTRICT COMMUNITY FOUNDATION**

**Statement of Cash Flows**  
**for the year ended September 30, 2016**

	2016	2015
<b>Operating activities</b>		
Cash receipts from donations and investments	\$ 112,824	\$ 403,854
Cash paid to suppliers and employees	(77,252)	(374,272)
Interest received	34,855	33,992
Cash flow from operating activities	<u>70,427</u>	<u>63,574</u>
<b>Investing activities</b>		
Purchase of capital assets	(592)	-
Proceeds from sale of marketable securities	357,369	366,258
Purchase of investments	(410,520)	(411,557)
Cash flow used by investing activities	<u>(53,743)</u>	<u>(45,299)</u>
<b>Increase in cash flow</b>	16,684	18,275
<b>Cash and cash equivalents - beginning of year</b>	<u>68,286</u>	<u>50,011</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 84,970</u>	<u>\$ 68,286</u>
 <b>Cash and cash equivalents consists of:</b>		
Cash	<u>\$ 84,970</u>	<u>\$ 68,286</u>



**BATTLEFORD & DISTRICT COMMUNITY FOUNDATION****Notes to Financial Statements****September 30, 2016****1. Nature of business**

The Battlefords and District Community Foundation Inc. (BDCF) is a not-for-profit organization incorporated under the *Saskatchewan Non-Profit Corporations 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 acquired are recorded as an expense of operations in the year of acquisition.

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

Investments

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

Income tax

As a registered charitable corporation under Section 149(1) of the *Income Tax Act*, the organization is exempt from income taxes; therefore, no provision for income taxes is recorded in the financial statements.

Revenue recognition

The BDCF follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred or restrictions met. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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.

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**BATTLEFORD & DISTRICT COMMUNITY FOUNDATION****Notes to Financial Statements****September 30, 2016**

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**2. Significant accounting policies (continued)**Fund accounting

The BDCF utilizes fund accounting. Fund accounting provides information about amounts that are available to offset future revenue requirements and amounts that have been set aside to finance future expenses based on types of activities and contractual or voluntary requirements. The following funds are utilized:

## Capital fund

The capital fund reflects the revenue and expenses related to capital asset purchases.

## Endowment fund

The endowment fund reflects the revenue and expenses to provide support and development of education enrichment, scholarships and grants, community needs and administration of the foundation in perpetuity.

## Operating fund

The operating fund reflects the revenue raised and expenses incurred to meet and respond to community needs and the general administration of the foundation.

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 and goodwill;
- the estimated useful lives of assets;
- the recoverability of tangible 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.

**3. 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, 2016.

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**BATTLEFORD & DISTRICT COMMUNITY FOUNDATION****Notes to Financial Statements****September 30, 2016****3. 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 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 investments.

## 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.

**4. Investments**

	2016	2015
RBC Dominion Securities portfolio account	\$ 998,754	\$ 902,089
Fair value difference	41,652	(36,999)
	<u>\$ 1,040,406</u>	<u>\$ 865,090</u>

**5. Property and equipment**

	2016		2015	
	Cost	Accumulated Amortization	Net	Net
Computer hardware	\$ 592	\$ 89	\$ 503	\$ 66
Computer software	496	496	-	-
	<u>\$ 1,088</u>	<u>\$ 585</u>	<u>\$ 503</u>	<u>\$ 66</u>

**BATTLEFORD & DISTRICT COMMUNITY FOUNDATION****Schedule of Revenue and Expenses - Capital Fund***(Schedule 1)***for the year ended September 30, 2016**

	2016	2015
<b>Revenue</b>		
Loss on sale of capital assets	\$ (66)	\$ -
<b>Expenses</b>		
Amortization	89	29
<b>Deficiency of revenue over expenses</b>	<b>\$ (155)</b>	<b>\$ (29)</b>

**Schedule of Revenue and Expenses - Endowment fund***(Schedule 2)***for the year ended September 30, 2016**

	2016	2015
<b>Revenue</b>		
Donations	\$ 67,478	\$ 87,127
Foreign exchange	37,067	1,284
Gain on sale of investments	6,447	23,154
Investment income	34,855	33,992
Unrealized gain (loss) on marketable securities	78,651	(59,224)
	<b>224,498</b>	<b>86,333</b>
<b>Expenses</b>		
Administration fee to operating fund	15,070	12,696
Broker fee	14,005	14,236
Grants and scholarships	31,770	34,423
	<b>60,845</b>	<b>61,355</b>
<b>Excess of revenue over expenses</b>	<b>\$ 163,653</b>	<b>\$ 24,978</b>

**BATTLEFORD & DISTRICT COMMUNITY FOUNDATION****Schedule of Revenue and Expenses - Operating Fund****(Schedule 3)****for the year ended September 30, 2016**

	2016	2015
<b>Revenue</b>		
Administration fee from endowment fund	\$ 15,070	\$ 12,696
Donations	1,000	1,400
Flow through funds	44,345	315,327
	<u>60,415</u>	<u>329,423</u>
<b>Expenses</b>		
Advertising	1,623	733
Bank charges	101	77
Flow through funds	44,345	315,327
Insurance	655	-
Meetings and conferences	750	951
Memberships	573	673
Office supplies	1,419	1,743
Professional fees	2,332	2,636
Sub-contracts	9,999	4,121
Telephone	580	580
Travel	-	118
	<u>62,377</u>	<u>326,959</u>
<b>Deficiency of revenue over expenses</b>	<u>\$ (1,962)</u>	<u>\$ 2,464</u>