

Financial Statements of
Community Initiatives Fund
Year ended March 31, 2015

INDEPENDENT AUDITORS' REPORT**To: Members of the Legislative Assembly
Province of Saskatchewan**

We have audited the accompanying financial statements of **Community Initiatives Fund**, which comprise the statement of financial position as at March 31, 2015, the statement of operations and accumulated surplus and statement of 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 public sector accounting standards, 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.

Auditors' 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 auditors' 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 Fund'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 Fund'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 **Community Initiatives Fund** as at March 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

May 19, 2015
Regina, Saskatchewan, Canada

VIRTUS GROUP LLP
Chartered Professional Accountants

Community Initiatives Fund

Statement of Financial Position

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March 31, 2015 with comparative figures for 2014

	2015	2014
Financial assets:		
Cash	\$ 2,543,391	\$ 4,425,424
Accounts receivable - Province of Saskatchewan General Revenue Fund	2,112,342	811,747
Interest receivable	139,654	124,239
Investments (Note 4)	9,601,960	9,565,150
	<u>14,397,347</u>	<u>14,926,560</u>
Liabilities:		
Accounts payable	9,663	7,625
Grants payable	5,728,971	6,291,394
	<u>5,738,634</u>	<u>6,299,019</u>
Net financial assets	<u>8,658,713</u>	<u>8,627,541</u>
Accumulated surplus	<u>\$ 8,658,713</u>	<u>\$ 8,627,541</u>

Contractual obligations (Note 1)

Commitments (Note 11)

See accompanying notes to financial statements.

On behalf of the Board of Trustees:

 Director Chairman

 Director Trustee

Community Initiatives Fund

Statement of Operations and Accumulated Surplus

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Year ended March 31, 2015 with comparative figures for 2014

	2015 Budget (Note 8)	2015 Actual	2014 Actual
Revenue:			
Interest	\$ 200,000	\$ 215,869	\$ 238,994
Transfers from Province of Saskatchewan- General Revenue Fund	9,316,000	9,099,342	8,003,498
	9,516,000	9,315,211	8,242,492
Expenses:			
Operations and management			
Administration and management	596,400	432,653	345,536
Board and committee meetings	53,000	39,600	45,249
Professional fees and contracts	58,000	10,556	125,421
Communications	40,000	14,929	42,854
Grants (net of returns) (Note 7)	10,270,000	8,786,301	9,601,096
	11,017,400	9,284,039	10,160,156
(Deficiency)/excess of revenue over expenses	(1,501,400)	31,172	(1,917,664)
Accumulated surplus, beginning of year	8,627,541	8,627,541	10,545,205
Accumulated surplus, end of year	\$ 7,126,141	\$ 8,658,713	\$ 8,627,541

Statement of Cash Flows

Year ended March 31, 2015 with comparative figures for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess/(deficiency) of revenue over expenses	\$ 31,172	\$ (1,917,664)
Net change in non-cash working capital items:		
Accounts receivable	(1,300,595)	1,973,253
Interest receivable	(15,415)	68,350
Accounts payable	2,038	(1,078)
Grants payable	(562,423)	499,082
	(1,845,223)	621,943
Investing activities:		
Purchase of investments	(2,081,810)	(5,744,098)
Proceeds from disposal of investments	2,045,000	7,604,317
	(36,810)	1,860,219
(Decrease)/increase in cash position during the year	(1,882,033)	2,482,162
Cash, beginning of year	4,425,424	1,943,262
Cash, end of year	\$ 2,543,391	\$ 4,425,424

See accompanying notes to financial statements.

Community Initiatives Fund

Notes to Financial Statements

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March 31, 2015

1. Nature of operations:

The Community Initiatives Fund (the "Fund"), previously known as the Associated Entities Fund, was established on August 23, 1996 by *The Saskatchewan Gaming Corporation Act*. It is managed by a Board consisting of eight people appointed by the Lieutenant Governor in Council. The Board is responsible for managing and operating the Fund.

Pursuant to *The Saskatchewan Gaming Corporation Act*, the Government of Saskatchewan receives, into the General Revenue Fund, certain gaming revenues. The Ministry of Parks, Culture and Sport transfers a portion of these gaming revenues to the Fund. The Board of the Fund grants these revenues to persons, organizations or associations in Saskatchewan for purposes prescribed by the Lieutenant Governor in Council upon application to and approval by the Board.

The Fund has an agreement with Sask Sport Inc. to provide administrative services to the Fund, which will expire on March 31, 2017. In 2015 Sask Sport Inc. was paid \$190,000 (2014 - \$200,400).

2. Significant accounting policies:

The Fund uses generally accepted accounting principles as recommended by the Public Sector Accounting Board of CPA Canada (PSAB). The following accounting policies are considered significant.

Grant expense:

Grants are recognized when a completed grant application is received, all eligibility criteria are met by an eligible organization, and approval is obtained from the Board.

Grant returns:

Grant returns are recognized when a completed follow up report is received indicating funds were not fully utilized and approval is obtained from the Board.

Use of estimates:

The preparation of financial statements in conformity with the Public Sector Accounting Standards (PSAS) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current revenues and expenses when identified.

Revenue Recognition:

Transfers from the General Revenue Fund are recognized when received or receivable. Interest revenue is recognized when earned.

Investments:

Fixed income investments are recorded at amortized cost.

Community Initiatives Fund

Notes to Financial Statements

March 31, 2015

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3. Designated net assets:

Pursuant to directions given under the governing legislation, the Board of the Fund has designated net assets as follows:

- **Community Grants** to provide project grants to community initiatives that enhance human development;
- **Community Places and Spaces** to provide grants for small capital projects such as energy efficiencies or community facility upgrades;
- **Regional Exhibition Associations** to fund the activities of the associations in their communities;

These designated net assets are not available for other purposes without the approval of the Board. The designated net assets exceed the available net financial assets at year end due to the timing of allocation approvals by the Board. Changes, during the current year, to these designated net assets were as follows:

	Beginning of year	Allocations	Net Grant Payments	End of year
Community Grants	\$ 8,589,466	\$ 8,010,375	\$(6,764,472)	\$ 9,835,369
Community Places and Spaces	\$ 2,281,359	2,020,000	\$(1,782,204)	2,519,155
Regional Exhibition Associations	-	239,625	(239,625)	-
2015 Total	\$10,870,825	\$ 10,270,000	\$ (8,786,301)	\$12,354,524
2014 Total	\$ 9,144,224	\$11,327,697	\$ (9,601,096)	\$10,870,825

4. Investments:

Investments consist of the following:

	Due Date	Return	2015		2014		
			Book Value	Fair Market Value	Book Value	Fair Market Value	
Royal Bank of Canada	GIC	28-Jul-14	1.80%	\$ -	\$ -	\$2,045,000	\$2,069,910
Royal Bank of Canada	GIC	27-Apr-15	1.50%	2,081,810	2,102,770	-	-
Royal Bank of Canada	GIC	30-Nov-15	2.26%	1,776,052	1,789,578	1,776,052	1,789,578
Bank of Montreal	GIC	30-Nov-15	1.75%	1,102,341	1,128,154	1,102,341	1,108,789
Royal Bank of Canada	GIC	10-May-16	1.92%	4,641,757	4,721,112	4,641,757	4,721,112
				\$9,601,960	\$9,741,614	\$9,565,150	\$9,689,389

GIC = Guaranteed Investment Certificate

Community Initiatives Fund

Notes to Financial Statements

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March 31, 2015

5. Financial risk management:

Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The only significant receivable the Fund has at year end is with the Province of Saskatchewan which is considered to be low risk.

Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is not exposed to any currency risk because it deals exclusively in Canadian currency.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund does not borrow any funds and only invests in fixed income instruments with a guaranteed rate of return which carry minimal interest rate risk.

Liquidity risk:

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. The Fund receives its funding from the Province of Saskatchewan prior to making grant commitments and maintains sufficient cash to meet current needs, therefore the exposure to liquidity risk is considered to be low.

Price risk:

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. The Fund does not invest in any equity instruments and only purchases government guaranteed fixed income instruments or those issued by a major Canadian bank so the price risk is considered to be low.

6. Related party transactions:

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

During the year, the Fund paid grants of \$666,350 (2014 - \$1,450,589) to certain Colleges, Universities, Saskatchewan Regional Health Authorities, Health Affiliates, Health Care Organizations and the Western Development Museum for various initiatives. At March 31 there was \$511,026 (2014 - \$1,264,128) owing to these related parties.

Other transactions with related parties and amounts due to/from them are described separately in these financial statements and the notes thereto.

7. Grants (net of returns):

Grant expense is reported on the Statement of Operations and Accumulated Surplus net of grant returns received during the year. In 2015 grant returns were \$567,089 (2014 - \$772,206).

Community Initiatives Fund

Notes to Financial Statements

March 31, 2015

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8. Budget:

The budget was approved by the Board of Trustees on March 21, 2014.

9. Financial instruments:

The Fund, as part of its operations, carries a number of financial instruments which include cash, accounts receivable, interest receivable, investments, accounts payable and grants payable. All financial instruments are carried at amortized costs which approximates their fair value due to their relative short term maturities.

10. Statement of Remeasurement Gains and Losses:

A statement of remeasurement gains and losses has not been presented in these financial statements because all financial instruments are measured at amortized cost.

11. Lease commitments:

The Fund is committed to an office lease requiring minimum lease payments over the next five years as follows:

2016	21,915
2017	21,915
2018	21,915
2019	1,826

The Fund is also committed to paying actual general occupancy costs including property tax and operating expenses. These costs are not included in the lease payment amounts noted above. These costs are anticipated to be \$17,614 in 2016.

12. Statement of Changes in Net Assets:

A Statement of Changes in Net Assets has not been prepared as the information is readily apparent from the other financial statements.