

St. David's United Church Foundation of Calgary
Notes to the Financial Statements
For the Year ended December 31, 2019

1. Organization

St. David's United Church Foundation of Calgary (the "Foundation") was incorporated under the Societies Act of the Province of Alberta on July 7, 1992. The Foundation's objective is to operate as a charitable foundation which raises funds through public and private donations to provide financial assistance in a prescribed manner for major maintenance, ministerial education and outreach of St. David's United Church of Calgary.

2. Liquidation of the Foundation

Pursuant to the by-laws of the Foundation, should the Foundation be liquidated or wound-up as provided in the Societies Act, all assets of the Foundation shall be transferred to St David's United Church of Calgary, to another United Church foundation or the United Church of Canada, as determined by a special resolution of the members of the Foundation.

3. Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Revenue Recognition

The Foundation follows the deferral method of accounting for donations and bequests. Donations and bequests are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and when ultimate collection is reasonably assured.

(c) Short-Term Investments

Short term investments are investments, other than cash, that have an initial maturity of less than twelve (12) months. Interest income on the deposits is accrued over the term of the deposit.

(d) Long Term Investments (Note 4)

Long term investments are reported at market value. Any unrealized gain or loss on investments, which is the difference between the investment book value and market value of the investments, is included in the Statement of Operations.

(e) Art Portfolio (Note 5)

Art portfolio is recorded at the lower of cost and net estimated realizable value.

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3. Significant Accounting Policies-continued

(f) Contributed Goods and Services

Donations of materials and services are recognized when the fair market value can be reasonably estimated and when the materials and services are used in the normal course of operations.

Volunteers have contributed significant services to assist the Foundation in carrying out its objectives. The fair value of such services is not recognized in these financial statements.

(g) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from management's best estimates as additional information becomes available in the future.

(h) Income taxes

The Foundation is a charitable foundation and is consequently exempt from income taxes pursuant to Section 149 of the Canadian income tax act.

4. Long Term Investment

	<u>2019</u>	<u>2018</u>
	\$	\$
Canoe Financial	380,809	NIL
FIERA Capital	<u>NIL</u>	<u>401,472</u>
—	<u>\$380,809</u>	<u>\$401,472</u>

The Canoe Financial investment consists of units in the CANOE ASSET ALLOCATION PORTFOLIO CLASS Series D mutual fund. The fund aims to provide long term growth and capital preservation using a balanced investment approach. It invests primarily in a mix of Canadian equity securities, fixed income securities and money market instruments.

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5. Art Portfolio

In December 1998, the Foundation agreed to an arrangement to accept the donation of several limited edition prints on behalf of certain individual donors. The Foundation issued charitable donation receipts in the aggregate amount of \$740,000 to the donors pursuant to direction by the donors that the prints be held for a period of not less than ten years.

As at December 31, 2019, 580 pieces of art (2018 - 580 pieces) remain to be sold, having an estimated net realizable value of \$1.

6. Gain (Loss) on Long Term Investments	2019	2018
	\$	\$
Realized Capital Gain-Sale of shares	NIL	110
Realized Capital Loss on FIERA Capital mutual fund	(25,746)	NIL
Unrealized Capital Gain on Canoe Financial mutual fund	<u>10,266</u>	<u>NIL</u>
Net Capital (Loss) Gain on Investments	<u>(15,480)</u>	<u>110</u>

7. Financial Risk Management

The Foundation has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, interest rate risk, foreign currency risk, liquidity risk and market risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a significant loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk on its cash. This risk is mitigated by ensuring that cash is held at a major Canadian chartered bank. All the Foundation's revenue is received on a cash basis.

Currency Risk

All the Foundation's revenues and expenditures are transacted in Canadian dollars. Consequently the Foundation has no significant exposure to fluctuations in other currencies.

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. The Foundation is exposed to interest rate risk due to fluctuations in the market interest rate it earns on investments.

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7. Financial Risk Management - continued

Liquidity Risk

The Foundation's approach to managing liquidity risk is to ensure, to the extent reasonably possible, that it will have enough cash and near cash assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable costs or losses or risking harm to the Foundation's reputation

Market Risk

The Foundation does have investment in a mutual fund which is traded on the Toronto Stock Exchange. Fluctuations in the market expose the Foundation to the risk of loss. The Foundation attempts to mitigate this risk by controls to monitor such investments.

8. Statement of Cash Flow

The Statement of Cash Flow has not been presented as it would not provide any additional useful information.