

**Financial Statements of**

**THE SIGMA CHI CANADIAN  
FOUNDATION / LA FONDATION  
CANADIENNE SIGMA CHI**

*Year Ended June 30, 2021  
(Unaudited)*

# THE SIGMA CHI CANADIAN FOUNDATION/ LA FONDATION CANADIENNE SIGMA CHI

Statement of Financial Position (*Unaudited*)  
June 30, 2021, with comparative info for 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash (Note 3)	1,162,484	42,874
Accounts Receivable	53,348	22,183
Prepaid Expenses and Deposits	-	-
Loans Receivable (Note 2)	311,567	320,104
	<u>1,527,399</u>	<u>385,161</u>
Long-Term Assets		
Long-term investments (Note 3)	-	1,124,918
Loans Receivable (Note 2)	957,496	995,229
	<u>957,496</u>	<u>2,120,147</u>
	<u>2,484,895</u>	<u>2,505,308</u>

## Liabilities and Net Assets

Current liabilities:		
Bank Indebtedness	-	-
Accounts payable and accrued liabilities	13,152	15,190
Net assets (see Schedule)	2,471,743	2,490,118
	<u>2,484,895</u>	<u>2,505,308</u>

See accompanying Notes to the Financial Statements

On behalf of the Board:

*/signed/ John Akitt* Director (Chair)

*/signed/ David Luceseu* Director (Treasurer)

Note: if you have a requirement for a copy with actual signatures, please contact the Treasurer and include the reasons for this requirement.

# THE SIGMA CHI CANADIAN FOUNDATION/ LA FONDATION CANADIENNE SIGMA CHI

Statement of Operations and Changes in Net Assets *(Unaudited)*

June 30, 2021, with comparative info for 2020

	2021	2020
<b>Revenue</b>		
Donations <small>(see paragraph 3 of the prelude to Notes)</small>		
Foundation Programs	-	10,555
Chapter Specific	-	8,586
Investment Income	24,518	32,708
Realized gain (loss) on investments & foreign exchange	498,972	87,496
Change in unrealized gain (loss) on investments	(392,725)	62,134
	130,765	201,479
<b>Expenditures:</b>		
Scholarships and other mission spending (Note 4)	113,760	52,000
Interest, bank and credit card	183	704
Travel and meetings	-	721
Professional Fees (not including Legal)	22	11,118
Legal Fees	26,705	20,322
Insurance	1,914	2,274
Newsletter and website	6,391	2,531
Non-recoverable Portion of HST	(1,734)	4,381
Fundraising	1,900	4,352
	149,140	98,402
Excess (deficiency) of revenue over expenditures	(18,375)	103,077
Net assets, beginning of year	2,490,118	2,387,042
<b>Net Assets, end of year</b>	<b>2,471,743</b>	<b>2,490,118</b>

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Statement of Financial Position *(Unaudited)*  
June 30, 2021, with comparative info for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenditures	(18,375)	103,077
Change in unrealized gain on investments	392,725	(62,134)
Investment Income [(Retained In) / Removed From] Investments	(11,173)	5,887
Change in working capital (non-cash):		
Accounts receivable	(31,165)	15,083
Accounts payable and accrued liabilities	(2,038)	4,620
<b>Sub-total Operating Activities (1)</b>	<b>329,974</b>	<b>66,532</b>
Financing Activities:		
Proceeds from sale of investments	1,242,338	144,945
Realized gain on investments and foreign exchange	(498,972)	(87,497)
<b>Sub-total Financing Activities (2)</b>	<b>743,366</b>	<b>57,449</b>
Investing activities:		
Repayment of Loans Receivable	46,270	45,811
Additions to investments, including reinvestments	-	(144,945)
<b>Sub-total Investing Activities (3)</b>	<b>46,270</b>	<b>(99,134)</b>
Increase (decrease) in cash (1+2+3)	1,119,610	24,847
Cash, beginning of year	42,874	18,027
<b>Cash, end of year</b>	<b>1,162,484</b>	<b>42,874</b>

See accompanying Notes to the Financial Statements

# THE SIGMA CHI CANADIAN FOUNDATION/ LA FONDATION CANADIENNE SIGMA CHI

Notes to the Financial Statements  
June 30, 2021, with comparative info for 2020

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The Sigma Chi Canadian Foundation / La Fondation Sigma Chi (the "Foundation") was incorporated as a charitable foundation without share capital in 1992 to provide financial assistance and recognition of academic achievement through scholarships, grants, aid and financial assistance. The Foundation was previously incorporated under the Canada Corporations Act and was continued under the Canada Not-for-profit Corporations Act in August 2014. The Foundation also has the objective to enhance intellectual growth of students through the establishment and development of libraries, housing, as well as the provision of educational and learning materials and scholarly aids.

The foundation is a charitable organization under the income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain its status as a charity registered under the Act, the foundation must meet certain requirements within the Act and file an annual return with Canada Revenue Agency ("CRA" in support of these requirements.

In March of 2020, the Deputy Minister of Finance notified this Foundation of the Intent to Revoke our registration as a Canadian Charity. The Foundation has filed an objection to this Notice of Intent and is awaiting a response from the Ministry/CRA. As part of our response to the Notice of Intent, the Foundation is no longer accepting donations (as of April 20, 2020). Should the Foundation lose its appeal, we will be required to transfer our assets within one year, to another Canadian Charity (or multiple charities) and/or distribute assets to eligible donees such as scholarship recipients. At this time, we are continuing to award scholarships and bursaries to eligible donees.

## 1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The most significant accounting policies are as follows:

### (a) Revenue Recognition

The Foundation recognizes revenue when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Other investment income, including interest, dividends and gains or losses on sales of investments, is recognized as revenue when earned. Unrealized gains on investments are recognized on an accrual basis.

# THE SIGMA CHI CANADIAN FOUNDATION/ LA FONDATION CANADIENNE SIGMA CHI

Notes to the Financial Statements  
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## 1. Significant accounting policies (continued):

### (b) Financial Instruments

Financial instruments are recorded at fair value, defined by management as the amount expected to be settled in the future, on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value, being market value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry non-equity investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment throughout the fiscal year to determine if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the foundation expects to realize by exercising its right to any collateral. If events and circumstances improve in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (c) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that reflect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the year. Significant items subject to such estimates and assumptions include the carrying amounts of investments, loans receivable, and accrued liabilities. Actual results could differ from these estimates.

# THE SIGMA CHI CANADIAN FOUNDATION/ LA FONDATION CANADIENNE SIGMA CHI

Notes to the Financial Statements  
June 30, 2021, with comparative info for 2020

## 2. Loans receivable:

The Foundation holds documented loans, which are receivable from Sigma Chi Housing Corporations at various universities. The Gamma Lambda, Beta Omega, Gamma Rho and Theta Psi loans are repayable in annual installments maturing June 30, 2052, and bear fixed interest at the prevailing Canada Revenue Agency (CRA) prescribed rate as at March 31, 2018. The loans are secured by a second mortgage on the various properties. The Delta Omicron loan is repayable in quarterly installments maturing December 31, 2021, and bears fixed interest at the prevailing CRA prescribed rate as at July 1, 2016. The loan is secured by a General Security Arrangement. The Epsilon Omicron loan is repayable on demand and bears interest at variable quarterly prescribed rates as published each calendar quarter that CRA applies to taxable benefits for employees and shareholders for interest-free and low interest loans.

	2021	2020
Loan to Beta Omega	180,142	185,078
Loan to Gamma Lambda	97,079	99,740
Loan to Delta Omicron	5,871	17,526
Loan to Epsilon Omicron	311,567	320,104
Loan to Gamma Rho	384,963	395,513
Loan to Theta Psi	289,441	297,372
	1,269,063	1,315,333
Less current portion	311,567	320,104
	957,496	995,229

## 3. Long-term investments (at market value):

	2021		2020	
Cash held in				
investment portfolio	-	N/A	41,518	3.7%
Fixed Income	-	N/A	48,452	4.3%
Alternative Assets	-	N/A	179,199	15.9%
Listed Equities	-	N/A	855,748	76.1%
	-	N/A	1,124,918	100.0%

There are no securities held in an investment portfolio at year end 2021 as the Foundation's investment manager resigned in early 2021 and the Foundation is setting up a self-directed iTrade account at Scotiabank (finalized and \$1 million invested in early July 2021). This has resulted in a temporary bank balance exceeding \$1 million at year end 2021.

# THE SIGMA CHI CANADIAN FOUNDATION/ LA FONDATION CANADIENNE SIGMA CHI

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## 4. Scholarships and other mission spending:

	2021	2020
University Endowments	-	-
Leadership Award Entrance Scholarships	-	-
Chapter Specific Scholarships	113,760	24,000
Balfour Leadership Training Workshop Bursaries	-	4,500
Graham Scholarships	-	7,500
Jim Grimes Awards & General Leadership Scholarships	-	16,000
	113,760	52,000

## 5. Fundraising Costs:

The Foundation embarked upon a capital fund-raising program some years ago, Making a Difference Campaign. The campaign is in support of scholarship programs and operating costs as a charitable organization granting tax receipts. Fundraising expenses reflect this initiative. There are no active fundraising programs at the present time pending the CRA outcome.

## 6. Financial Risks:

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate, market, foreign currency, credit and liquidity risks. Private equity instruments have valuation and liquidity risks. The Foundation manages, to the best of its ability, these investment risk by making investments that meet specific investment criteria, which are established and approved by the Board of Directors and are designed to diversify the Foundation's investments. There is an Investment Committee of the board of Directors that monitors the investment policies approved by the Board of Directors. A professional investment manager invested and managed the investment portfolio in accordance with the Foundation's investment policy statement until January 2021. The principal shareholder of the investment manager was a Director of the Foundation and did not charge the Foundation for managing the investment portfolio. Following the resignation of the investment manager, and given the uncertainty of the CRA decision and relatively short time frame (one - two years), the Foundation has decided to establish a self-directed Scotiabank iTrade account and will manage its own investment program using mutual funds.



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## 6. Financial Risks (continued):

(a) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Foundation. The Foundation manages this risk by holding various debt instruments and by staggering the terms of the securities held.

(b) Market risk:

Market risk arises as a result of trading in securities. Fluctuations in the market generally, or a company event specifically, expose the Foundation to a risk of loss. The foundation mitigates this risk through controls to monitor and limit concentration levels, but is still subject to overall market changes.

(c) Foreign currency risk:

Foreign currency risk arises from gains and losses due to fluctuations in foreign currency exchange rates on the Foundation's foreign investment securities.

(d) Credit risk:

Credit risk arises as a result of the possibility that one party to a financial instrument will fail to discharge an obligation and cause the Foundation to incur financial loss. The Foundation manages this risk by diversifying its portfolio and by dealing with reputable and creditworthy counterparties.

(e) Liquidity risk:

Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a deterioration in value.

# THE SIGMA CHI CANADIAN FOUNDATION/ LA FONDATION CANADIENNE SIGMA CHI

Notes to the Financial Statements  
June 30, 2021, with comparative info for 2020

	2021	2020
<b>Chapter Specific Funds</b>		
Beta Omega (Toronto / Ryerson)	111,574	123,690
Delta Omicron (UBC / SFU)	97,951	82,106
Epsilon Omicron (Western)	29,510	16,707
Gamma Lambda (McGill)	42,024	57,866
Gamma Rho (Dalhousie / St. Mary's)	34,664	40,159
Iota Mu (Wilfrid Laurier)	3,004	2,864
Iota Rho (Bishops)	224,174	213,759
Kappa Mu (Windsor)	245,888	234,463
Theta Psi (Waterloo)	68,562	63,669
Lambda Theta (Ottawa)	-	33,134
<b>Sub-total: All Chapter Funds</b>	<b>857,351</b>	<b>868,417</b>
<b>General &amp; Special Funds:</b>		
General Education Fund	31,532	1,198
George Fierheller General Leadership Awards	77,300	73,709
Graham Funds	162,913	155,344
Gamma Rho Society Scholarship Fund	11,024	16,464
Horizons Endowments	62,559	59,653
<b>Sub-total: General and Special Funds</b>	<b>345,328</b>	<b>306,368</b>
Sigma Chi Housing Corporation Loans (Note 2)	1,269,063	1,315,333
	<b>2,471,743</b>	<b>2,490,118</b>

All donations received are allocated to either Chapter or General Funds based on donor direction. Each donation is charged a 20% fee as of January 1, 2014 (previously - 10%) and each Fund is charged a 1% fee annually of the current value of long-term investments. These fees are used for Foundation costs in support of all Chapters and members. An additional fee may be charged on all Funds from time to time, as needed, for the same purpose to cover any shortfalls. Expenses are allocated to Funds depending on their purpose and each Fund is allocated a proportionate share of any gains or losses on investments.