

**Financial Statements of**

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

*Year Ended June 30, 2022  
(Unaudited)*

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

Statement of Financial Position (*Unaudited*)  
June 30, 2022, with comparative info for 2021

	2022	2021
<b>Assets</b>		
Current assets:		
Cash (Note 3)	116,515	1,162,484
Accounts Receivable	44,005	53,348
Prepaid Expenses and Deposits	-	-
Loans Receivable (Note 2)	302,944	311,567
	<u>463,464</u>	<u>1,527,399</u>
Long-Term Assets		
Long-term investments (Note 3)	897,733	-
Loans Receivable (Note 2)	890,810	957,496
	<u>1,788,543</u>	<u>957,496</u>
	<u>2,252,007</u>	<u>2,484,895</u>

## Liabilities and Net Assets

Current liabilities:		
Bank Indebtedness	-	-
Accounts payable and accrued liabilities	11,616	13,152
Net assets (see Schedule)	2,240,391	2,471,743
	<u>2,252,007</u>	<u>2,484,895</u>

See accompanying Notes to the Financial Statements

On behalf of the Board:

/signed/ J Akitt Director (Chair)

/signed/ D Lucescu Director (Treasurer)

# 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

	2022	2021
<b>Revenue</b>		
Donations (see paragraph 3 of the prelude to Notes)		
Foundation Programs	-	-
Chapter Specific	-	-
Investment Income	33,161	24,518
Realized gain (loss) on investments & foreign exchange	(17,040)	498,972
Change in unrealized gain (loss) on investments	(105,851)	(392,725)
	<u>(89,731)</u>	<u>130,765</u>
<b>Expenditures:</b>		
Scholarships and other mission spending (Note 4)	128,681	113,760
Interest, bank and credit card	813	183
Travel and meetings	1,789	-
Professional Fees (not including Legal)	12	22
Legal Fees	-	26,705
Insurance	2,293	1,914
Newsletter and website	3,513	6,391
Non-recoverable Portion of HST	3,691	(1,734)
Fundraising	830	1,900
	<u>141,621</u>	<u>149,140</u>
Excess (deficiency) of revenue over expenditures	(231,352)	(18,375)
Net assets, beginning of year	2,471,743	2,490,118
<b>Net Assets, end of year</b>	<u><b>2,240,391</b></u>	<u><b>2,471,743</b></u>

See accompanying Notes to the Financial Statements

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

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

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenditures	(231,352)	(18,375)
Change in unrealized gain on investments	105,851	392,725
Investment Income [(Retained In) / Removed From] Investments	(20,525)	(11,173)
Change in working capital (non-cash):		
Accounts receivable	9,343	(31,165)
Accounts payable and accrued liabilities	(1,536)	(2,038)
<b>Sub-total Operating Activities (1)</b>	<b>(138,218)</b>	<b>329,974</b>
Financing Activities:		
Proceeds from sale of investments	883,497	1,242,338
Realized gain on investments and foreign exchange	17,040	(498,972)
<b>Sub-total Financing Activities (2)</b>	<b>900,537</b>	<b>743,366</b>
Investing activities:		
Repayment of Loans Receivable	75,309	46,270
Additions to investments, including reinvestments	(1,883,597)	-
<b>Sub-total Investing Activities (3)</b>	<b>(1,808,288)</b>	<b>46,270</b>
Increase (decrease) in cash (1+2+3)	(1,045,969)	1,119,610
Cash, beginning of year	1,162,484	42,874
<b>Cash, end of year</b>	<b>116,515</b>	<b>1,162,484</b>

See accompanying Notes to the Financial Statements

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Notes to the Financial Statements (Unaudited)  
June 30, 2022, with comparative info for 2021

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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 its 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 the response to the Notice of Intent, the Foundation is no longer accepting donations (as of April 20, 2020). Should the Foundation lose its appeal, it will be required to transfer all 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.

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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 (Unaudited)  
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## 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 has been fully repaid during the course of the 2021-22 year. 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.

	2022	2021
Loan to Beta Omega	175,157	180,142
Loan to Gamma Lambda	59,916	97,079
Loan to Delta Omicron	-	5,871
Loan to Epsilon Omicron	302,944	311,567
Loan to Gamma Rho	374,307	384,963
Loan to Theta Psi	281,430	289,441
	1,193,754	1,269,063
Less current portion	302,944	311,567
	890,810	957,496

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

	2022		2021	
Cash held in investment portfolio	27,033	3.0%	0	N/A
Fixed Income	446,400	49.7%	0	N/A
Alternative Assets	0	0.0%	0	N/A
Listed Equities	424,300	47.3%	0	N/A
	897,733	100.0%	0	N/A

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 invested in early July 2021). This has resulted in a temporary bank balance exceeding \$1 million at year end 2021.

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## 4. Scholarships and other mission spending:

	2022	2021
University Endowments	-	-
Leadership Award Entrance Scholarships	-	-
Chapter Specific Scholarships	68,000	113,760
*Krach Transformational Leadership Workshop Bursaries	55,681	-
Horizons Leadership Training Program - Canada		
Graham Scholarships	-	-
Jim Grimes Awards & General Leadership Scholarships	5,000	-
	128,681	113,760

\*Formerly Balfour Leadership Training Workshop

## 5. Fundraising Costs:

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 manages its own investment program using Mutual Funds and Exchange Traded Funds (ETFs).



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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.

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	2022	2021
<b>Chapter Specific Funds</b>		
Beta Omega (Toronto / Ryerson)	81,088	111,574
Delta Omicron (UBC / SFU)	92,842	97,951
Epsilon Omicron (Western)	37,891	29,510
Gamma Lambda (McGill)	45,032	42,024
Gamma Rho (Dalhousie / St. Mary's)	41,619	34,664
Iota Mu (Wilfrid Laurier)	2,686	3,004
Iota Rho (Bishops)	202,990	224,174
Kappa Mu (Windsor)	219,875	245,888
Theta Psi (Waterloo)	71,996	68,562
Lambda Theta (Ottawa)	0	0
<b>Sub-total: All Chapter Funds</b>	<b>796,019</b>	<b>857,351</b>
<b>General &amp; Special Funds:</b>		
General Education Fund	25,743	31,532
George Fierheller General Leadership Awards	69,123	77,300
Graham Funds	145,678	162,913
Gamma Rho Society Scholarship Fund	11,024	11,024
Horizons Endowments	0	62,559
<b>Sub-total: General and Special Funds</b>	<b>251,568</b>	<b>345,328</b>
Sigma Chi Housing Corporation Loans (Note 2)	1,193,754	1,269,063
	<b>2,241,341</b>	<b>2,471,743</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.