The Yukon Foundation

Financial Statements

September 30, 2018

The Yukon Foundation

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Management Responsibility Statement

The management of The Yukon Foundation is responsible for preparing the financial statements, the notes to the financial statements and other financial information contained in this annual report.

Management prepares the financial statements in accordance with Canadian generally accepted accounting principles. The financial statements are considered by management to present fairly the management's financial position and results of operations.

The organization, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the financial statements.

The financial statements have been reported on by Crowe MacKay LLP, Chartered Professional Accountants, the members' auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

Original Documents Signed by:

[Sophie Partridge] — December 6, 2018
Executive Director — Date

[Jo-Ann Waugh] for Kim Tanner — Dec. 6/18
Treasurer — Date

December 6, 2018

Crowe MacKay

Independent Auditors' Report

To the Directors of The Yukon Foundation

We have audited the accompanying financial statements of The Yukon Foundation, which comprise the statement of financial position as at September 30, 2018, and the statements of operations, 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.

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 auditors consider internal control relevant to the organization'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 organization'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 The Yukon Foundation as at September 30, 2018, 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.

Crowe MacKay LLP

Whitehorse, Canada
December 6, 2018

Chartered Professional Accountants

The Yukon Foundation

Statement of Operations

For the year ended September 30,	2018	2017
Revenues		
Investment	$ 260,623	$ 260,691
Administrative	13,251	14,985
	273,874	275,676
Expenditures		
Advertising	705	1,088
Annual general meeting	2,667	2,144
Communications	1,190	1,604
Contract	51,754	51,529
Office	3,784	6,555
Professional fees	13,176	14,928
Wages	496	5,159
	73,772	83,007
Excess of revenues over expenditures before other items	200,102	192,669
Other income (expenses)		
Unrealized gain/(loss) on sale of investments	(53,993)	70,967
Realized gain/(loss) on sale of investments	68,908	(36,609)
	14,915	34,358
Excess of revenues over expenditures	$ 215,017	$ 227,027

The Yukon Foundation

Statement of Changes in Net Assets

For the year ended September 30, 2018

	Contributed Principal	Distributable Income	Total 2018	Total 2017
Balance, beginning of year	$ 7,270,771	$ 180,215	**$ 7,450,986**	$ 7,328,685
Excess of revenues over expenditures	-	215,017	**215,017**	227,027
Grants	-	(158,267)	**(158,267)**	(206,753)
Current contributions	-	9,580	**9,580**	5,821
Transferred to administration revenue	-	(5,866)	**(5,866)**	(7,167)
Awards returned/cancelled	-	-	-	1,501
Contributed principal	124,927	(599)	**124,328**	101,872
Unrealized loss	(53,993)	53,993	-	-
Balance, end of year	**$ 7,341,705**	**$ 294,073**	**$ 7,635,778**	$ 7,450,986

The Yukon Foundation

Statement of Financial Position

September 30,	2018	2017
Assets		
Current		
Cash and short-term investments	$ 132,162	$ 52,147
Accounts receivable	158,505	129,276
Prepaid expenses	4,392	-
	295,059	181,423
Restricted investments (note 3)	7,341,119	7,270,771
	$ 7,636,178	$ 7,452,194
Liability		
Current		
Accounts payable	$ 400	$ 1,208
Fund balances		
Net assets restricted for contributed principal (schedule)	7,341,705	7,270,771
Net assets invested in distributable income	294,073	180,215
	7,635,778	7,450,986
	$ 7,636,178	$ 7,452,194

Approved on behalf of the board:

Original Documents Signed by:

[J. Waugh] Member

[J. Firth] Member

See accompanying notes

The Yukon Foundation

Statement of Cash Flows

For the year ended September 30,	2018	2017
Cash provided by (used for)		
Operating activities		
Excess of revenues over expenditures	$ 215,017	$ 227,027
Items not affecting cash		
Unrealized loss (gain) on sale of investments	53,993	(70,967)
Realized loss (gain) on sale of investments	(68,908)	36,609
	200,102	192,669
Change in non-cash working capital items		
Accounts receivable	(29,229)	1,173
Prepaid expenses	(4,392)	-
Accounts payable	(808)	(3,582)
	165,673	190,260
Financing activities		
Additions to contributed principal	124,341	102,222
Grants	(164,133)	(213,420)
Net short term contributions	(2,712)	(1,274)
	(42,504)	(112,472)
Investing activities		
Purchase of restricted investments	(398,608)	(1,932,850)
Proceeds on sale of restricted investments	355,454	1,801,475
	(43,154)	(131,375)
Increase (decrease) in cash	80,015	(53,587)
Cash, beginning of year	52,147	105,734
Cash, end of year	$ 132,162	$ 52,147

1. Nature of operations

The Yukon Foundation (the "Foundation"), was incorporated under the Societies Ordinance of the Yukon and continued under the Yukon Foundation Act on May 3, 1995. The objectives of the Foundation are to promote educational advancement and scientific or medical research for the enhancement of human knowledge in the Yukon; to promote the cultural heritage of the Yukon; and to provide support intended to contribute to the mental, cultural and physical well being of the residents of the Yukon. The Foundation is registered with the Charities Division, Canada Revenue Agency, and is classified as a public foundation. As such, it is exempt from income taxes and can issue charitable donation receipts.

2. Significant accounting policies

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

(a) Cash and short term investments

Cash and short term investments consist of cash on hand, bank deposits and GIC investments with a maturity of less than 3 months.

(b) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. 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 principal fund contributions are recognized as direct increases in net assets.

Investment income is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

(c) Bequests and grants

Bequests are recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Grants are recorded when approved by the Foundation.

(d) Restricted investments

Investments are recorded at fair value based upon bid prices for publicly traded securities and quoted prices for fixed rate investments. Realized investment gains (losses) are recorded on a settlement date basis. Any unrealized gains or losses are reflected as changes or unrealized gains (losses) on investments in the statement of operations. The purchase premium or discount, if any, is charged to revenue and expenses over the life of the investment. Interest earned on investments is recorded on the accrual basis.

(e) Premiums and discounts on bonds

Premiums and discounts on bonds purchased by the Foundation are amortized on a straight-line basis over the remaining months until the maturity of the investment.

2. Significant accounting policies (continued)

(f) Contributed services

Volunteers contribute significant time to assist in the Foundation in carrying out its objectives. Because of the difficulty of determining the fair value of this time, contributed services are not recognized in these financial statements.

(g) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for restricted investments in equity instruments that are quoted in an active market, which are measured at fair value without any adjustment for transaction costs. Changes in fair value are recognized in net income in the period in which they occur. The Foundation measures the following financial assets and financial liabilities at amortized cost:

Financial assets measured at amortized cost include cash and short term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

Financial instruments classified as financial assets and financial liabilities held for trading are recorded at their fair value at each balance sheet date. Accordingly, any change in fair value is recognized in earnings in the period in which the change occurs.

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

2. Significant accounting policies (continued)

(h) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. Restricted investments

As at September 30, 2018, market values reflect increases or decreases from cost due to current interest rates differing from contractual rates and unrealized gains or losses on certain investments. The total unrealized gain recognized in these financial statements at September 30, 2018 was $865,674 (2017 - $919,667). This decrease in the unrealized gain included on the statement of operations is $(53,993) (2017 - $70,967).

It is not the intention of the Foundation to actively engage in the purchase and sale of securities on a short-term basis, but primarily to meet liquidity needs if and when they may arise. The investment policy specifies maximum levels of direct equity market exposure, in addition to fixed and variable rate investments. The policy addresses issues of diversification, asset allocation, investment concentration and minimum credit ratings. Investment decisions are made in close consultation with an experienced professional portfolio advisor.

	2018 Cost	2018 Market	2017 Cost
Common shares	$ 706,520	$ 1,220,122	$ 726,562
Trust units	6,652	9,823	7,120
Mutual funds and cash	279,711	451,389	445,688
Preferred shares	3,081,190	3,097,395	2,757,415
Fixed income	2,533,533	2,694,553	2,466,466
Total investments	6,607,606	7,473,282	6,403,251
Cash and short term investments	(132,163)	(132,163)	52,147
Restricted investments	$ 6,475,443	$ 7,341,119	$ 6,455,398

4. Financial instruments

Transacting in and holding of financial instruments exposes the company to certain financial risks and uncertainties. These risks include:

(a) 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 Foundation's exposure to credit risk relates to accounts receivable and arises from the possibility that a debtor does not fulfil its obligations. Management believes this risk is minimal as the majority of receivables are from large financial institutions. The Foundation performs continuous evaluation of its financial assets and records impairment in accordance with the stated policy.

(b) 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 risk, interest rate risk and other price risk. The Foundation is not exposed to currency risk. The Foundation is exposed to market risk as follows:

(i) 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 Foundation's interest-bearing financial instruments include fixed rate investments. The fair values of fixed rate financial instruments fluctuate as market rates of interest change. The Foundation does not employ derivative financial instruments to hedge its exposure to interest rate risk but management does not anticipate significant effect on future cash flows or fair values due to relative stability in market rates of interest.

(ii) 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 foreign currency risk, whether those changes are caused by factors specific to the individual financial instrument or issuer, or factors affecting all similar financial instruments or issuers. The Foundation's publicly traded investments expose the Foundation to price risks as these instruments are subject to price changes in an open market for a variety of reasons including, investor sentiment and expectations, changes in market rates of interest, general economic indicators and restrictions of credit markets. The Foundation does not employ derivative financial instruments to hedge its exposure to other price risk.

5. Life insurance

Four donors pay monthly premiums for life insurance policies where the Yukon Foundation is the beneficiary. Total benefits payable to the Foundation upon death of a donor, based on the current policies, would be $82,497; $25,000; $18,445; and $15,000 respectively. The donors are issued charitable donation receipts in the amount of the premium they pay for their policy in the given year. The total cost to the donors of $4,245 is not recorded in the accompanying financial statements.

In addition, there are two life insurance policies on which premiums are being paid out of the surrender value of the policy and for which no donation receipt has been issued. These have a total benefit payable to the foundation of $84,417.

6. Restricted investments

The restricted investments comprises those assets over which the Foundation exercises discretionary investment control within the guidelines established by the Board of Directors. Once the funds are allocated, the income on the dedicated funds is restricted to the purpose of the fund.

The Yukon Foundation

Schedule - Contributed Principal Funds

As at September 30,	2018	2017
Dedicated Funds:		
Aboriginal Sport Legacy	$ 1,089,467	$ 1,089,467
Alano Club	50,000	50,000
Fay Anthony	6,910	6,910
Alec Berry	29,773	29,773
Joan Bilton	6,233	6,233
Thomas J. Black	19,000	19,000
Boreal Alternate Energy Centre	25,245	25,245
Bill Bowie	31,050	31,050
Geoff Bradshaw	57,805	57,805
Archie Bruce	115,238	115,238
Gladys L. Bruce	40,000	40,000
John Bunker	56,694	56,694
G.I. and Martha Cameron	10,100	10,100
Robert and Jean Campbell	10,000	10,000
Brian Campion	20,070	20,070
Commission scolaire francophone du Yukon #23	7,861	7,682
CPR Yukon	8,885	8,885
Douglas Craig	14,414	14,414
Marvin C. Crawford	15,000	15,000
Dawson District Renewable Resources Council	26,772	26,722
Belle and Curly Desrosiers	28,245	28,245
Konrad Domes	5,000	5,000
Ryan Downing	54,284	53,684
Bill and Marnie Drury	50,000	50,000
Des Duncan	18,981	18,981
Debra Dungey	5,629	5,629
Mark and Heinz Eichhorn	5,000	5,000
Ted Feser	21,800	21,800
Bea Firth	34,090	34,090
Adrian Fisher	10,017	10,017
Maureen and Gilles Fontaine	45,000	45,000
Ira "Slim" Foster	28,334	28,334
Joe Goodeill	5,210	5,210
George Green	29,750	29,250
Tamara Guttman	17,843	17,843
Karen and Bert	15,690	14,790
Bruce and Pat Harvey	54,474	54,474
Ted and Nicky Harrison	6,965	6,965
Heritage North	13,727	13,727
Dereen Hildebrand	62,614	62,614
Hougen Family	60,000	60,000
Donald Hoy	5,000	5,000
Harry Johannes	25,000	25,000
Marilyn King	158,454	158,454
Klondike Defence Force	9,524	9,524
Klondike Placer Miners' Association Indian River	10,761	10,761
Patricia Kohler	65,500	55,500
Mariel Lacasse	6,000	6,000
Nesta Leduc	89,199	-
Claudia Lowry	7,346	7,168
Mary and Ole Lunde	72,757	72,757
Mayo District (Paul Lucas)	17,298	17,298
Mayo Historical Society	15,000	15,000
Gordon and Ruth McIntyre	10,270	10,270
Carried forward	$ 2,705,279	$ 2,603,673

The Yukon Foundation

Schedule - Contributed Principal Funds

As at September 30,	2018	2017
Brought forward	$ 2,705,279	$ 2,603,673
James McLachlan	9,000	6,000
Les McLaughlin	14,438	14,439
Bea and George McLeod	30,588	30,588
Donald Merill	12,078	12,078
Roy Minter	116,371	115,196
Jan Montgomery	210,945	210,945
Rita and Frank Mooney	5,457	5,457
Brian Morris	12,450	12,450
James Murdoch	12,433	11,933
Gordon Newman	7,000	7,000
Rick and Maureen Nielsen	20,000	20,000
Northern Writer's Circle	5,000	5,000
Albert Oster	5,014	5,014
Patnode Family	7,325	7,325
Herman Peterson	10,000	10,000
J. L. Phelps	10,000	10,000
Garry Phillips	16,555	16,485
Porter Creek Citizens' Association	17,417	17,417
Gary Reynolds	10,385	10,385
Babe Richards	6,958	6,958
Paula Joan Riehl	8,393	8,393
John Rowan	253,155	253,155
Schmidt Family	15,025	15,026
Joan Shaxon	10,000	10,000
Ben Sheardown	34,715	34,715
John and Doris Stenbraten	249,646	249,646
Stuart/Sim Northern Education	36,679	36,679
Rod Tait	24,275	24,275
Tanner Family	50,205	49,205
Charles D. and Betty Taylor	15,229	15,229
Edith and Victor Thomas	16,095	16,095
Vancouver Yukoner's Association	19,202	19,000
J.J. Van Bibber	10,000	10,000
Joan M. Veinott	10,000	10,000
Versluce Brothers	53,583	53,583
Village of Mayo Historical Society	13,830	13,830
Herb and Dorreene Wahl	493,588	493,588
Matthew Watson	109,990	109,990
Matthew Webster	31,619	31,566
Anne Williams	42,618	34,868
Whitehorse Boys and Girls Club	16,000	16,000
Whitehorse Copper Mines	5,000	5,000
Whitehorse Business and Professional Women	10,000	10,000
Whitehorse Glacier Bears Swim Club	23,579	23,579
Flo Whyard - Holland America Lines - Westours	5,775	5,775
Cäcilie Wigen	103,890	103,890
Shirley Williams	11,750	11,750
Robert Wilson	67,107	67,107
Yukon Anniversaries Commission	85,000	85,000
Yukon College Endowment	171,478	168,303
Government of Yukon Legacy	750,000	750,000
Carried forward	$ 5,992,119	$ 5,873,590

The Yukon Foundation

Schedule - Contributed Principal Funds

As at September 30,	2018	2017
Brought forward	$ 5,992,119	$ 5,873,590
Yukon Indian Heritage	40,357	40,357
Yukon Outdoors Club	12,421	12,421
Yukon Scout Council	105,000	105,000
Yukon Senator's Assistance	6,100	6,100
Y.W.C.A. of Yukon	10,000	10,000
A-7 Ranch Administration	80,000	80,000
Stenbraten Administration	157,126	157,126
Dedicated funds	$ 6,403,123	$ 6,284,594
General Funds:		
General	$ 10,389	$ 10,389
Marjorie Almstrom	450	450
Jaedyn Amann	300	300
Robert Armstrong	2,340	2,340
Victoria Baldwin	2,460	2,460
Henry Besner	1,000	1,000
Tim Bierlmeir	300	300
Herbie Bouwman	2,859	2,858
Chechahko Consumers Co-op Ltd.	1,291	1,291
Helen Couch	3,496	3,496
Jim Davie	3,032	3,032
Dr. Allan Duncan	1,443	1,444
Josh Eby	50	-
Donald Frizzel	50	50
Firth Family Fund	1,600	1,600
Charles Halliday	6,400	400
Nedien Hoganson	2,695	2,695
John Hoyt	2,200	2,200
Helen Janko	1,705	1,705
Douglas Johnson	4,305	4,305
Flo Kitz	2,695	2,695
Queenie Leader	940	940
Grant Livingston	365	365
Sally MacDonald	2,861	2,861
Norman Matechuk	1,080	1,080
Medical Laboratory Sciences Association of Yukon	2,696	2,696
Erik Nielsen	3,565	3,565
Diamond and James Quong	4,720	4,720
Dianna Raketti	200	-
Red Rodgers	680	680
Senyk Memorial	1,200	1,200
Evelyn Steele	445	445
Earl Thornton	-	440
Jeffrey Young	2,508	2,506
General Fund	72,320	66,508
Total Contributed Trust Equity	6,475,443	6,351,102
Unrealized gain on investments	865,676	919,669
Total Contributed Trust Assets	$ 7,341,119	$ 7,270,771