

**SELKIRK AND DISTRICT
COMMUNITY FOUNDATION INC.**

Financial Statements
For the year ended June 30, 2014

SELKIRK AND DISTRICT COMMUNITY FOUNDATION INC.

Financial Statements

For the year ended June 30, 2014

Contents

Review Engagement Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	
Endowment Funds and Charitable Remainder Trusts	4
Operating Fund	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11
Schedule of Endowment Funds	12



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Review Engagement Report

To the Members of
SELKIRK & DISTRICT COMMUNITY FOUNDATION INC. INC.

We have reviewed the statements of financial position of the **SELKIRK & DISTRICT COMMUNITY FOUNDATION INC. INC.** as at June 30, 2014, and the statements of operations and changes in net assets for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Foundation.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
October 24, 2014

SELKIRK AND DISTRICT COMMUNITY FOUNDATION INC.
Statement of Financial Position
(Unaudited)

As at June 30	2014	2013
Assets		
Current Assets		
Cash and credit union	\$ 83,022	\$ 40,345
Receivables	1,563	4,373
Income receivable (Note 2)	31,508	32,395
Savings account (short-term investments)	145,816	394,221
Prepaid expenses	75	75
	<u>261,984</u>	<u>471,409</u>
Investments , at market (Note 3)	<u>5,565,845</u>	<u>4,612,660</u>
Other		
Funds held in trust, at market (Note 2)	1,250,177	1,091,562
Charitable remainder trusts (Note 4)	647,501	647,501
Cash surrender value of life insurance policy (Note 5)	2,244	2,244
	<u>1,899,922</u>	<u>1,741,307</u>
	<u>\$ 7,727,751</u>	<u>\$ 6,825,376</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 7,290	\$ 8,544
Salaries and employees deductions payable	3,723	2,501
Grants payable	113,204	90,372
Deferred donations (Note 6)	2,043	361,591
	<u>126,260</u>	<u>463,008</u>
Long-term Liabilities		
Managed funds (Note 8)	<u>545,852</u>	<u>285,499</u>
Net Assets		
Endowment Funds (Page 12)		
Community funds	2,664,494	2,287,811
Donor advised funds	1,538,523	1,332,895
Designated funds	1,456,934	1,163,771
Fields of interest funds	529,915	457,559
Scholarship & bursary funds	190,848	167,088
	<u>6,380,714</u>	<u>5,409,124</u>
Charitable Remainder Trusts (Note 4)	<u>647,501</u>	<u>647,501</u>
	<u>7,028,215</u>	<u>6,056,625</u>
Operating Fund (Page 5)	<u>27,424</u>	<u>20,244</u>
	<u>7,055,639</u>	<u>6,076,869</u>
	<u>\$ 7,727,751</u>	<u>\$ 6,825,376</u>

The accompanying notes form an integral part of these financial statements.

SELKIRK AND DISTRICT COMMUNITY FOUNDATION INC.
Statement of Operations and Changes in Net Assets - Endowment
Funds and Charitable Remainder Trusts
(Unaudited)

Year ended June 30	2014	2013
Revenue		
Income earned on investments	\$ 265,620	\$ 149,510
Income earned on trust funds	42,307	43,524
Unrealized capital gains on investments	732,960	418,325
Contributions paid for administration	(51,547)	(45,009)
Fee paid for managing investments	(30,224)	(26,085)
Net revenue for the year before donations	959,116	540,265
Donations received		
Designated funds	114,618	123,819
Agency funds	4,630	10,650
Administration fund	2,519	4,424
Donor advised funds	16,749	18,083
Fields of interest funds	6,055	8,582
Bursary funds	2,915	265
Undesignated/Community funds	46,261	40,636
Total donations for the year	193,747	206,459
Total revenue	1,152,863	746,724
Grants made during the year		
Arts and culture	-	450
Children and youth	30,080	22,393
Education	17,676	21,667
Environment	7,100	7,000
Grants payable cancelled	(3,031)	(2,265)
Health	35,294	6,639
Heritage and restoration	19,948	24,185
Scholarships and bursaries	6,200	5,800
Service for seniors	8,320	3,000
Social services	45,828	5,598
Sports and recreation	11,358	15,745
Youth Advisory Committee	2,500	2,500
Total grants	181,273	112,712
Excess of revenue over grants for the year	971,590	634,012
Net assets, beginning of year	6,056,625	5,422,613
Net assets, end of year	\$ 7,028,215	\$ 6,056,625

The accompanying notes form an integral part of these financial statements.

SELKIRK AND DISTRICT COMMUNITY FOUNDATION INC.
Statement of Operations and Changes in Net Assets - Operating Fund
(Unaudited)

Year ended June 30	2014	2013
Revenue		
Contributions to administration from funds	\$ 51,547	\$ 45,009
Grants - Winnipeg Foundation and Manitoba Hydro	9,854	7,485
Donations and grants for operations	7,713	7,256
Donations and contests on golf day	2,890	3,369
Flow through donations	850,025	655,450
Management fee on flow through donations	1,060	11,451
Donations for life insurance premiums	191	191
Total revenue	923,280	730,211
Flow through donations	850,025	655,450
Program and administration expenses		
Advertising and brochures	1,127	1,292
Annual reports, net of advertising revenue	5,940	3,032
Awards night, net of gifts received	3,924	3,368
CF of Canada Conference, net of grants received	-	2,334
CF of Canada Regional meeting	-	400
Communications - website, internet, and phone	1,892	2,630
Executive Director	30,131	28,617
Fundraising letter campaign	787	627
Lake Winnipeg Project	319	-
Laptop computers	2,723	-
Learning and development	1,574	1,733
Life insurance premiums	191	191
Meetings	2,088	1,723
Membership dues	1,854	1,591
Logo changeover costs - banner	1,131	-
Office and other	3,201	2,704
Office rent, net of grant received	1,391	1,311
Office staff	2,030	1,546
Professional fees	2,321	2,155
Promotional seminars, pins and plaques	24	606
Promotional video	-	4,612
Travel	1,351	12
WCS Games Legacy Celebrations	2,076	-
Total flow through donations and expenses	916,100	715,934
Excess of revenue over expenses for the year	7,180	14,277
Net assets, beginning of year	20,244	5,967
Net assets, end of year	\$ 27,424	\$ 20,244

The accompanying notes form an integral part of these financial statements.

SELKIRK AND DISTRICT COMMUNITY FOUNDATION INC.
Statement of Cash Flows
(Unaudited)

Year ended June 30	2014	2013
Cash Flow from Operating Activities		
Excess of revenue over expenses for the year	\$ 7,180	\$ 14,277
Items not affecting cash		
Unrealized gains on investments	(611,909)	(356,268)
Changes in non-cash working capital		
Receivables	2,811	(3,080)
Income receivable	886	991
Prepaid expenses	-	5,282
Accounts payable and accrued liabilities	(687)	6,603
Salaries and employees deductions payable	656	-
Prior years grants payable	(77,422)	(106,598)
Current year grants payable	99,654	78,294
Bursaries money payable	600	650
Deferred donations	(359,548)	360,346
	<u>(937,779)</u>	<u>497</u>
Cash Flows Used in Investing Activities		
Net increase in investments	(341,277)	(266,717)
Funds held in trust	(158,614)	(82,995)
	<u>(499,891)</u>	<u>(349,712)</u>
Cash Flows from Financing Activities		
Managed funds	260,352	34,086
Endowment funds	971,590	634,013
	<u>1,231,942</u>	<u>668,099</u>
Net (decrease) increase in cash, credit union and savings	(205,728)	318,884
Cash, credit union and savings account, beginning of year	434,566	115,682
Cash, credit union and savings account, end of year	\$ 228,838	\$ 434,566
Represented by:		
Cash and credit union	\$ 83,022	\$ 40,345
Savings account (short-term investments)	<u>145,816</u>	<u>394,221</u>
	\$ 228,838	\$ 434,566

The accompanying notes form an integral part of these financial statements.

SELKIRK & DISTRICT COMMUNITY FOUNDATION INC.
Notes to Financial Statements
(Unaudited)

For the year ended June 30, 2014

1. Nature of the Foundation Summary of Significant Accounting Policies

a. Nature of the Foundation

The Foundation was incorporated in June 1995 as a non-profit charitable organization, established to benefit the citizens of Selkirk and District by supporting health, social, heritage, educational, cultural, environmental, and community charitable needs in the community.

The Foundation is a registered charity and is classified as a Public Foundation for purposes of the Income Tax Act.

b. Basis of Accounting

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

c. Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions. The Endowment funds report only the resources that are to be used for Endowment fund purposes. The Operating fund accounts for the Foundation's program delivery and administrative activities.

d. Revenue Recognition

Bequests and other donations are recorded when received. Unless a donor specifies otherwise, donations received are generally considered contributions to the capital of the Foundation and are, therefore, reflected as revenue of the Endowment funds. If a donor specifies that the contribution is not to be retained permanently, it is recognized as revenue of the Operating Fund.

e. Endowment Funds

Endowment funds are established for donations which will remain under the Foundation's management in perpetuity. Such donations are used to acquire units in the Foundation's consolidated investments, so that each fund is increased (or decreased) periodically by its proportionate share of the investment income, gains and losses that are allocated to the Endowment funds.

The Endowment funds of the Foundation are comprised of funds subject to varying degrees of restriction on the use of capital and income. Income earned on the funds is used to provide grants to qualifying registered charities.

f. Investments

The investments of the Foundation and the funds held in trust are recorded at year-end market values. Revenue includes interest, dividends, realized capital gains (losses), and the net change in unrealized capital gains (losses) for the year

g. Charitable Remainder Trusts

Charitable remainder trusts are a form of a residual interest gifts. The donor transfers property to a trustee who holds and manages it. If the property is income-producing, net income after payment of all expenses will be paid to the donor and/or other named beneficiary. When the trust terminates (either at the death of the beneficiary/ies or after a term of years), the trust remainder is distributed to the Foundation. If the trust is irrevocable, the donor is entitled to a gift receipt for the present value of the residual trust.

SELKIRK & DISTRICT COMMUNITY FOUNDATION INC.

Notes to Financial Statements

(Unaudited)

For the year ended June 30, 2014

1. Nature of the Foundation Summary of Significant Accounting Policies (continued)

h. Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. In addition, guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

i. Contributed Services

The Foundation is governed and supported by volunteers. Contributed services are not reflected in the financial statements due to the difficulty in determining their fair value.

j. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

2. Funds Held in Trust

Funds from the Estate of Maude Gordon are held in trust by The Winnipeg Foundation. Income earned on the funds is transferred to the Selkirk and District Community Foundation Inc. as per the spending policy of The Winnipeg Foundation (4.0% in 2014, 4.2% in 2013 of the average value of the fund, calculated over three years).

The Winnipeg Foundation charges fees for administration and investment management expenses of 0.84% (2013 was 0.82%) of the September 30th values of the fund.

The income available for grant making is calculated monthly and at June 30, 2014 was \$31,508 (2013 was \$32,395).

3. Investments

	June 30 2014	June 30 2013
Bonds and mortgages	\$ 1,035,061	\$ 882,476
Canadian equities	1,502,509	1,156,778
US & international equities	1,914,306	1,658,659
Real estate fund	1,112,969	910,001
Transaction accounts	1,000	4,746
	<u>\$ 5,565,845</u>	<u>\$ 4,612,660</u>

SELKIRK & DISTRICT COMMUNITY FOUNDATION INC.
Notes to Financial Statements
(Unaudited)

For the year ended June 30, 2014

4. Charitable Remainder Trusts

The Foundation is the capital beneficiary of the charitable remainder trusts and will become entitled to the investment income from these funds upon the death of the income beneficiaries.

The balance of \$647,501 at June 30, 2014 (\$647,501 at June 30, 2013) represents the net present value of the irrevocable trusts at the date of funding. The net present value of new charitable remainder trusts during the year is recorded in the Foundation's records as an increase to the net assets.

5. Cash Surrender Value of Life Insurance Policy

The Foundation is the owner and beneficiary of a life insurance policy. Proceeds receivable upon the realization of this policy will be approximately \$35,000. The cash surrender value of this policy has been recorded as an asset of the endowment funds.

6. Deferred Donations

Deferred donations of \$2,043 (\$1,304 at June 30, 2013) represent gifts from donors for various expenses or charitable projects. These donations will be paid out when the expenses are incurred or the various projects are started or completed.

Deferred donations also include \$Nil (\$360,287 at June 30, 2013) in Flow Through donations restricted by the donor for a major charitable capital project and are not held in permanence by the Foundation. These donations were paid out in the fall of 2013.

7. Commitment

The Foundation is committed to paying \$16,500 in grants over the next year (\$33,500 at June 30, 2013) to a major project in Selkirk.

8. Managed Funds

The Foundation manages funds for various organizations for a management fee based on the market value of the investments. These funds have been transferred to the Foundation for long-term management, but are subject to withdrawal at any time with reasonable notice. Managed funds are comprised of the following at year end:

	June 30 2014	June 30 2013
Lord Selkirk School Division Scholarship Foundation Fund	\$ 308,354	\$ 262,173
Anglican Parish of Christ Church Selkirk Fund	203,288	-
Chief Peguis Heritage Park Fund	34,210	23,326
	<u>\$ 545,852</u>	<u>\$ 285,499</u>

SELKIRK & DISTRICT COMMUNITY FOUNDATION INC.
Notes to Financial Statements
(Unaudited)

For the year ended June 30, 2014

9. Management of Capital

The Foundation defines its capital as its Endowment Funds, Charitable Remainder Trusts and Operating Fund net assets. The Foundation's ultimate goal is to provide for grant making in perpetuity. In order to achieve that goal, the Board of Directors follows its Asset Management Governance Plan, which describes the processes put in place for the management of the Foundation's invested funds. The purpose of the Governance Plan is to ensure that the invested funds are managed effectively, prudently and in compliance with all applicable laws. In addition, the Board of Directors follows its Statement of Investment Policies and Guidelines which contains investment objectives, investment guidelines, and monitoring procedures.

10. Financial Instrument Risk Management

The Foundation, through its financial assets and liabilities, is exposed to various risks in the normal course of operations. The Foundation's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Foundation's activities. The following analysis provides a measurement of those risks at year end.

Credit Risk

Credit risk is the risk that the Foundation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist primarily of cash and credit union, receivables, income receivable, short-term investments and investments. The Foundation is not exposed to significant credit risk as the receivables and income receivable have typically been paid when due, short-term investments are held in savings accounts and term deposits, and investments are diversified.

Liquidity Risk

Liquidity risk is the risk that the Foundation will not be able to meet its obligations as they fall due. The Foundation maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

Interest Rate and Market 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 conditions and interest rates. The Foundation is not exposed to significant interest rate risk as cash and short-term investments are held in short-term products and floating interest rates, and investments are diversified. The Foundation is exposed to market risk and follows its Asset Management Governance Plan and Investment Policies and Guidelines to monitor the investments in an effort to safeguard against market fluctuations.

SELKIRK & DISTRICT COMMUNITY FOUNDATION INC.
Notes to Financial Statements
(Unaudited)

For the year ended June 30, 2014

10. Financial Instrument Risk Management (continued)

Foreign Exchange Risk

Foreign exchange 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 Foundation is exposed to foreign exchange risk since it holds a portion of its investments in U.S. and international equities. The Foundation follows its Asset Management Governance Plan and Investment Policies and Guidelines to monitor the investments in an effort to minimize its exposure to foreign exchange risk.

12. Comparative Figures

Certain comparative figures have been restated to conform to the current year's presentation.

SELKIRK AND DISTRICT COMMUNITY FOUNDATION INC.
Schedule of Endowment Funds
(Unaudited)

Years ended June 30, 2013 and 2014

	Community			Fields of Interest and Donor			Scholarship &	
	Undesignated	Maude Gordon (Poulter Family)	Gaynor Family	Designated	Advised	Bursary	Total	
Balance in funds, June 30, 2012	\$ 1,028,368	\$ 1,041,946	\$ 1,150,105	\$ 925,126	\$ 470,648	\$ 158,919	\$	4,775,112
Transfers between funds	(5,421)	-	-	3,478	1,943	-	-	-
Donations and bequests received	40,636	-	-	138,893	26,665	265	206,459	
Income earned during the year	24,406	38,403	23,885	21,601	10,346	3,299	121,940	
Allocation of unrealized gains	95,507	82,995	101,923	85,045	42,450	10,405	418,325	
Grants made during the year	(25,828)	(33,201)	(28,084)	(10,372)	(9,427)	(5,800)	(112,712)	
Balance in funds, June 30, 2013	1,157,668	1,130,143	1,247,829	1,163,771	542,625	167,088	5,409,124	
Transfers between funds	2,340	-	-	100	60	(2,500)	-	-
Donations and bequests received	46,261	-	2,985	121,767	19,819	2,915	193,747	
Income earned during the year	53,216	36,849	53,647	51,471	23,785	7,188	226,156	
Allocation of unrealized gains	162,086	158,614	162,026	156,481	71,996	21,757	732,960	
Grants made during the year	(39,204)	(43,479)	(41,468)	(36,656)	(14,866)	(5,600)	(181,273)	
Balance in funds, June 30, 2014	\$ 1,382,367	\$ 1,282,127	\$ 1,425,019	\$ 1,456,934	\$ 643,419	\$ 190,848	\$	6,380,714
Historical Summary								
Donations and bequests received	\$ 1,087,910	\$ 1,054,702	\$ 1,103,435	\$ 1,169,756	\$ 500,911	\$ 153,807	\$	5,070,521
Income earned	185,680	706,722	91,155	292,657	74,906	13,067	1,364,187	
Allocation of unrealized gains	332,727	195,475	326,590	296,917	162,834	54,624	1,369,167	
Grants made since 1997	1,606,317	1,956,899	1,521,180	1,759,330	738,651	221,498	7,803,875	
	(223,950)	(674,772)	(96,161)	(302,396)	(95,232)	(30,650)	(1,423,161)	
Balance in funds, June 30, 2014	\$ 1,382,367	\$ 1,282,127	\$ 1,425,019	\$ 1,456,934	\$ 643,419	\$ 190,848	\$	6,380,714

Note: Maude Gordon (Poulter Family) Fund is an undesignated fund.

Note: Gaynor Family Fund is a donor advised fund.