

**SELKIRK AND DISTRICT
COMMUNITY FOUNDATION INC.**

Financial Statements
For the year ended June 30, 2015



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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, 2015, 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 7, 2015

SELKIRK AND DISTRICT COMMUNITY FOUNDATION INC.

Financial Statements

For the year ended June 30, 2015

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

As at June 30	2015	2014
Assets		
Current Assets		
Cash and credit union	\$ 35,345	\$ 83,022
Receivables	4,007	1,563
Income receivable (Note 2)	35,063	31,508
Savings account (short-term investments)	722,095	145,816
Prepaid expenses	4,259	75
	<u>800,769</u>	<u>261,984</u>
Investments , at market (Note 3)	<u>7,041,601</u>	<u>5,565,845</u>
Other		
Funds held in trust, at market (Note 2)	1,310,856	1,250,177
Charitable remainder trusts (Note 4)	14,908	647,501
Cash surrender value of life insurance policy (Note 5)	2,244	2,244
	<u>1,328,008</u>	<u>1,899,922</u>
	<u>\$ 9,170,378</u>	<u>\$ 7,727,751</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 24,486	\$ 7,290
Salaries and employees deductions payable	7,500	3,723
Grants payable	150,760	113,204
Deferred donations (Note 6)	509,941	2,043
	<u>692,687</u>	<u>126,260</u>
Long-term Liabilities		
Managed funds (Note 8)	<u>592,023</u>	<u>545,852</u>
Net Assets		
Endowment Funds (Page 12)		
Community funds	2,834,070	2,664,494
Designated funds	2,494,201	1,456,934
Donor advised funds	1,629,489	1,538,523
Fields of interest funds	548,685	529,915
Scholarship & bursary funds	340,145	190,848
	<u>7,846,590</u>	<u>6,380,714</u>
Charitable Remainder Trusts (Note 4)	<u>14,908</u>	<u>647,501</u>
	<u>7,861,498</u>	<u>7,028,215</u>
Operating Fund (Page 5)	<u>24,170</u>	<u>27,424</u>
	<u>7,885,668</u>	<u>7,055,639</u>
	<u>\$ 9,170,378</u>	<u>\$ 7,727,751</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	2015	2014
Revenue		
Income earned on investments	\$ 348,045	\$ 265,620
Income earned on trust funds	45,566	42,307
Unrealized capital gains on investments	202,197	732,960
Contributions paid for administration	(55,658)	(51,547)
Fee paid for managing investments	(40,799)	(30,224)
Net revenue for the year before donations	499,351	959,116
Donations received		
Designated funds	874,419	114,618
Transfer from Charitable Remainder Trust	(632,598)	-
Agency funds	22,926	4,630
Administration fund	3,714	2,519
Donor advised funds	22,807	16,749
Fields of interest funds	7,465	6,055
Scholarship & bursary funds	118,740	2,915
Undesignated/Community funds	95,001	46,261
Total donations for the year	512,474	193,747
Total revenue	1,011,825	1,152,863
Grants made during the year		
Children and youth	28,832	30,080
Education	19,116	17,676
Environment	10,000	7,100
Grants payable cancelled	(195)	(3,031)
Health	5,537	35,294
Heritage and restoration	27,057	19,948
Scholarships and bursaries	6,600	6,200
Service for seniors	5,000	8,320
Social services	55,425	45,828
Sports and recreation	18,670	11,358
By the Youth Advisory Committee	2,500	2,500
Total grants	178,542	181,273
Excess of revenue over grants for the year	833,283	971,590
Net assets, beginning of year	7,028,215	6,056,625
Net assets, end of year	\$ 7,861,498	\$ 7,028,215

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	2015	2014
Revenue		
Contributions to administration from funds	\$ 61,909	\$ 51,547
Grants - Winnipeg Foundation and Manitoba Hydro	9,304	9,854
Donations and grants for operations	4,354	7,713
Donations and contests on golf day	2,595	2,890
Flow through donations	3,500	850,025
Management fee on flow through donations	3,193	1,060
Donations for life insurance premiums	191	191
Total revenue	85,046	923,280
Flow through donations	3,500	850,025
Program and administration expenses		
Advertising and brochures	1,346	1,127
Annual reports, net of advertising revenue	8,409	5,940
Awards night, net of gifts received	3,183	3,924
Board member recognition & badges	247	156
CF of Canada Conference, net of grants received	4,739	-
CF of Canada Regional meeting, net of grant received	1,200	-
Communications - Website, Internet, and phone	2,300	1,892
Equipment and furniture	1,198	2,723
Executive Director	35,620	30,131
Fundraising letter campaigns	1,605	787
Lake Winnipeg Project	-	319
Learning and development	810	1,853
Life insurance premiums	191	191
Logo changeover costs - Banner	-	1,131
Membership dues	2,161	1,854
Office and other	5,387	3,069
Office rent, net of grant received	1,366	1,391
Office staff	8,730	2,030
Professional fees	2,321	2,321
Public events and meetings	1,390	1,809
Travel	2,597	1,351
WCS Games Legacy Celebrations	-	2,076
Total flow through donations and expenses	88,300	916,100
Excess (deficiency) of revenue over expenses for the year	(3,254)	7,180
Net assets, beginning of year	27,424	20,244
Net assets, end of year	\$ 24,170	\$ 27,424

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	2015	2014
Cash Flow from Operating Activities		
Excess (deficiency) of revenue over expenses for the year	\$ (3,254)	\$ 7,180
Items not affecting cash		
Unrealized gains on investments	(156,062)	(611,909)
Changes in non-cash working capital		
Receivables	(2,444)	2,811
Income receivable	(3,555)	886
Prepaid expenses	(4,184)	-
Accounts payable and accrued liabilities	17,196	(687)
Salaries and employees deductions payable	3,777	656
Prior years grants payable	(67,449)	(77,422)
Current year grants payable	105,705	99,654
Bursaries payable	(700)	600
Deferred donations	507,898	(359,548)
	<u>396,928</u>	<u>(937,779)</u>
Cash Flows Used in Investing Activities		
Net increase in investments	(1,319,694)	(341,277)
Funds held in trust	(60,679)	(158,614)
	<u>(1,380,373)</u>	<u>(499,891)</u>
Cash Flows from Financing Activities		
Managed funds	46,171	260,352
Charitable remainder trust	632,593	-
Endowment funds	833,283	971,590
	<u>1,512,047</u>	<u>1,231,942</u>
Net increase (decrease) in cash, credit union and savings	528,602	(205,728)
Cash, credit union and savings account, beginning of year	228,838	434,566
Cash, credit union and savings account, end of year	\$ 757,440	\$ 228,838
Represented by:		
Cash and credit union	\$ 35,345	\$ 83,022
Savings account (short-term investments)	<u>722,095</u>	<u>145,816</u>
	\$ 757,440	\$ 228,838

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, 2015

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, 2015

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 (4.2% in 2015, 4.0% in 2014 of the average value of the fund, calculated over three years).

The Winnipeg Foundation charges fees for administration and investment management expenses of 0.85% (2014 was 0.86%) of the September 30th values of the fund.

The income available for grant making is calculated monthly and at June 30, 2015 was \$35,063 (2014 was \$31,508).

3. Investments

	June 30 2015	June 30 2014
Bonds and mortgages	\$ 1,372,517	\$ 1,035,061
Canadian equities	1,698,661	1,502,509
US & international equities	2,364,538	1,914,306
Real estate fund	1,358,929	1,112,969
Transaction accounts	246,956	1,000
	<u>\$ 7,041,601</u>	<u>\$ 5,565,845</u>

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

For the year ended June 30, 2015

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 \$14,908 at June 30, 2015 (\$647,501 at June 30, 2014) represents the net present value of the irrevocable trusts at the date of funding. New charitable remainder trusts received are recorded in the Foundation's records at their net present value and as an increase to 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 \$509,941 (\$2,043 at June 30, 2014) 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 \$500,000 (\$Nil at June 30, 2014) in a Flow Through donation restricted by the donor for a major charitable capital project and is not held in permanence by the Foundation. This donation will be paid out during the year ending June 30, 2016.

7. Commitment

The Foundation is committed to paying \$5,000 for a grant the next year (\$16,666 at June 30, 2014 was to a major project in Selkirk and was paid out in 2014-15)

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 2015	June 30 2014
Lord Selkirk School Division Scholarship Foundation Fund	\$ 329,124	\$ 308,354
Anglican Parish of Christ Church Selkirk Fund	216,960	203,288
Chief Peguis Heritage Park Fund	45,939	34,210
	<u>\$ 592,023</u>	<u>\$ 546,032</u>

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

For the year ended June 30, 2015

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, 2015

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.

11. 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, 2014 and 2015

	Community				Fields of Interest and Donor Advised		Scholarship & Bursary	Total
	Undesignated	Maude Gordon (Poulter Family)	Gaynor Family	Designated				
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	
Transfers between funds	(32,597)			-	10,097	22,500	-	
Donations and bequests received	95,001	-	6,306	901,059	23,966	118,740	1,145,072	
Income earned during the year	55,657	39,315	53,959	114,941	24,812	8,471	297,155	
Allocation of unrealized gains	37,747	60,679	40,108	39,022	18,450	6,186	202,192	
Grants made during the year	(46,963)	(39,263)	(43,124)	(17,755)	(24,838)	(6,600)	(178,543)	
Balance in funds, June 30, 2015	\$ 1,491,212	\$ 1,342,858	\$ 1,482,268	\$ 2,494,201	\$ 695,906	\$ 340,145	\$ 7,846,590	
Historical Summary								
Donations and bequests received	\$ 1,150,314	\$ 1,054,702	\$ 1,109,741	\$ 2,070,811	\$ 534,973	\$ 295,047	\$ 6,215,588	
Appropriation for inflation capitalized	181,600	362,199	77,870	266,302	74,170	15,911	978,052	
Inflation adjusted donations & bequests	\$ 1,331,914	\$ 1,416,901	\$ 1,187,611	\$ 2,337,113	\$ 609,143	\$ 310,958	\$ 7,193,640	
Income earned	\$ 241,336	\$ 746,037	\$ 145,113	\$ 407,597	\$ 99,719	\$ 21,538	\$ 1,661,340	
Allocation of unrealized gains	370,475	256,154	366,699	335,944	181,284	60,810	1,571,366	
Appropriation for inflation (see Note below)	(181,600)	(362,199)	(77,870)	(266,302)	(74,170)	(15,911)	(978,052)	
Grants made	(270,913)	(714,035)	(139,285)	(320,151)	(120,070)	(37,250)	(1,601,704)	
Unallocated Income (Deficit)	\$ 159,298	\$ (74,043)	\$ 294,657	\$ 157,088	\$ 86,763	\$ 29,187	\$ 652,950	
Balance in funds, June 30, 2015	\$ 1,491,212	\$ 1,342,858	\$ 1,482,268	\$ 2,494,201	\$ 695,906	\$ 340,145	\$ 7,846,590	

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

Note: Gaynor Family Fund is a donor advised fund.

Note: In order to give recognition to the effects of inflation on the purchasing power of the Foundation's donations and bequests a portion of income has been appropriated each year and capitalized for each endowment fund. The amount recorded is based upon the rate of inflation for the past twelve months in Canada as determined by the Bank of Canada. The inflation is calculated based upon the inflation adjusted balances at the beginning of the year.

The inflation rate for 2015 was 1.0% and the appropriation was \$59,887 (2014 was 2.4%, \$135,819)