

**SELKIRK AND DISTRICT
COMMUNITY FOUNDATION INC.**

Financial Statements
For the year ended June 30, 2016

SELKIRK AND DISTRICT COMMUNITY FOUNDATION INC.

Financial Statements

For the year ended June 30, 2016

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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, 2016, and the statements of operations and changes in net assets, and cash flows 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 Professional Accountants

Winnipeg, Manitoba
December 13, 2016

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

As at June 30	2016	2015
Assets		
Current Assets		
Cash and credit union	\$ 30,041	\$ 35,345
Receivables	3,905	4,007
Income receivable (Note 2)	39,686	35,063
Savings account (short-term investments)	291,044	722,095
Prepaid expenses	2,685	4,259
	<u>367,361</u>	<u>800,769</u>
Investments, at market (Note 3)	<u>7,298,447</u>	<u>7,041,601</u>
Other		
Funds held in trust, at market (Note 2)	1,289,802	1,322,544
Charitable remainder trusts (Note 4)	14,908	14,908
Cash surrender value of life insurance policy (Note 5)	2,244	2,244
	<u>1,306,954</u>	<u>1,339,696</u>
	<u>\$ 8,972,762</u>	<u>\$ 9,182,066</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 10,166	\$ 24,486
Salaries and employees deductions payable	11,689	7,500
Grants payable	155,425	150,760
Deferred donations (Note 6)	57,663	509,941
	<u>234,943</u>	<u>692,687</u>
Long-term Liabilities		
Managed funds (Note 8)	<u>602,561</u>	<u>592,023</u>
Net Assets		
Endowment Funds (Page 12)		
Community funds	2,899,937	2,845,758
Designated funds	2,596,636	2,494,201
Donor advised funds	1,638,370	1,629,489
Fields of interest funds	583,246	548,685
Scholarship & bursary funds	371,338	340,145
	<u>8,089,527</u>	<u>7,858,278</u>
Charitable Remainder Trusts (Note 4)	<u>14,908</u>	<u>14,908</u>
	<u>8,104,435</u>	<u>7,873,186</u>
Operating Fund (Page 5)	<u>30,823</u>	<u>24,170</u>
	<u>8,135,258</u>	<u>7,897,356</u>
	<u>\$ 8,972,762</u>	<u>\$ 9,182,066</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	2016	2015
Revenue		
Income earned on investments	\$ 328,536	\$ 348,045
Income earned on trust funds	51,373	45,566
Unrealized (losses) gains on investments	(107,627)	213,885
Contributions paid for administration	(74,511)	(61,909)
Fee paid for managing investments	(39,608)	(34,548)
Net revenue for the year before donations	158,163	511,039
Donations received		
Designated funds	64,999	874,419
Transfer from Charitable Remainder Trust	-	(632,598)
Agency funds	7,755	22,926
Administration fund	2,500	3,714
Donor advised funds	30,745	22,807
Fields of interest funds	41,486	7,465
Scholarship & bursary funds	31,391	118,740
Undesignated/Community funds	111,112	95,001
Total donations for the year	289,988	512,474
Total revenue	448,151	1,023,513
Grants made during the year		
Arts and Culture	6,000	-
Children and youth	71,512	28,832
Community services	53,246	55,425
Education	1,481	19,116
Environment	7,272	10,000
Faith based designations	486	-
Grants payable cancelled	(2,962)	(195)
Health	16,615	5,537
Heritage and restoration	23,426	27,057
Scholarships and bursaries	7,450	6,600
Service for seniors	-	5,000
Sports and recreation	29,876	18,670
By the Youth Advisory Committee	2,500	2,500
Total grants	216,902	178,542
Excess of revenue over grants for the year	231,249	844,971
Net assets, beginning of year	7,873,186	7,028,215
Net assets, end of year	\$ 8,104,435	\$ 7,873,186

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	2016	2015
Revenue		
Contributions to administration from funds	\$ 74,511	\$ 61,909
Grants - Winnipeg Foundation and partner	9,420	9,304
Donations and grants for operations	4,111	4,354
Bob Jefferson Memorial Golf Tournament	11,577	2,595
Flow through donations	556,869	3,500
Management fee on flow through donations	4,489	3,193
Donations for life insurance premiums	191	191
Total revenue	661,168	85,046
Flow through donations	556,869	3,500
Program and administration expenses		
Advertising and brochures	3,277	1,346
Annual reports, net of advertising revenue	9,387	8,409
Awards night, net of gifts received	4,301	3,183
Board member recognition and badges	282	247
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	3,533	2,300
Equipment and furniture	1,814	1,198
Executive Director	38,627	35,620
Finance Manager	5,990	-
Fundraising letter campaigns	1,270	1,605
Learning and development	1,189	810
Life insurance premiums	191	191
Membership dues	2,432	2,161
Office and other	4,362	5,387
Office rent, net of grant received	1,315	1,366
Office staff	12,651	8,730
Professional fees	2,431	2,321
Public events and meetings	2,093	1,390
Travel	2,500	2,597
Total flow through donations and expenses	654,514	88,300
Excess (deficiency) of revenue over expenses for the year	6,654	(3,254)
Net assets, beginning of year	24,170	27,424
Net assets, end of year	\$ 30,824	\$ 24,170

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	2016	2015
Cash Flow from Operating Activities		
Excess (deficiency) of revenue over expenses for the year	\$ 6,654	\$ (3,254)
Items not affecting cash		
Unrealized losses (gains) on investments	81,583	(156,062)
Changes in non-cash working capital		
Receivables	101	(2,444)
Income receivable	(4,622)	(3,555)
Prepaid expenses	1,574	(4,184)
Accounts payable and accrued liabilities	(14,319)	17,196
Salaries and employees deductions payable	4,188	3,777
Prior years grants payable	(112,834)	(67,449)
Current year grants payable	117,649	105,705
Bursaries payable	(150)	(700)
Deferred donations	(452,278)	507,898
	<u>(372,454)</u>	<u>396,928</u>
Cash Flows Used in Investing Activities		
Net increase in investments	(338,430)	(1,331,382)
Funds held in trust	32,742	(60,679)
	<u>(305,688)</u>	<u>(1,392,061)</u>
Cash Flows from Financing Activities		
Managed funds	10,538	46,171
Charitable remainder trust	-	632,593
Endowment funds	231,249	844,971
	<u>241,787</u>	<u>1,523,735</u>
Net (decrease) increase in cash, credit union and savings	(436,355)	528,602
Cash, credit union and savings account, beginning of year	757,440	228,838
Cash, credit union and savings account, end of year	\$ 321,085	\$ 757,440
Represented by:		
Cash and credit union	\$ 30,041	\$ 35,345
Savings account (short-term investments)	291,044	722,095
	<u>\$ 321,085</u>	<u>\$ 757,440</u>

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, 2016

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 gains (losses), and the net change in unrealized 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, 2016

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 & District Community Foundation Inc. as per the spending policy of The Winnipeg Foundation (4.4% in 2016, 4.2% in 2015 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% (2015 was 0.85%) of the September 30th values of the fund.

The income available for grant making is calculated monthly and at June 30, 2016 was \$39,686 (2015 was \$35,063).

3. Investments

	June 30 2016	June 30 2015
Bonds and mortgages	\$ 1,707,586	\$ 1,372,517
Canadian equities	1,941,103	1,698,661
US & international equities	2,189,213	2,364,538
Real estate fund	1,459,476	1,358,929
Transaction accounts	1,069	246,956
	\$ 7,298,447	\$ 7,041,601

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

For the year ended June 30, 2016

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, 2016 (\$14,908 at June 30, 2015) 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 \$57,633 (\$509,941 at June 30, 2015) 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 \$50,358 (\$500,000 at June 30, 2015) 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, 2017.

7. Commitments

The Foundation is committed to paying \$25,000 in the next year for a grant to a major project in Selkirk (\$5,000 at June 30, 2015 and was paid out in 2016).

The Foundation has entered into a lease agreement for its premises until December 2018. Lease payments for the years ending June 30th are as follows:

2017	\$	4,959
2018		5,054
2019		2,550

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:

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

For the year ended June 30, 2016

8. Managed Funds (continued)

	June 30	June 30
	2016	2015
Lord Selkirk School Division Scholarship Foundation Fund	\$ 315,399	\$ 329,124
Anglican Parish of Christ Church Selkirk Fund	227,767	216,690
Chief Peguis Heritage Park Fund	59,395	45,939
	\$ 602,561	\$ 592,023

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.

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

For the year ended June 30, 2016

10. Financial Instrument Risk Management (continued)

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.

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, 2015 and 2016

	Community			Fields of Interest and Donor Advised			Scholarship & Bursary	Total
	Undesignated	Maude Gordon (Poulter Family)	Gaynor Family	Designated				
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	72,367	40,108	39,022	18,450	6,186	213,880	
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	1,354,546	1,482,268	2,494,201	695,906	340,145	7,858,278	
Transfers between funds	(11,080)	-	-	630	10,450	-	-	
Donations and bequests received	111,112	-	-	75,254	72,231	31,391	289,988	
Income earned during the year	53,547	44,819	49,698	80,864	24,971	11,891	265,790	
Allocation of unrealized gains	(15,209)	(32,742)	(17,530)	(28,322)	(9,185)	(4,639)	(107,627)	
Grants made during the year	(54,513)	(41,755)	(62,776)	(25,991)	(24,417)	(7,450)	(216,902)	
Balance in funds, June 30, 2016	\$ 1,575,069	\$ 1,324,868	\$ 1,451,660	\$ 2,596,636	\$ 769,956	\$ 371,338	\$ 8,089,527	
Historical Summary								
Donations and bequests received	\$ 1,250,344	\$ 1,054,702	\$ 1,109,741	\$ 2,146,695	\$ 617,654	\$ 326,438	\$ 6,505,574	
Appropriation for inflation capitalized	201,446	383,311	95,565	300,826	83,097	19,801	1,084,046	
Inflation adjusted donations & bequests	\$ 1,451,790	\$ 1,438,013	\$ 1,205,306	\$ 2,447,521	\$ 700,751	\$ 346,239	\$ 7,589,620	
Income earned	\$ 294,886	\$ 790,856	\$ 194,812	\$ 488,461	\$ 124,690	\$ 33,429	\$ 1,927,134	
Allocation of unrealized gains	355,266	235,100	349,168	307,622	172,099	56,171	1,475,426	
Appropriation for inflation (see Note below)	(201,446)	(383,311)	(95,565)	(300,826)	(83,097)	(19,801)	(1,084,046)	
Grants made	(325,427)	(755,790)	(202,061)	(346,142)	(144,487)	(44,700)	(1,818,607)	
Unallocated Income (Deficit)	\$ 123,279	\$ (113,145)	\$ 246,354	\$ 149,115	\$ 69,205	\$ 25,099	\$ 499,907	
Balance in funds, June 30, 2016	\$ 1,575,069	\$ 1,324,868	\$ 1,451,660	\$ 2,596,636	\$ 769,956	\$ 371,338	\$ 8,089,527	

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 2016 was 1.5% and the appropriation was \$105,995 (2015 was 1.0%, \$59,887).