

**SELKIRK AND DISTRICT
COMMUNITY FOUNDATION INC.**

**Financial Statements
For the year ended June 30, 2018**

SELKIRK AND DISTRICT COMMUNITY FOUNDATION INC.

Financial Statements

For the year ended June 30, 2018

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Independent Practitioner's Review Engagement Report

To the Board of Directors of SELKIRK & DISTRICT COMMUNITY FOUNDATION INC.

We have reviewed the accompanying financial statements of Selkirk & District Community Foundation Inc. that comprise the statement of financial position as at June 30, 2018 and the statements of operations, and changes in fund balances, and statement of 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Selkirk & District Community Foundation Inc. as at June 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.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
November 13, 2018

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

As at June 30	2018	2017
Assets		
Current Assets		
Cash and credit union	\$ 21,700	\$ 48,974
Receivables	2,432	896
Income receivable (Note 2)	46,929	43,707
Short-term investment, savings account	438,709	327,801
Prepaid expenses	1,270	2,540
	<u>511,040</u>	<u>423,918</u>
Investments, at market (Note 3)	<u>8,594,968</u>	<u>8,000,202</u>
Other		
Funds held in trust, at market (Note 2)	1,405,608	1,368,045
Charitable Remainder Trust (Note 4)	14,908	14,908
	<u>1,420,516</u>	<u>1,382,953</u>
	<u>\$ 10,526,524</u>	<u>\$ 9,807,073</u>
Liabilities and Fund Balances		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,000	\$ 2,955
Salaries and employee deductions payable	6,056	10,641
Grants payable	214,523	189,217
Designated donations (Note 5)	53,465	42,592
Unearned revenue	23,020	-
	<u>300,064</u>	<u>245,405</u>
Long-term Liabilities		
Managed Funds (Note 6)	<u>666,761</u>	<u>650,091</u>
Fund Balances		
Endowment Funds		
Community Funds	3,342,789	3,127,464
Designated Funds	3,112,853	2,881,905
Donor Advised Funds	1,819,875	1,752,142
Field of Interest Funds	711,470	655,734
Scholarship and Bursary Funds	510,132	451,405
	<u>9,497,119</u>	<u>8,868,650</u>
Charitable Remainder Trusts (Note 4)	<u>14,908</u>	<u>14,908</u>
	<u>9,512,027</u>	<u>8,883,558</u>
Administration Fund	<u>47,672</u>	<u>28,019</u>
	<u>9,559,699</u>	<u>8,911,577</u>
	<u>\$ 10,526,524</u>	<u>\$ 9,807,073</u>

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

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

For the year ended June 30	2018	2017
Revenue		
Income earned on investments	\$ 275,017	\$ 280,414
Income earned on Trust Funds	61,498	56,935
Unrealized gain on investments	377,126	504,353
Contributions for administration	(149,107)	(128,490)
Investment management fees paid	(47,358)	(43,703)
Net revenue for the year before donations	517,176	669,509
Donations Received		
Community/Undesignated Funds	127,808	94,571
Designated Funds	36,874	114,390
Donor Advised Funds	29,804	24,541
Field of Interest Funds	31,969	42,839
Scholarship and Bursary Funds	42,719	55,800
Agency Funds	126,434	9,458
Administration Funds	5,517	2,950
Total donations for the year	401,125	344,549
Total revenue	918,301	1,014,058
Grants Awarded		
Arts and culture	5,000	3,260
Children and youth	72,138	48,356
Community services	60,517	64,619
Education	2,876	16,747
Environment	25,000	2,500
Faith-based designations	668	613
Health	54,944	28,770
Heritage and restoration	31,759	41,179
Scholarship and bursary	10,700	9,100
Services for seniors	8,830	5,600
Sports and recreation	14,941	19,549
Youth advisory committee	3,500	2,500
Rescinded grants	(1,041)	(7,858)
Total grants awarded	289,832	234,935
Excess of revenue over grants awarded for the year	628,469	779,123
Fund balance, beginning of year	8,883,558	8,104,435
Fund balance, end of year	\$ 9,512,027	\$ 8,883,558

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

SELKIRK AND DISTRICT COMMUNITY FOUNDATION INC.
Statement of Operations and Changes in Fund Balance - Administration Fund
(Unaudited)

For the year ended June 30	2018	2017
Revenue		
Contributions to administration - Endowment Funds	\$ 149,107	\$ 128,490
The Winnipeg Foundation grant	8,783	10,492
Donations and grants for administration	9,008	4,650
Bob Jefferson Memorial Golf Tournament	28,568	28,958
Vital Signs 2018 grants	33,572	10,963
Special events	6,050	5,115
Management fee on flow through donations	-	372
Revenue for administration	235,088	189,040
Flow through donations	750	54,018
Total revenue	235,838	243,058
Flow through donations	750	54,018
Program and Administration Expenses		
Wages, salaries and employee benefits	110,330	108,617
Community Awareness and Fund Development	25,716	19,469
Conferences	708	4,400
Information technology and website	2,329	7,382
Membership dues	2,814	2,864
Rent and office expenses	10,059	7,742
Learning and development	300	1,324
Professional fees	2,965	2,873
Travel	1,970	1,546
CFC Board Member expenses	615	1,439
Bob Jefferson Memorial Golf Tournament	18,488	18,958
Special events	4,939	3,743
Other	630	524
Vital Signs 2018	33,572	10,963
Total program and administration expenses	215,435	191,844
Total flow through donations, program and administration expenses	216,185	245,862
Excess (deficiency) of revenue over expenses for the year	19,653	(2,804)
Fund balance, beginning of year	28,019	30,823
Fund balance, end of year	\$ 47,672	\$ 28,019

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

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

For the year ended June 30	2018	2017
Cash Flow from Operating Activities		
Administration Fund - Excess (deficiency) of revenue over expenses for the year	\$ 19,653	\$ (2,804)
Changes in non-cash working capital balances		
Receivables	(1,535)	3,009
Income receivable	(3,222)	(4,021)
Prepaid expenses	1,270	145
Accounts payable and accrued liabilities	45	(7,212)
Salaries and employee deductions payable	(4,585)	(1,048)
Grants payable	25,306	33,793
Designated donations	23,020	-
Unearned revenue	10,873	(15,070)
	<u>70,825</u>	<u>6,792</u>
Cash Flows Used in Investing Activities		
Net increase in investments	(227,136)	(237,278)
Net increase in funds held in trust	(37,563)	(78,343)
	<u>(264,699)</u>	<u>(315,621)</u>
Cash Flows from Financing Activities		
Net increase in managed funds	16,670	47,530
Endowment Funds - Excess of revenue over grants awarded for the year	628,469	779,123
Item not affecting cash		
Unrealized gain on investments	(367,631)	(462,134)
	<u>277,508</u>	<u>364,519</u>
Net increase in cash, credit union and savings	83,634	55,690
Cash, credit union and savings, beginning of year	376,775	321,085
Cash, credit union and savings, end of year	\$ 460,409	\$ 376,775
Represented by:		
Cash and credit union	\$ 21,700	\$ 48,974
Short-term investment, savings account	438,709	327,801
	<u>\$ 460,409</u>	<u>\$ 376,775</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, 2018

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 Administration 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 Administration Fund.

e. Endowment Funds

Endowment funds are established for donations that 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.

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

For the year ended June 30, 2018

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

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 on date of settlement of the trust.

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.

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

For the year ended June 30, 2018

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, which is 4.8 % in 2018 and 4.6% in 2017 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% in 2018 (2017 was 0.83%) of the September 30th values of the fund.

The income available for grant making is calculated monthly and at June 30, 2018 was \$46,929 (2017 was \$43,707).

3. Investments

	<u>2018</u>	<u>2017</u>
Bonds and mortgages	\$ 2,148,473	\$ 1,807,803
Canadian equities	2,148,473	1,999,782
U.S. and international equities	2,578,169	2,591,717
Real estate fund	1,718,779	1,599,826
Transaction accounts	1,074	1,074
	<u>\$ 8,594,968</u>	<u>\$ 8,000,202</u>

4. Charitable Remainder Trust

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

The balance of \$14,908 (\$14,908 at June 30, 2017) represents the net present value of the irrevocable trust at the date of funding.

5. Designated Donations

Designated donations of \$53,465 (\$42,592 at June 30, 2017) represent gifts from donors for various expenses or charitable projects. These donations will be recognized as revenue when the expenses are incurred or the charitable projects expenses are incurred.

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

For the year ended June 30, 2018

6. 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:

	<u>2018</u>	<u>2017</u>
Lord Selkirk School Division Scholarship Foundation Fund	\$ 361,192	\$ 341,706
Anglican Parish of Christ Church Selkirk Fund	262,618	246,356
Chief Peguis Heritage Park Fund	<u>42,951</u>	<u>62,029</u>
	<u>\$ 666,761</u>	<u>\$ 650,091</u>

7. Management of Capital

The Foundation defines its capital as its Endowment Funds, Charitable Remainder Trusts and Administration 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 that contains investment objectives, investment guidelines, and monitoring procedures.

8. 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.

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

For the year ended June 30, 2018

8. Financial Instrument Risk Management (continued)

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.

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.

9. 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)

For the year ended June 30

	Community							
	Undesignated	Maude Gordon (Poulter Family)	Gaynor Family	Designated	Field of Interest & Donor Advised	Scholarship & Bursary		Total
Fund balances, June 30, 2016	\$ 1,575,069	\$ 1,324,868	\$ 1,451,660	\$ 2,596,636	\$ 769,956	\$ 371,338	\$	8,089,527
Transfers between funds	(12,188)	-	-	-	12,188	-		-
Donations and bequests received	94,571	-	-	126,798	67,380	55,800		344,549
Income earned during the year	24,040	44,037	32,345	45,382	11,881	7,471		165,156
Allocation of unrealized gains	100,362	78,243	83,366	165,581	52,505	24,296		504,353
Grants made during the year	(55,938)	(45,600)	(51,154)	(52,492)	(22,251)	(7,500)		(234,935)
Fund balances, June 30, 2017	1,725,916	1,401,548	1,516,217	2,881,905	891,659	451,405		8,868,650
Transfers between funds	31,808	-	-	(44,215)	4,148	8,259		-
Donations and bequests received	96,001	-	-	213,040	57,625	34,459		401,125
Income earned during the year	23,676	48,600	26,931	25,342	9,622	5,879		140,050
Allocation of unrealized gains	86,130	37,563	58,695	132,397	42,211	20,130		377,126
Grants made during the year	(61,454)	(47,000)	(58,422)	(95,617)	(17,339)	(10,000)		(289,832)
Fund balances, June 30, 2018	\$ 1,902,077	\$ 1,440,711	\$ 1,543,421	\$ 3,112,852	\$ 987,926	\$ 510,132	\$	9,497,119
Historical Summary								
Donations and bequests received	\$ 1,460,534	\$ 1,054,702	\$ 1,109,741	\$ 2,442,318	\$ 758,997	\$ 424,956	\$	7,251,248
Appropriation for inflation capitalized	254,214	432,548	136,835	386,166	109,227	33,194		1,352,184
Inflation adjusted donations and bequests	1,714,748	1,487,250	1,246,576	2,828,484	868,224	458,150		8,603,432
Income earned	342,605	883,494	254,088	559,185	146,190	46,778		2,232,340
Allocation of unrealized gains	541,758	350,905	491,230	605,600	266,815	100,598		2,356,906
Appropriation for inflation (see note below)	(254,214)	(432,548)	(136,835)	(386,166)	(109,227)	(33,194)		(1,352,184)
Grants made	(442,820)	(848,390)	(311,638)	(494,251)	(184,076)	(62,200)		(2,343,375)
Unallocated income (deficit)	187,329	(46,539)	296,845	284,368	119,702	51,982		893,687
Fund balances, June 30, 2018	\$ 1,902,077	\$ 1,440,711	\$ 1,543,421	\$ 3,112,852	\$ 987,926	\$ 510,132	\$	9,497,119

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 2018 was 2.4% and the appropriation was \$192,242 (2017 was 1%, \$75,896).