

**SELKIRK AND DISTRICT
COMMUNITY FOUNDATION INC.**

Financial Statements
For the year ended June 30, 2019

SELKIRK AND DISTRICT COMMUNITY FOUNDATION INC.

Financial Statements

For the year ended June 30, 2019

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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, 2019 and the statements of operations and changes in fund balance for the endowment funds and charitable remainder trust and administration fund, 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, 2019, 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 12, 2019

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

As at June 30	2019	2018
Assets		
Current Assets		
Cash and bank	\$ 42,784	\$ 21,700
Investment in savings account	698,817	438,709
Receivables	4,700	2,432
Income receivable (Note 3)	49,951	46,929
Prepaid expenses	1,262	1,270
	<u>797,514</u>	<u>511,040</u>
Investments, at market (Note 4)	10,491,199	8,594,968
Funds held in trust, at market (Note 3)	1,393,210	1,405,608
Charitable Remainder Trust (Note 5)	14,908	14,908
	<u>\$ 12,696,831</u>	<u>\$ 10,526,524</u>
Liabilities and Fund Balances		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,000	\$ 3,000
Salaries and employee deductions payable	8,037	6,056
Grants payable	239,855	214,523
Designated donations (Note 6)	56,748	53,465
Unearned revenue	40,472	23,020
	<u>348,112</u>	<u>300,064</u>
Managed Funds (Note 7)	703,121	666,761
	<u>1,051,233</u>	<u>966,825</u>
Fund Balances		
Endowment Funds		
Community Funds	4,200,198	3,342,789
Designated Funds	3,330,917	3,112,853
Donor Advised Funds	1,849,199	1,819,875
Field of Interest Funds	744,204	711,470
Scholarship and Bursary Funds	1,452,965	510,132
	<u>11,577,483</u>	<u>9,497,119</u>
Charitable Remainder Trust (Note 5)	14,908	14,908
	<u>11,592,391</u>	<u>9,512,027</u>
Administration Fund	53,207	47,672
	<u>11,645,598</u>	<u>9,559,699</u>
	<u>\$ 12,696,831</u>	<u>\$ 10,526,524</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 Trust

(Unaudited)

For the year ended June 30	2019	2018
Revenue		
Income earned on investments	\$ 308,655	\$ 275,017
Income earned on Trust Funds	65,520	61,498
Unrealized gain on investments	194,483	377,126
Investment management fees paid	(49,566)	(47,358)
Contributions for administration	(161,840)	(149,107)
Net revenue for the year before donations	357,252	517,176
Donations Received		
Community and Undesignated Funds	880,156	127,808
Designated Funds	96,176	36,874
Donor Advised Funds	31,999	29,804
Field of Interest Funds	42,680	31,969
Scholarship and Bursary Funds	888,244	42,719
Agency Funds	4,448	126,434
Administration Funds	108,635	5,517
Total donations for the year	2,052,338	401,125
Total revenue	2,409,590	918,301
Grants Awarded		
Arts, culture, recreation and tourism	118,797	51,700
Community development	38,651	64,017
Environment	-	25,000
Health and wellness	50,674	54,944
Inclusive community	27,497	668
Income gap	14,500	-
Learning, kids and youth	76,636	85,714
Older adult and aging	9,643	8,830
Rescinded grants	(7,172)	(1,041)
Total grants awarded	329,226	289,832
Excess of revenue over grants awarded for the year	2,080,364	628,469
Fund balances, beginning of year	9,512,027	8,883,558
Fund balances, end of year	\$ 11,592,391	\$ 9,512,027

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	2019	2018
Revenue		
Contributions to administration from Endowment Fund	\$ 161,840	\$ 149,107
Bob Jefferson Memorial Golf Tournament	29,291	28,568
The Winnipeg Foundation grant	8,999	8,783
Donations and grants for administration	8,610	9,008
Special events	5,895	6,050
Vital Signs 2018 grants	2,593	33,572
Revenue for administration	217,228	235,088
Flow through donations	5,340	750
Total revenue	222,568	235,838
Flow through donations	5,035	750
Program and Administration Expenses		
Wages, salaries and employee benefits	125,959	110,330
Community Awareness and Fund Development	24,484	25,716
Bob Jefferson Memorial Golf Tournament	18,527	18,488
Rent and office	12,178	10,059
Conferences	9,384	708
Special events	4,873	4,939
Professional fees	4,599	2,965
Membership dues	2,942	2,814
Information technology and website	2,653	2,329
Vital Signs 2018	2,593	33,572
Travel	1,645	1,970
Other	1,226	630
CFC Board Member expenses	676	615
Learning and development	259	300
Total program and administration expenses	211,998	215,435
Total flow through donations, program and administration expenses	217,033	216,185
Excess of revenue over expenses for the year	5,535	19,653
Fund balance, beginning of year	47,672	28,019
Fund balance, end of year	\$ 53,207	\$ 47,672

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	2019	2018
Cash Flow from Operating Activities		
Administration Fund		
Excess of revenue over expenses for the year	\$ 5,535	\$ 19,653
Changes in non-cash working capital balances		
Receivables	(2,268)	(1,535)
Income receivable	(3,022)	(3,222)
Prepaid expenses	8	1,270
Accounts payable and accrued liabilities	-	45
Salaries and employee deductions payable	1,981	(4,585)
Grants payable	25,332	25,306
Designated donations	3,283	10,873
Unearned revenue	17,452	23,020
	<u>48,301</u>	<u>70,825</u>
Cash Flows Used in Investing Activities		
Net decrease in investments	(1,701,748)	(217,641)
Net increase (decrease) in funds held in trust	12,398	(37,563)
	<u>(1,689,350)</u>	<u>(255,204)</u>
Cash Flows from Financing Activities		
Net increase in managed funds	36,360	16,670
Endowment Funds		
Excess of revenue over grants awarded for the year	2,080,364	628,469
Item not affecting cash		
Unrealized gain on investments	(194,483)	(377,126)
	<u>1,922,241</u>	<u>268,013</u>
Net increase in cash, bank and savings	281,192	83,634
Cash, bank and savings, beginning of year	460,409	376,775
Cash, bank and savings, end of year	\$ 741,601	\$ 460,409
Represented by:		
Cash and credit union	\$ 42,784	\$ 21,700
Investments in savings account	698,817	438,709
	<u>\$ 741,601</u>	<u>\$ 460,409</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, 2019

1. Nature of the Foundation

The Selkirk & District Community Foundation Inc. ("the Foundation") was incorporated in June 1995 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.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

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

b) Fund Accounting

Endowment Funds consist of endowment funds established from gifts by donors which are designated to 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.

The Administration Fund accounts for the Foundation's program delivery and administrative activities. The Administration Fund balance is unrestricted.

c) Revenue Recognition

The Foundation follows the restricted fund method of accounting for contributions.

Bequests and other donations are recorded when received. Unless a donor specifies otherwise, donations received are endowed 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.

Investment income is recognized as revenue in the period earned. Fundraising revenue is recognized as revenue when the fundraising event occurs.

d) 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.

SELKIRK & DISTRICT COMMUNITY FOUNDATION INC.

Notes to Financial Statements (Unaudited)

For the year ended June 30, 2019

2. Summary of Significant Accounting Policies (continued)

e) 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.

f) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

3. Funds Held in Trust

Funds from the Estate of Maude Gordon are held in trust by The Winnipeg Foundation. Income earned on these funds is transferred to the Selkirk & District Community Foundation Inc. as per the spending policy of The Winnipeg Foundation, which is 5% in 2019 (4.8% in 2018) 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 2019 and 2018 of the September 30th values of the fund.

The income available for grant making is calculated monthly and at June 30, 2019 was \$49,951 (\$46,929 in 2018).

4. Investments

	2019	2018
Bonds and mortgages	\$ 2,566,306	\$ 2,148,473
Canadian equities	2,566,315	2,148,473
U.S. and international equities	3,079,578	2,578,169
Real estate fund	2,053,052	1,718,779
Transaction accounts	225,948	1,074
	<u>\$10,491,199</u>	<u>\$ 8,594,968</u>

SELKIRK & DISTRICT COMMUNITY FOUNDATION INC.

Notes to Financial Statements (Unaudited)

For the year ended June 30, 2019

5. 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, 2018) represents the net present value of the irrevocable trust at the date of funding.

6. Designated Donations

Designated donations of \$56,748 (\$53,465 at June 30, 2018) 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.

7. 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 and are subject to withdrawal at any time with reasonable notice. Managed funds are comprised of the following at year end:

	2019	2018
Lord Selkirk School Division Scholarship Foundation Fund	\$ 373,870	\$ 361,192
Anglican Parish of Christ Church Selkirk Fund	271,570	262,618
Chief Peguis Heritage Park Fund	57,681	42,951
	<u>\$ 703,121</u>	<u>\$ 666,761</u>

8. 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.

SELKIRK & DISTRICT COMMUNITY FOUNDATION INC.

Notes to Financial Statements (Unaudited)

For the year ended June 30, 2019

9. 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 bank, receivables, income receivable, and investments. The Foundation is not exposed to significant credit risk as the receivables and income receivable have typically been paid when due, investments in savings accounts are fully guaranteed 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, bank and investments in savings are held in short-term products and floating interest rates, and investments are diversified. The Foundation is exposed to market risk on its investments other than savings account 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.

10. 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, 2019

	Community			Designated	Field of Interest and Donor Advised	Scholarship and Bursary	Total
	Undesignated	Maude Gordon (Poulter Family)	Gaynor Family				
Fund balances at 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 at June 30, 2018	1,902,077	1,440,711	1,543,421	3,112,852	987,926	510,132	9,497,119
Donations and bequests received	880,156	-	-	209,259	74,679	888,244	2,052,338
Income earned during the year	28,027	51,068	27,360	30,916	10,548	14,850	162,769
Allocation of unrealized gains	27,664	(12,398)	24,291	77,373	25,484	52,069	194,483
Grants made during the year	(69,410)	(47,697)	(56,457)	(99,483)	(43,849)	(12,330)	(329,226)
Fund balances at June 30, 2019	\$ 2,768,514	\$ 1,431,684	\$ 1,538,615	\$ 3,330,917	\$ 1,054,788	\$ 1,452,965	\$ 11,577,483
Historical Summary							
Donations and bequests received	\$ 2,340,690	\$ 1,054,702	\$ 1,109,741	\$ 2,651,577	\$ 833,676	\$ 1,313,200	\$ 9,303,586
Appropriation for inflation capitalized	288,510	462,293	161,767	443,066	126,259	42,358	1,524,253
Inflation adjusted donations and bequests	2,629,200	1,516,995	1,271,508	3,094,643	959,935	1,355,558	10,827,839
Income earned	370,631	934,562	281,448	590,101	156,738	61,628	2,395,108
Allocation of unrealized gains	569,422	338,507	515,521	682,973	292,299	152,667	2,551,389
Appropriation for inflation (see note below)	(288,510)	(462,293)	(161,767)	(443,066)	(126,259)	(42,358)	(1,524,253)
Grants made	(512,229)	(896,087)	(368,095)	(593,734)	(227,925)	(74,530)	(2,672,600)
Unallocated income (deficit)	139,314	(85,311)	267,107	236,274	94,853	97,407	749,644
Fund balances, June 30, 2019	\$ 2,768,514	\$ 1,431,684	\$ 1,538,615	\$ 3,330,917	\$ 1,054,788	\$ 1,452,965	\$ 11,577,483

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 2019 was 2% and the appropriation was \$172,069 (2.4% and \$192,242 in 2018).