

WESTSHORE COMMUNITY FOUNDATION INC.

GIMLI, MANITOBA

DECEMBER 31, 2015



Independent Auditors' Report

To the Directors of;
Westshore Community Foundation Inc.

We have audited the accompanying financial statements of Westshore Community Foundation Inc., which comprise the balance sheet as at December 31, 2015 and the statements of revenue and expenditure, changes in net assets and 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian Auditing Standards. Those standards require that We comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion these financial statements present fairly, in all material respects, the financial position of Westshore Community Foundation Inc. as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for not for profit organizations.

June 4, 2016
Winnipeg, Manitoba

Chartered Professional Accountants Inc.

WESTSHORE COMMUNITY FOUNDATION INC.

BALANCE SHEET

AS AT DECEMBER 31

	2015	2014
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and short term investments	42,342	46,391
Accounts receivable	316	397
Prepaid expenses	640	-
Current portion of investments	50,000	20,000
	<u>93,298</u>	<u>66,788</u>
INVESTMENTS (note 3)	<u>1,739,182</u>	<u>1,647,950</u>
	<u>1,832,480</u>	<u>1,714,738</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	2,750	2,500
Future Contributions (note 6)	3,500	11,500
	<u>6,250</u>	<u>14,000</u>
NET ASSETS		
UNRESTRICTED NET ASSETS	22,501	22,904
RESTRICTED FUNDS (note 5)	1,803,729	1,677,834
	<u>1,826,230</u>	<u>1,700,738</u>
	<u>1,832,480</u>	<u>1,714,738</u>

Approved on Behalf of the Board

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements

WESTSHORE COMMUNITY FOUNDATION INC.
STATEMENT OF REVENUE AND EXPENDITURE

	Year Ended December 31	
	2015	2014
	\$	\$
REVENUE		
Grants	11,398	7,517
Fundraising	14,412	11,896
Donations	600	2,123
Miscellaneous	4,746	4,402
	<u>31,156</u>	<u>25,938</u>
EXPENDITURE		
Advertising and promotion	3,122	1,466
Accounting and legal	3,204	2,804
Dues and memberships	450	450
Events expense	2,358	2,002
Fundraising	4,566	4,709
Interest and service charges	25	177
Meetings	2,099	100
Office and supplies	1,460	1,955
Rent	3,765	3,690
Telephone	1,382	1,349
	<u>22,431</u>	<u>18,702</u>
OPERATING INCOME	<u>8,725</u>	<u>7,236</u>
OTHER ITEMS		
Grants from administration endowment	772	594
Contributions to administration endowment funds	(2,900)	(3,300)
Contributions to Community Fund	(7,000)	-
	<u>(9,128)</u>	<u>(2,706)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u>(403)</u>	<u>4,530</u>

The accompanying notes are an integral part of these financial statements

WESTSHORE COMMUNITY FOUNDATION INC.**STATEMENT OF CHANGES IN NET ASSETS**

	Year Ended December 31			
	Consolidated Restricted Funds	Unrestricted Net Assets	2015 Total	2014 Total
	\$	\$	\$	\$
NET ASSETS				
Balance, beginning of year	1,677,834	22,904	1,700,738	1,397,646
Excess (deficiency) of revenue over expenditure	9,900	(403)	9,497	4,530
Contributions received	73,916	-	73,916	208,703
Net realized capital gains (losses)	51,534	-	51,534	44,248
Net change in unrealized gains (losses)	(15,183)	-	(15,183)	48,932
Investment income	71,709	-	71,709	58,340
Administration fees paid	(18,450)	-	(18,450)	(15,653)
Grants paid	<u>(47,531)</u>	<u>-</u>	<u>(47,531)</u>	<u>(49,308)</u>
Balance, end of year	<u>1,803,729</u>	<u>22,501</u>	<u>1,826,230</u>	<u>1,697,438</u>

The accompanying notes are an integral part of these financial statements

WESTSHORE COMMUNITY FOUNDATION INC.

STATEMENT OF CASH FLOWS

	Year Ended December 31	
	2015	2014
	\$	\$
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES		
OPERATING		
Excess (deficiency) of revenue over expenditure for the year	(403)	4,530
Net changes in non-cash working capital affecting operations <i>(note 7)</i>	<u>(8,309)</u>	<u>1,521</u>
	<u>(8,712)</u>	<u>6,051</u>
FINANCING		
Donations and income earned on endowment fund	<u>125,895</u>	<u>298,562</u>
INVESTING		
Purchase of investments	<u>(121,232)</u>	<u>(308,402)</u>
DECREASE IN CASH RESOURCES	(4,049)	(3,789)
CASH RESOURCES, BEGINNING OF YEAR	<u>46,391</u>	<u>50,180</u>
CASH RESOURCES, END OF YEAR	<u><u>42,342</u></u>	<u><u>46,391</u></u>

The accompanying notes are an integral part of these financial statements

WESTSHORE COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

1. PURPOSE OF ORGANIZATION

The organization was incorporated without share capital on May 6, 1997 under the Manitoba Corporations Act. The corporation operates exclusively for charitable purposes by supporting and advancing activities for communities located on the western shore of Lake Winnipeg. The Foundation is a not-for-profit organization and a registered charity under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for the organization.

WESTSHORE COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

a) **REVENUE RECOGNITION**

Unrestricted donations are recognized as revenue when received or receivable if the amount received can be reasonably estimated and collection is reasonably assured.

The organization recognizes revenue from grants and donations when they are fixed or determinable and collection is reasonably assured.

The organization uses the deferral method of accounting for contributions under which restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

Endowment contributions are reported as direct increases in net assets. All other contributions are reported as revenue of the current period. Restricted contributions for the purchase of tangible capital assets that will be amortized have been deferred and will be recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital assets.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

Pledges are not recognized until collected, as the Organization cannot make a reasonable estimate of the amount that will be collected and collection is not reasonably assured.

b) **FINANCIAL INSTRUMENTS**

Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred. Financial assets measured at amortized cost include cash, amounts receivable and fixed income investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. Financial assets measured at fair value include equity instruments that are quoted in an active market.

The fair values of investments quoted in an active market are determined by reference to the latest closing transactional net asset value of each respective investment.

Impairment

At the end of each reporting period, the organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; or bankruptcy or other financial reorganization proceedings.

WESTSHORE COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

When there is an indication of impairment, the organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

c) **CONTRIBUTED MATERIALS AND SERVICES**

Contributed materials and services are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the organization's operations and would otherwise have been purchased.

d) **USE OF ESTIMATES**

When preparing financial statements according to Canadian accounting standards for not-for-profit organizations, the organization makes estimates and assumptions relating to reported amounts of revenue and expenses, reported amounts of assets and liabilities and disclosure of contingent assets and liabilities.

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates were used when accounting for certain items, such as the useful lives of capital assets and impairment of long-lived assets.

e) **ENDOWMENT FUNDS**

The Endowment Fund includes contributions from donors' and unused flow through donations and grants. The organization uses income derived from endowment investments, to provide grants as determined by the Board, to recipients located on the western shores of Lake Winnipeg. See Note 5.

The Verna Palmer Memorial Fund was created in 2005, with interest earned on contributions designated to two chosen charities.

The Palliative Care Fund was created in 2007 and is a dedicated fund specifically designed to help finance palliative care in the Northeast Interlake.

The Donor Advised Fund was created in 2008, with interest earned on contributions designated to certain charities.

The Administration Fund was created in 2010, with interest earned on contributions designated to ongoing administrative costs.

The Westshore Interlake-Eastern Healthcare Fund was created in 2015 to support healthcare in all its diverse forms within the geographical area encompassed by the former health corporation known as the Jhonson Memorial Hospital District.

WESTSHORE COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

f) **SCHOLARSHIP FUNDS**

During 2003, the Foundation created a separate designated Scholarship Fund within the Winnipeg Foundation, the purpose of which is for the capital to be invested in perpetuity to provide a return to be used for future scholarships to a graduating student going onto further education.

The Scholarship and Bursary Fund was created in 2006 to provide grants to local students for post-secondary education.

See Note 5.

WESTSHORE COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

3. INVESTMENTS

Investments are carried at market value.

	2015	2014
	\$	\$
The Winnipeg Foundation Endowment Funds	1,055,598	964,277
The Winnipeg Foundation Scholarship and Bursary Funds	623,151	603,241
Non-redeemable Guaranteed Investment Certificate bearing interest at 2.60%, matures November 10, 2016	20,073	20,073
Non-redeemable Guaranteed Investment Certificate bearing interest at 1.50% matures May 11, 2016	30,288	30,289
Non-redeemable Guaranteed Investment Certificate bearing interest at 3.20% matures December 12, 2015	-	20,033
Non-redeemable Guaranteed Investment Certificate bearing interest at 2.40% matures December 12, 2017	30,037	30,037
Non-redeemable Guaranteed Investment Certificate bearing interest at 2.25% matures December 12, 2018	30,035	-
	<u>1,789,182</u>	<u>1,667,950</u>
Less: current portion	<u>50,000</u>	<u>20,000</u>
	<u><u>1,739,182</u></u>	<u><u>1,647,950</u></u>

Per agreement, the Winnipeg Foundation agreed to act as trustee on behalf of funds managed by the Westshore Community Foundation Inc. Funds contributed remain the property of Westshore Community Foundation Inc., and are used to purchase units in the Consolidated Trust Fund of the Winnipeg Foundation. The net income derived from Westshore Community Foundation Inc. portion of the Consolidated Trust Fund is paid quarterly.

The Winnipeg Foundation Inc. has developed an Asset Management Governance Plan and a Statement of Investment Policy and Guidelines, which maintains the purchasing power of the funds entrusted to the Foundation while achieving maximum returns consistent with prudent investment. The Foundation's investment policy applies to all investments held in the Foundation's Consolidated Trust Fund, as well as those held in Other Trust Funds. The investment policy includes restrictions regarding the minimum and maximum amount of equity holdings, the maximum amount of foreign equity holdings and a maximum to be invested in any one related group or industry.

The above policy reduces the interest rate, credit, and foreign currency risk to the Westshore Community Foundation Inc. Additional information regarding the potential risks involved can be found on the Winnipeg Foundation's Audited Financial Statements.

WESTSHORE COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

4. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of marketable securities, contributions receivable, short-term indebtedness, payables, and long-term debt. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant credit, interest rate, liquidity, or market (other price) risks arising from these financial instruments. Market risks result from changes in interest rates, exchange rates of foreign currencies and market prices of financial instruments.

Credit risk

The organization's credit risk consists principally of cash and cash equivalents, short-term and other investments, and contributions receivable. The organization maintains cash and cash equivalents with reputable and major financial institutions. The investments include commercial papers and investments issued by high-credit quality corporations and financial institutions. Management considers the risk of non-performance of these instruments to be remote.

Interest rate risk

The Organization is exposed to interest rate risk with respect to the following financial instruments:

Cash and cash equivalents

Interest bearing investments

The Organization is exposed to interest rate risk with respect to the following financial instruments: cash and cash equivalents, and investments in interest bearing securities. Changes in interest rates can affect the fair value of investments and the cash flows related to interest income and expense.

Liquidity risk

The Organization is exposed to liquidity risk in meeting its obligations associated with financial liabilities, which is dependent on receipt of funds from contributors and continued support by financial institutions providing sufficient operating lending facilities.

Market risk

The Organization is exposed to market risk as the investments in publicly traded securities are subject to fluctuations due to price changes on the market. The prices can also be affected by changes in interest rates and foreign currency exchange rates.

WESTSHORE COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

5. RESTRICTED FUNDS

Changes in restricted funds for the year are as follows:

	Westshore Interlake East Health Fund	Donor Advised Funds	Youth in Philanthropy	Administration Endowment	Palmer Endowment
Balance, beginning of year	-	279,005	12,172	25,672	16,690
Contributions received	51,557	4,649	-	-	234
Net realized capital gains (losses)	813	7,840	343	754	466
Net change in unrealized gains (losses)	(251)	(2,419)	(106)	(233)	(144)
Investment income	1,170	11,287	494	1,085	671
Administration fees paid	(300)	(2,891)	(127)	(278)	(172)
Grants paid		(6,681)	-	(772)	(575)
Income allocation		-	-	2,900	-
Balance, end of year	52,989	290,790	12,776	29,128	17,170

	Palliative Care Endowment	Community Fund	Scholarship and Bursary	2015	2014
				\$	\$
Balance, beginning of year	7,465	733,122	603,708	1,677,834	1,379,272
Contributions received	-	11,461	6,015	73,916	208,703
Net realized capital gains (losses)	207	21,198	19,913	51,534	44,248
Net change in unrealized gains (losses)	(64)	(6,540)	(5,426)	(15,183)	48,932
Investment income	298	30,555	26,149	71,709	58,340
Administration fees paid	(76)	(7,819)	(6,787)	(18,450)	(15,653)
Grants paid	(261)	(25,501)	(13,741)	(47,531)	(49,308)
Income allocation	-	7,000	-	9,900	3,300
Balance, end of year	7,569	763,476	629,831	1,803,729	1,677,834

WESTSHORE COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

6. FUTURE CONTRIBUTIONS

Changes in future contributions committed are as follows:

	<u>2015</u>	<u>2014</u>
	\$	\$
Icelandic River	-	3,500
New Iceland Heritage Museum	2,500	-
Cornerstone Enterprises	-	3,000
DGJMS PAC	-	1,000
Minerva Hall Ladies Aid	-	1,000
Sigurbjorg Stefansson School	1,000	1,000
Town of Winnipeg Beach	-	2,000
	<u>3,500</u>	<u>11,500</u>

7. CASH FLOW STATEMENT

	<u>2015</u>	<u>2014</u>
	\$	\$
Net changes in non-cash working capital affecting operations		
Accounts receivable	81	21
Prepaid expenses	(640)	-
Accounts payable and accrued liabilities	250	-
Future Contributions	(8,000)	1,500
	<u>(8,309)</u>	<u>1,521</u>

