

WESTSHORE COMMUNITY FOUNDATION INC.

GIMLI, MANITOBA

DECEMBER 31, 2014

Anthony J. Reid
Chartered Accountant Inc.
*1741 Portage Avenue
Winnipeg, Manitoba, R3J 0E5
Phone: (204) 885-8530
Fax: (204) 885-8539
Email: anthonyreid@reidaccountants.com*

Independent Auditors' Report

To the Directors of;
Westshore Community Foundation Inc.

I have audited the accompanying financial statements of Westshore Community Foundation Inc., which comprise the balance sheet as at December 31, 2014 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion these financial statements present fairly, in all material respects, the financial position of Westshore Community Foundation Inc. as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

April 7, 2015
Winnipeg, Manitoba



Chartered Accountant

WESTSHORE COMMUNITY FOUNDATION INC.**BALANCE SHEET**

AS AT DECEMBER 31

| | 2014 | 2013 |
|--|------------------|------------------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and short term investments | 46,391 | 50,180 |
| Accounts receivable | 397 | 418 |
| Current portion of investments | 20,000 | 20,000 |
| | <u>66,788</u> | <u>70,598</u> |
| INVESTMENTS (note 3) | <u>1,647,950</u> | <u>1,339,548</u> |
| | <u>1,714,738</u> | <u>1,410,146</u> |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | 2,500 | 2,500 |
| Future Contributions (note 6) | 11,500 | 10,000 |
| | <u>14,000</u> | <u>12,500</u> |
| NET ASSETS | | |
| UNRESTRICTED NET ASSETS | 22,904 | 18,374 |
| RESTRICTED FUNDS (note 5) | <u>1,677,834</u> | <u>1,379,272</u> |
| | <u>1,700,738</u> | <u>1,397,646</u> |
| | <u>1,714,738</u> | <u>1,410,146</u> |

Approved on Behalf of the Board

Director_____
Director

WESTSHORE COMMUNITY FOUNDATION INC.
STATEMENT OF REVENUE AND EXPENDITURE

| | Year Ended December 31 | |
|---|------------------------|---------------|
| | 2014 | 2013 |
| | \$ | \$ |
| REVENUE | | |
| Grants | 7,517 | 8,188 |
| Fundraising | 11,896 | 12,203 |
| Donations | 2,123 | 2,815 |
| Miscellaneous | 4,402 | 2,971 |
| | <u>25,938</u> | <u>26,177</u> |
| EXPENDITURE | | |
| Advertising and promotion | 1,466 | 3,637 |
| Accounting and legal | 2,804 | 2,723 |
| Dues and memberships | 450 | 450 |
| Events expense | 2,002 | 1,897 |
| Fundraising | 4,709 | 3,637 |
| Interest and service charges | 177 | 47 |
| Meetings | 100 | 2,085 |
| Office and supplies | 1,955 | 1,333 |
| Rent | 3,690 | 3,690 |
| Telephone | 1,349 | 1,314 |
| | <u>18,702</u> | <u>20,813</u> |
| OPERATING INCOME | <u>7,236</u> | <u>5,364</u> |
| OTHER ITEMS | | |
| Grants from administration endowment | 594 | - |
| Contributions to administration endowment funds | (3,300) | - |
| | <u>(2,706)</u> | <u>-</u> |
| EXCESS OF REVENUE OVER EXPENDITURE | <u>4,530</u> | <u>5,364</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 | 2014 Total | 2013 Total |
| | \$ | \$ | \$ | \$ |
| NET ASSETS | | | | |
| Balance, beginning of year | 1,379,272 | 18,374 | 1,397,646 | 1,157,616 |
| Excess of revenue over expenditure | - | 4,530 | 4,530 | 5,364 |
| Contributions received | 208,703 | - | 208,703 | 83,763 |
| Net realized capital gains (losses) | 44,248 | - | 44,248 | 22,689 |
| Net change in unrealized gains (losses) | 48,932 | - | 48,932 | 143,036 |
| Investment income | 58,340 | - | 58,340 | 38,716 |
| Administration fees paid | (15,653) | - | (15,653) | (12,867) |
| Interfund transfer | 3,300 | - | 3,300 | - |
| Grants paid | <u>(49,308)</u> | <u>-</u> | <u>(49,308)</u> | <u>(40,671)</u> |
| Balance, end of year | <u>1,677,834</u> | <u>22,904</u> | <u>1,700,738</u> | <u>1,397,646</u> |

The accompanying notes are an integral part of these financial statements

WESTSHORE COMMUNITY FOUNDATION INC.**STATEMENT OF CASH FLOWS**

| | Year Ended December 31 | |
|--|------------------------|----------------------|
| | 2014 | 2013 |
| | \$ | \$ |
| CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES | | |
| OPERATING | | |
| Excess of revenue over expenditure for the year | 4,530 | 5,364 |
| Net changes in non-cash working capital affecting operations <i>(note 7)</i> | 1,521 | 4,922 |
| | <u>6,051</u> | <u>10,286</u> |
| FINANCING | | |
| Donations and income earned on endowment fund | <u>298,562</u> | <u>234,666</u> |
| INVESTING | | |
| Purchase of investments | <u>(308,402)</u> | <u>(217,730)</u> |
| INCREASE (DECREASE) IN CASH RESOURCES | (3,789) | 27,222 |
| CASH RESOURCES, BEGINNING OF YEAR | <u>50,180</u> | <u>22,958</u> |
| CASH RESOURCES, END OF YEAR | <u><u>46,391</u></u> | <u><u>50,180</u></u> |

WESTSHORE COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

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 generally accepted 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, 2014

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, 2014

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 4.

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

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

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.

WESTSHORE COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

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. See Note 4.

WESTSHORE COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

3. INVESTMENTS

Investments are carried at market value.

| | 2014 | 2013 |
|--|------------------|------------------|
| | \$ | \$ |
| The Winnipeg Foundation Endowment Funds | 964,277 | 811,949 |
| The Winnipeg Foundation Scholarship and Bursary Funds | 603,241 | 457,173 |
| Non-redeemable Guaranteed Investment Certificate bearing interest at 2.60%, matures November 10, 2016 | 20,000 | 20,000 |
| Non-redeemable Guaranteed Investment Certificate bearing interest at 1.50% matures May 11, 2016 | 30,000 | 30,000 |
| Non-redeemable Guaranteed Investment Certificate bearing interest at 3.00% matures December 12, 2014 | - | 20,000 |
| Non-redeemable Guaranteed Investment Certificate bearing interest at 3.20% matures December 12, 2015 | 20,432 | 20,426 |
| Non-redeemable Guaranteed Investment Certificate bearing interest at 2.40% matures December 12, 2017 | 30,000 | - |
| | <u>1,667,950</u> | <u>1,359,548</u> |
| Less: current portion | <u>20,000</u> | <u>20,000</u> |
| | <u>1,647,950</u> | <u>1,339,548</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, 2014

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, 2014

5. RESTRICTED FUNDS

Changes in restricted funds for the year are as follows:

| | Donor Advised Funds | Youth in Philanthropy | Administration Endowment | Palmer Endowment |
|--|------------------------|--------------------------|-----------------------------|---------------------|
| Balance, beginning of year | 179,331 | 11,186 | 19,529 | 15,579 |
| Contributions received | 87,994 | - | 1,530 | 235 |
| Net realized capital gains (losses) | 5,826 | 318 | 615 | 439 |
| Net change in unrealized gains (losses) | 6,605 | 360 | 697 | 498 |
| Investment income | 7,836 | 428 | 827 | 590 |
| Administration fees paid | (2,195) | (120) | (232) | (165) |
| Interfund transfer | - | - | 3,300 | - |
| Grants paid | (6,392) | - | (594) | (486) |
| Balance, end of year | <u>279,005</u> | <u>12,172</u> | <u>25,672</u> | <u>16,690</u> |

| | Palliative Care Endowment | Community Fund | Scholarship and Bursary | 2014 | 2013 |
|--|------------------------------|-------------------|----------------------------|------------------|------------------|
| Balance, beginning of year | 7,080 | 688,203 | 458,364 | \$ 1,379,272 | \$ 1,144,606 |
| Contributions received | - | 8,977 | 109,967 | 208,703 | 83,763 |
| Net realized capital gains (losses) | 198 | 20,963 | 15,889 | 44,248 | 22,689 |
| Net change in unrealized gains (losses) | 224 | 23,771 | 16,777 | 48,932 | 143,036 |
| Investment income | 266 | 28,114 | 20,279 | 58,340 | 38,716 |
| Administration fees paid | (75) | (7,907) | (4,959) | (15,653) | (12,867) |
| Interfund transfer | - | - | - | 3,300 | - |
| Grants paid | (228) | (29,000) | (12,608) | (49,308) | (40,671) |
| Balance, end of year | <u>7,465</u> | <u>733,121</u> | <u>603,709</u> | <u>1,677,834</u> | <u>1,379,272</u> |

WESTSHORE COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

6. FUTURE CONTRIBUTIONS

Changes in future contributions committed are as follows:

| | <u>2014</u> | <u>2013</u> |
|----------------------------------|---------------|---------------|
| | \$ | \$ |
| Icelandic River | 3,500 | 3,500 |
| Peace Lutheran Cemetery | - | 1,500 |
| Winnipeg Beach School Playground | - | 5,000 |
| Cornerstone Enterprises | 3,000 | - |
| DGJMS PAC | 1,000 | - |
| Minerva Hall Ladies Aid | 1,000 | - |
| Sigurbjorg Stefansson School | 1,000 | - |
| Town of Winnipeg Beach | 2,000 | - |
| | <u>11,500</u> | <u>10,000</u> |

7. CASH FLOW STATEMENT

| | <u>2014</u> | <u>2013</u> |
|--|--------------|--------------|
| | \$ | \$ |
| Net changes in non-cash working capital affecting operations | | |
| Accounts receivable | 21 | 40 |
| Future Contributions | 1,500 | 4,882 |
| | <u>1,521</u> | <u>4,922</u> |

Anthony J. Reid

Chartered Accountant Inc.

1741 Portage Avenue
Winnipeg, Manitoba, R3J 0E5
Phone: (204) 885-8530
Fax: (204) 885-8539
