

Financial Statements

BGC Foundation of South Coast BC

December 31, 2015

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Independent Auditor's Report

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To the Board of Directors of
BGC Foundation of South Coast BC

We have audited the accompanying financial statements of the BGC Foundation of South Coast BC, which comprise the statement of financial position as at December 31, 2015 and the statements of operations, changes in fund balances, 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 generally accepted 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, the financial statements present fairly, in all material respects, the financial position of the BGC Foundation of South Coast BC as at December 31, 2015 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.

Vancouver, Canada
May 18, 2016



Chartered Professional Accountants

BGC Foundation of South Coast BC

Statement of Financial Position

December 31

2015

2014

Assets

Cash and cash equivalents	\$ 584,127	\$ 449,535
Receivables (Note 2)	103,679	214,566
Investments (Note 3)	1,533,398	1,440,788
Due from the Agency (Note 8)	9,074	-
Property and equipment (Note 4)	131,917	155,730
	<u>\$ 2,362,195</u>	<u>\$ 2,260,619</u>

Liabilities

Payables and accruals		
Due to the Agency (Note 8)	\$ -	\$ 47,869
Other	35,613	5,400
	<u>35,613</u>	<u>53,269</u>

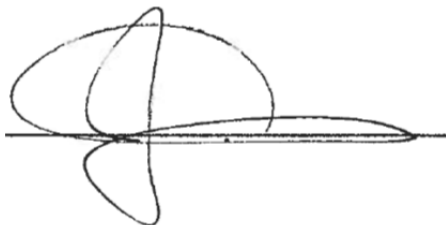
Fund balances

Property and equipment fund	131,917	155,730
Restricted fund (Note 5)	142,715	133,009
Endowment funds (Note 6)	1,741,865	1,739,765
Unrestricted	310,085	178,846
	<u>2,326,582</u>	<u>2,207,350</u>
	<u>\$ 2,362,195</u>	<u>\$ 2,260,619</u>

On behalf of the Board



Director



Director

BGC Foundation of South Coast BC

Statement of Operations

Year ended December 31

2015

2014

	2015	2014
Revenue		
Investment income	\$ 110,597	\$ 122,368
(Loss) gain on investments	(17,428)	31,362
Lease income (Note 8)	126,000	126,000
Appeals	85,166	97,310
Major gifts corporate (Note 7)	1,122,212	1,222,006
Major gifts individuals (Note 7)	750,269	512,388
Grant proposals	1,000	80,000
Special events	300,661	377,304
Third party events	293,381	219,798
Gifts in kind	3,032	11,335
	2,774,890	2,799,871
Expense		
Salaries	252,630	187,721
Special events	106,175	179,948
Administration allocation from the Agency (Note 8)	120,000	120,000
Purchased services	60,467	18,930
Systems support	25,327	23,911
Other expenses	20,850	8,251
Third party events	14,715	14,823
Stewardship and recognition	4,896	1,381
Gifts in kind	3,032	11,335
	608,092	566,300
Excess of revenue over expense from operations before amortization	2,166,798	2,233,571
Amortization	23,813	23,846
Excess of revenue over expense from operations	2,142,985	2,209,725
Capital projects grant to the Agency (Note 8)	75,853	52,000
Annual grant to the Agency (Note 8)	1,950,000	2,085,750
Excess of revenue over expense	\$ 117,132	\$ 71,975

See accompanying notes to the financial statements.

BGC Foundation of South Coast BC

Statement of Changes in Fund Balances

Year ended December 31, 2015

	<u>Property and Equipment</u> (Note 4)	<u>Restricted</u> (Note 5)	<u>Endowment</u> (Note 6)	<u>Unrestricted</u>	<u>Total</u>
Fund balances, December 31, 2013	\$ 179,576	\$ 110,181	\$ 1,706,265	\$ 105,853	\$ 2,101,875
Excess of revenue over expense before other items	-	-	-	2,233,571	2,233,571
Increase in market value of restricted funds	-	22,828	-	(22,828)	-
Amortization	(23,846)	-	-	-	(23,846)
Annual grants to the Agency	-	-	-	(2,137,750)	(2,137,750)
(Deficiency) excess of revenue over expense	(23,846)	22,828	-	72,993	71,975
Endowment contributions	-	-	33,500	-	33,500
Fund balances, December 31, 2014	155,730	133,009	1,739,765	178,846	2,207,350
Excess of revenue over expense before other items	-	-	-	2,166,798	2,166,798
Increase in market value of restricted funds	-	9,706	-	(9,706)	-
Amortization	(23,813)	-	-	-	(23,813)
Annual grants to the Agency	-	-	-	(2,025,853)	(2,025,853)
(Deficiency) excess of revenue over expense	(23,813)	9,706	-	131,239	117,132
Endowment contributions	-	-	2,100	-	2,100
Fund balances, December 31, 2015	\$ 131,917	\$ 142,715	\$ 1,741,865	\$ 310,085	\$ 2,326,582

BGC Foundation of South Coast BC

Statement of Cash Flows

Year ended December 31

2015

2014

Cash flows provided by (used in)

Operating

Excess of revenue over expense	\$	117,132	\$	71,975
Amortization		23,813		23,846
Loss (gain) on investments		17,987		(30,880)
Change in non-cash operating working capital				
Receivables		110,887		32,459
Due to/from the Agency		(56,943)		(5,151)
Other payables and accruals		30,213		74
		<u>243,089</u>		<u>92,323</u>

Investing

Endowment contributions		2,100		33,500
Investment redemption		-		250,000
Purchase of investments		(110,597)		(122,368)
		<u>(108,497)</u>		<u>161,132</u>

Increase in cash and cash equivalents		134,592		253,455
Cash and cash equivalents, beginning of year		<u>449,535</u>		<u>196,080</u>
Cash and cash equivalents, end of year	\$	<u>584,127</u>	\$	<u>449,535</u>

BGC Foundation of South Coast BC

Notes to the Financial Statements

December 31, 2015

1. Purpose of the Foundation

BGC Foundation of South Coast BC (the "Foundation") was incorporated in 1994 under the Society Act of British Columbia and is a registered charity under the Income Tax Act. The purpose of the Foundation is to raise funds and steward assets to support the work of Boys & Girls Clubs of South Coast BC (the "Agency") in perpetuity.

2. Summary of significant accounting policies

Basis of presentation

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

Use of estimates

In conformity with Canadian accounting standards for not-for-profit organizations, management is required to make estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the year. Actual results could differ from those reported.

Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and cash equivalents, receivables, and due from the Agency.

Financial liabilities measured at amortized cost include payables and accruals.

The investments in pooled funds are valued at the unit values supplied by the pooled fund administrator which represent the Foundation's proportionate share of underlying net assets at fair values determined using closing market prices.

Cash and cash equivalents

Cash and cash equivalents include balances with the bank.

Property and equipment

Purchased property and equipment is recorded at cost. Contributed property and equipment is recorded at fair value at the date of contribution.

Amortization is provided on the straight-line basis over the assets' estimated useful lives, which for the buildings is 20 years.

Computer software and hardware are amortized on a declining balance basis at a rate of 55%.

BGC Foundation of South Coast BC

Notes to the Financial Statements

December 31, 2015

2. Summary of significant accounting policies (continued)

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Endowment contributions are recognized as direct increases in the endowment fund balance when received. Unrestricted contributions are recognized when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Pledged receivables are recognized when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Included in receivables are pledges that total \$55,000 (2014 - \$177,324).

Fund accounting

Endowment funds are amounts received from donors who specify that the Foundation must invest the donation to earn income. This income may be applied towards the Foundation's purposes.

Gifts in kind

Donations of products which the Foundation would otherwise have purchased are recognized as revenue at their fair market value.

3. Investments

	<u>2015</u>	<u>2014</u>
Investments in pooled funds	\$ 1,390,683	\$ 1,307,779
Equity fund investments (Note 5)	<u>142,715</u>	<u>133,009</u>
	<u>\$ 1,533,398</u>	<u>\$ 1,440,788</u>

The investments in pooled funds have contributed principal of \$939,798 (2014 - \$939,798).

The equity fund investments have a contributed principal of \$50,000 (2014 - \$50,000).

Due to the inherent nature of pooled funds, it is not possible to determine the weighted average yield or maturity date.

4. Property and equipment

			<u>2015</u>	<u>2014</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 5,000	\$ -	\$ 5,000	\$ 5,000
Buildings	473,339	346,422	126,917	150,585
Computer software	25,044	25,044	-	93
Computer hardware	<u>14,003</u>	<u>14,003</u>	<u>-</u>	<u>52</u>
	<u>\$ 517,386</u>	<u>\$ 385,469</u>	<u>\$ 131,917</u>	<u>\$ 155,730</u>

BGC Foundation of South Coast BC

Notes to the Financial Statements

December 31, 2015

5. Restricted fund

The Rudy and Patricia North Fund, which is invested in equity pooled funds, is separately managed by North Growth Management Ltd.

6. Endowment funds

	Balance, beginning of year	Contributions	Balance, end of year
Anna and Joe Jetter Endowment Fund	\$ 72,747	\$	\$ 72,747
Boys' and Girls' Clubs of Greater Vancouver Fund	59,242		59,242
Camp Pottlatch Fund	9,115		9,115
Davis & Company Endowment Fund	4,000		4,000
Doug and Ellen Rowa Endowment Fund	39,650	1,100	40,750
Dr. G.E. Price Family Trust	25,000		25,000
E.H. McCaffery Endowment Fund	12,703		12,703
Eaton Spencer Retired Employees' Fund	16,662		16,662
Elizabeth MacLeod Fund	5,000		5,000
Fred Withers and Kathy Jones Fund	88,000		88,000
George Bulmer Endowment Fund	4,912		4,912
H.C. Millham Endowment Fund	11,625		11,625
Honorary Directors Endowment Fund	44,923		44,923
Ian M. Adam Endowment Fund	10,525		10,525
Mark and Diana Sonne Endowment	30,000		30,000
Merv Ovesen Fund	2,284		2,284
Molly and Bob Hole Endowment Fund	935,000		935,000
Paul Henderson Endowment Fund	1,653		1,653
Robert and Elizabeth Foster Fund	35,000		35,000
Terry and Linda Holland Endowment Fund	60,500		60,500
The Jean Beaty Endowment Fund	18,250		18,250
The Raven Foundation	127,348		127,348
The Richard Ryan Endowment Fund	28,277	1,000	29,277
Webster Summer Activities Fund	97,349		97,349
	<u>\$ 1,739,765</u>	<u>\$ 2,100</u>	<u>\$ 1,741,865</u>

BGC Foundation of South Coast BC

Notes to the Financial Statements

December 31, 2015

7. Foundations

Vancouver Foundation endowment funds

Endowment funds held by the Vancouver Foundation are permanent externally held endowments, only the interest of which is available for the benefit of the Foundation. These endowment funds are not included in the financial statements.

	2015		2014	
	Market Value	Contributed Principal	Market Value	Contributed Principal
The Foundation				
Endowment Fund	\$ 2,056,018	\$ 1,139,736	\$ 1,955,093	\$ 1,139,736
The Agency Bursary Fund	<u>220,573</u>	<u>160,100</u>	<u>206,843</u>	<u>160,100</u>
	<u>\$ 2,276,591</u>	<u>\$ 1,299,836</u>	<u>\$ 2,161,936</u>	<u>\$ 1,299,836</u>

During 2015, the Foundation received \$78,165 (2014 - \$74,267) from these endowment funds. The Foundation also received \$81,285 from the Vancouver Foundation (2014 - \$134,017).

Edmonton Community Foundation

The Edmonton Community Foundation owns and manages funds received from George and Rae Poole. 50% of the annual income is to be distributed in British Columbia and the Foundation is a preferred applicant. An annual grant to the Foundation is subject to the approval of the Board of Directors of the Edmonton Community Foundation.

During 2015, the Foundation received \$89,375 (2014 - \$82,791) from this endowment.

Other foundations

During 2015, the Foundation received \$640,854 (2014 - \$558,168) from other foundations, notably: \$30,000 (2014 - \$30,000) from the 1988 Foundation, \$30,000 (2014 - \$144,000) from the Canucks For Kids Fund, \$83,706 (2014 - \$103,294) from the Canadian Tire Foundation for Families, and \$78,132 (2014 - \$77,892) from the Canadian Women's Foundation.

The above noted receipts are reflected as major gifts corporate and major gifts individual in the statement of operations.

BGC Foundation of South Coast BC

Notes to the Financial Statements

December 31, 2015

8. Related party transactions

During the year, the Foundation contributed \$2,025,853 (2014 - \$2,137,750) to the Agency.

Based on a formal agreement between the Agency and the Foundation Board, the Foundation paid an administration allocation of \$120,000 (2014 - \$120,000) to the Agency. This allocation represents the Foundation's share of the salaries and administration costs that are incurred and paid by the Agency on behalf of the Foundation.

The Foundation collects annual lease income of \$126,000 (2014 - \$126,000) from leasing Camp Potlatch to the Agency. The Foundation committed to leasing the camp to 2021.

The receivable of \$9,074 (2014 - payable of \$47,869) results from intersociety support obligations with the Agency and will be reimbursed through future intersociety transactions.

9. Financial instruments

The carrying amount of financial assets measured at amortized cost is \$696,880 as at December 31, 2015 (2014 - \$664,101).

The carrying amount of financial assets measured at fair value is \$1,533,398 as at December 31, 2015 (2014 - \$1,440,788).

The carrying amount of financial liabilities measured at amortized cost is \$35,613 as at December 31, 2015 (2014 - \$53,269).

The Foundation has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk.

Credit risk

The Foundation is exposed to the credit risk that a counterparty defaults or becomes insolvent. The Foundation's investments in pooled funds hold debt securities that are exposed to such risks. Management believes that the Foundation is not exposed to credit risks on its receivables as this balance was collected in full after year end.

Liquidity risk

Liquidity risk is the risk that the Foundation cannot meet a demand for cash or fund its obligations as they come due. The Foundation's management monitors cash flows on a regular basis to ensure the Foundation has enough readily available funds to cover its financial obligations as they come due.

BGC Foundation of South Coast BC

Notes to the Financial Statements

December 31, 2015

9. Financial instruments (continued)

Market risk

The Foundation has exposure to market risks from its use of financial instruments. Market risks are the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. Other price risk includes those arising from foreign exchange rates and interest rates. The Foundation is exposed to fair value and other price risks on its investments held.

The Foundation manages its market risks on its investments by investing in funds that have a well-diversified portfolio of securities. The Foundation manages its credit risk through its investment policy.

It is management's opinion that the Foundation is not exposed to liquidity risk arising from these financial instruments.
