

Financial Statements

BGC Foundation of South Coast BC

December 31, 2014

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12

Independent Auditor's Report

Grant Thornton LLP
Suite 1600, Grant Thornton Place
333 Seymour Street
Vancouver, BC
V6B 0A4
T +1 604 687 2711
F +1 604 685 6569
www.GrantThornton.ca

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, 2014 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, 2014 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 20, 2015



Chartered Accountants

BGC Foundation of South Coast BC

Statement of Financial Position

December 31

2014

2013

Assets

Cash and cash equivalents	\$ 449,535	\$ 196,080
Receivables	214,566	247,025
Investments (Note 3)	1,440,788	1,537,688
Property and equipment (Note 4)	155,730	179,576
	<u>\$ 2,260,619</u>	<u>\$ 2,160,369</u>

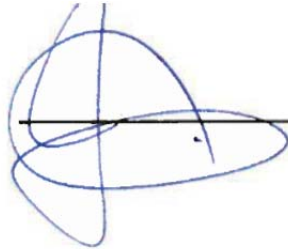
Liabilities

Payables and accruals		
Due to the Agency (Note 8)	\$ 47,869	\$ 53,020
Other	5,400	5,474
	<u>53,269</u>	<u>58,494</u>

Fund balances

Property and equipment fund	155,730	179,576
Restricted fund (Note 5)	133,009	110,181
Endowment funds (Note 6)	1,739,765	1,706,265
Unrestricted	178,846	105,853
	<u>2,207,350</u>	<u>2,101,875</u>
	<u>\$ 2,260,619</u>	<u>\$ 2,160,369</u>

On behalf of the Board



Director



Director

BGC Foundation of South Coast BC

Statement of Operations

Year ended December 31

2014

2013

	2014	2013
Revenue		
Investment income	\$ 122,368	\$ 90,736
Gain on investments	31,362	120,681
Lease income (Note 8)	126,000	126,000
Appeals	97,310	43,862
Major gifts corporate (Note 7)	1,222,006	986,866
Major gifts individuals (Note 7)	512,388	519,170
Grant proposals	80,000	10,000
Special events	377,304	360,262
Third party events	219,798	295,795
Gifts in kind	11,335	34,337
	<u>2,799,871</u>	<u>2,587,709</u>
Expense		
Salaries	187,721	204,623
Special events	179,948	180,549
Third party events	14,823	24,980
Stewardship and recognition	1,381	2,091
Systems support	23,911	15,080
Purchased services	18,930	5,400
Other expenses	8,251	8,332
Gifts in kind	11,335	34,337
Administration allocation from the Agency (Note 8)	120,000	120,000
	<u>566,300</u>	<u>595,392</u>
Excess of revenue over expense from operations before amortization	2,233,571	1,992,317
Amortization	<u>23,846</u>	<u>24,063</u>
Excess of revenue over expense from operations	2,209,725	1,968,254
Capital projects grant to the Agency (Note 8)	52,000	-
Annual grant to the Agency (Note 8)	<u>2,085,750</u>	<u>2,250,000</u>
Excess (deficiency) of revenue over expense	<u>\$ 71,975</u>	<u>\$ (281,746)</u>

BGC Foundation of South Coast BC

Statement of Changes in Fund Balances

Year ended December 31, 2014

	<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, 2012	\$ 203,639	\$ 76,397	\$ 1,699,315	\$ 397,320	\$ 2,376,671
Excess of revenue over expense before other items	-	-	-	1,992,317	1,992,317
Increase in market value of restricted funds	-	33,784	-	(33,784)	-
Amortization	(24,063)	-	-	-	(24,063)
Annual grant to the Agency	-	-	-	(2,250,000)	(2,250,000)
Excess (deficiency) of revenue over expense	(24,063)	33,784	-	(291,467)	(281,746)
Endowment contributions	-	-	6,950	-	6,950
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)
Excess (deficiency) 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

BGC Foundation of South Coast BC

Statement of Cash Flows

Year ended December 31

2014

2013

Cash flows provided by (used in)

Operating

Excess (deficiency) of revenue over expense	\$	71,975	\$	(281,746)
Amortization		23,846		24,063
Unrealized gain on investments		(30,880)		(120,681)
Change in non-cash operating working capital				
Receivables		32,459		(141,947)
Due to the Agency		(5,151)		6,217
Other payables and accruals		74		(102)
		<u>92,323</u>		<u>(514,196)</u>

Investing

Endowment contributions		33,500		6,950
Investment redemption		250,000		-
Purchase of investments		(122,368)		(90,085)
		<u>161,132</u>		<u>(83,135)</u>

Increase (decrease) in cash and cash equivalents		253,455		(597,331)
Cash and cash equivalents, beginning of year		<u>196,080</u>		<u>793,411</u>
Cash and cash equivalents, end of year	\$	<u>449,535</u>	\$	<u>196,080</u>

BGC Foundation of South Coast BC

Notes to the Financial Statements

December 31, 2014

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 and receivables.

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 cash on hand, balances with banks and short-term deposits with original maturities of three months or less.

BGC Foundation of South Coast BC

Notes to the Financial Statements

December 31, 2014

2. Summary of significant accounting policies (continued)

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%.

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 \$Nil (2013 - \$172,965).

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>2014</u>	<u>2013</u>
Investments in pooled funds	\$ 1,307,779	\$ 1,427,507
Equity fund investments (Note 5)	<u>133,009</u>	<u>110,181</u>
	<u>\$ 1,440,788</u>	<u>\$ 1,537,688</u>

The investments in pooled funds have contributed principal of \$939,798 (2013 - \$939,798).

The equity fund investments have a contributed principal of \$50,000 (2013 - \$50,000).

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

BGC Foundation of South Coast BC

Notes to the Financial Statements

December 31, 2014

				2014	2013
				Net Book Value	Net Book Value
	Cost	Accumulated Amortization			
Land	\$ 5,000	\$ -	\$ 5,000	\$	5,000
Buildings	473,339	322,754	150,585	\$	174,252
Computer software	25,044	24,951	93		208
Computer hardware	14,003	13,951	52		116
	<u>\$ 517,386</u>	<u>\$ 361,656</u>	<u>\$ 155,730</u>	<u>\$</u>	<u>179,576</u>

5. Restricted fund

The Rudy and Patricia North Fund, which is invested in equity pooled funds, includes restricted 10-year gifts received in 2000 and 2004.

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 Potlatch Fund	9,115		9,115
Davis & Company Endowment Fund	4,000		4,000
Doug and Ellen Rowa Endowment Fund	38,550	1,100	39,650
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	83,000	5,000	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	17,250	1,000	18,250
The Raven Foundation	127,348		127,348
The Richard Ryan Endowment Fund	27,127	1,150	28,277
Webster Summer Activities Fund	97,099	250	97,349
	<u>\$ 1,706,265</u>	<u>\$ 33,500</u>	<u>\$ 1,739,765</u>

BGC Foundation of South Coast BC

Notes to the Financial Statements

December 31, 2014

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.

	2014		2013	
	Market Value	Contributed Principal	Market Value	Contributed Principal
The Foundation Endowment Fund	\$ 1,955,093	\$ 1,139,736	\$ 1,877,143	\$ 1,139,736
The Agency Bursary Fund	206,843	160,100	201,578	160,100
	<u>\$ 2,161,936</u>	<u>\$ 1,299,836</u>	<u>\$ 2,078,721</u>	<u>\$ 1,299,836</u>

During 2014, the Foundation received \$74,267 (2013 - \$78,609) from these endowment funds. The Foundation also received \$134,017 from the Vancouver Foundation (2013 - \$117,244).

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 2014, the Foundation received \$82,791 (2013 - \$64,551) from this endowment.

Other foundations

During 2014, the Foundation received \$558,168 (2013 - \$479,729) from other foundations, notably: \$30,000 (2013 - \$30,000) from the 1988 Foundation, \$144,000 (2013 - \$30,000) from the Canucks For Kids Fund, \$2,500 (2013 - \$20,000) from the R Howard Webster Foundation, \$103,294 (2013 - \$67,825) from the Canadian Tire Foundation for Families, and \$77,892 (2013 - \$50,477) 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, 2014

8. Related party transactions

During the year, the Foundation contributed \$2,137,750 (2013 - \$2,250,000) to the Agency.

Based on a formal agreement between the Agency and the Foundation Board, the Foundation paid an administration allocation of \$120,000 (2013 - \$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 (2013 - \$126,000) from leasing Camp Potlatch to the Agency. The Foundation committed to leasing the camp to 2021.

The payable of \$47,869 (2013 - \$53,020) represents support obligations to the Agency and will be reduced through future disbursements.

9. Financial instruments

The carrying amount of financial assets measured at amortized cost is \$664,101 as at December 31, 2014 (2013 - \$443,105).

The carrying amount of financial assets measured at fair value is \$1,440,788 as at December 31, 2014 (2013 - \$1,537,688).

The carrying amount of financial liabilities measured at amortized cost is \$53,269 as at December 31, 2014 (2013 - \$58,494).

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, 2014

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.
