



Financial Statements

BGC Foundation of South Coast BC

March 31, 2018

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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 March 31, 2018 and the statements of operations, changes in fund balances, and cash flows for the fifteen months ended March 31, 2018, 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 March 31, 2018 and the results of its operations and its cash flows for the fifteen months ended March 31, 2018, in accordance with Canadian accounting standards for not-for-profit organizations.

Report on other legal and regulatory requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada
June 27, 2018

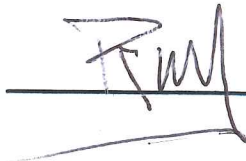


Chartered Professional Accountants

**BGC Foundation of South Coast BC
Statement of Financial Position**

	March 31, 2018	December 31, 2016
Assets		
Cash and cash equivalents	\$ 350,710	\$ 232,380
Receivables (Note 2)	68,074	109,889
Investments (Note 3)	1,381,661	1,772,107
Property and equipment (Note 4)	<u>78,667</u>	<u>108,250</u>
	<u>\$ 1,879,112</u>	<u>\$ 2,222,626</u>
Liabilities		
Payables and accruals		
Due to the Agency (Note 8)	\$ 791,345	\$ 338
Other	10,032	5,400
Deferred contribution	<u>58,476</u>	<u>-</u>
	<u>859,853</u>	<u>5,738</u>
Fund balances		
Property and equipment fund	78,667	108,250
Restricted fund (Note 5)	24,751	147,783
Endowment funds (Note 6)	1,756,865	1,751,365
Unrestricted	<u>(841,024)</u>	<u>209,490</u>
	<u>1,019,259</u>	<u>2,216,888</u>
	<u>\$ 1,879,112</u>	<u>\$ 2,222,626</u>

On behalf of the Board



Director



Director

BGC Foundation of South Coast BC Statement of Operations

	Fifteen Months ended March 31, 2018	Twelve months ended December 31, 2016
Revenue		
Investment income	\$ 88,102	\$ 64,613
Gain (loss) on investments	(14,108)	4,431
Lease income (Note 8)	157,500	126,000
Appeals	74,407	76,339
Major gifts corporate (Note 7)	1,006,959	863,960
Major gifts individuals (Note 7)	901,885	918,355
Grant proposals	142,574	26,500
Special events	365,374	453,688
Third party events	267,603	240,895
Gifts in kind	5,127	4,698
	<u>2,995,423</u>	<u>2,779,479</u>
Expense		
Salaries	320,911	249,667
Special events	129,340	117,670
Administration allocation from the Agency (Note 8)	150,000	120,000
Purchased services	23,450	70,605
Systems support	26,721	26,993
Other expenses	13,490	11,987
Third party events	34,595	19,089
Stewardship and recognition	5,335	4,297
Gifts in kind	5,127	4,698
	<u>708,969</u>	<u>625,006</u>
Excess of revenue over expense from operations before amortization	2,286,454	2,154,473
Amortization	<u>29,583</u>	<u>23,667</u>
Excess of revenue over expense from operations	2,256,871	2,130,806
Annual grant to the Agency (Note 8)	<u>3,460,000</u>	<u>2,250,000</u>
Deficiency of revenue over expense	<u>\$ (1,203,129)</u>	<u>\$ (119,194)</u>

See accompanying notes to the financial statements.

BGC Foundation of South Coast BC

Statement of Changes in Fund Balances

Fifteen months ended March 31, 2018

	<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, 2015	\$ 131,917	\$ 142,715	\$ 1,741,865	\$ 310,085	\$ 2,326,582
Excess of revenue over expense before other items	-	-	-	2,154,473	2,154,473
Increase in market value of restricted funds	-	5,068	-	(5,068)	-
Amortization	(23,667)	-	-	-	(23,667)
Annual grants to the Agency	-	-	-	(2,250,000)	(2,250,000)
(Deficiency) excess of revenue over expense	(23,667)	5,068	-	(100,595)	(119,194)
Endowment contributions	-	-	9,500	-	9,500
Fund balances, December 31, 2016	108,250	147,783	1,751,365	209,490	2,216,888
Excess of revenue over expense before other items	-	-	-	2,286,454	2,286,454
Increase in market value of restricted funds	-	14,751	-	(14,751)	-
Transfers	-	(137,783)	-	137,783	-
Amortization	(29,583)	-	-	-	(29,583)
Annual grants to the Agency	-	-	-	(3,460,000)	(3,460,000)
Deficiency of revenue over expense	(29,583)	(123,032)	-	(1,050,514)	(1,203,129)
Endowment contributions	-	-	5,500	-	5,500
Fund balances, March 31, 2018	\$ 78,667	\$ 24,751	\$ 1,756,865	\$ (841,024)	\$ 1,019,259

BGC Foundation of South Coast BC

Statement of Cash Flows

	Fifteen Months ended March 31, 2018	Twelve months ended December 31, 2016
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Cash flows provided by (used in)		
Operating		
Deficiency of revenue over expense	\$ (1,203,129)	\$ (119,194)
Amortization	29,583	23,667
Unrealized (gain) loss on investments	17,009	(11,198)
Deferred contributions received during the year	75,000	-
Deferred contributions recognized as revenue	(16,524)	-
Change in non-cash operating working capital		
Receivables	41,815	(6,210)
Due to the Agency	791,007	9,412
Other payables and accruals	4,632	(30,213)
	(260,607)	(133,736)
Investing		
Endowment contributions	5,500	9,500
Purchase of investments	(114,346)	(227,511)
Sale of investments	487,783	-
	378,937	(218,011)
(Decrease) increase in cash and cash equivalents	118,330	(351,747)
Cash and cash equivalents, beginning of period	232,380	584,127
Cash and cash equivalents, end of period	\$ 350,710	\$ 232,380

BGC Foundation of South Coast BC

Notes to the Financial Statements

March 31, 2018

1. Purpose of the Foundation

BGC Foundation of South Coast BC (the "Foundation") is incorporated under the Societies 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.

During 2017-2018, the Foundation changed its year end from December 31st to March 31st.

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 in pooled and equity funds, 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 and due to the Agency.

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

March 31, 2018

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 \$61,498 (December 31, 2016 - \$65,500).

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	March 31, 2018	December 31, 2016
Pooled funds	\$ 1,160,666	\$ 1,454,324
Equity pooled funds (Note 5)	24,751	147,783
Guaranteed investments certificates	196,244	170,000
	\$ 1,381,661	\$ 1,772,107

The investments in pooled funds have contributed principal of \$939,798 (December 31, 2016 - \$939,798).

The equity fund investments have a contributed principal of \$15,835 (December 31, 2016 - \$50,000).

4. Property and equipment			March 31, 2018	December 31, 2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 5,000	\$ -	\$ 5,000	\$ 5,000
Buildings	473,339	399,672	73,667	103,250
Computer software	25,044	25,044	-	-
Computer hardware	14,003	14,003	-	-
	\$ 517,386	\$ 438,719	\$ 78,667	\$ 108,250

BGC Foundation of South Coast BC

Notes to the Financial Statements

March 31, 2018

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 period	Contributions	Balance, end of period
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	41,250	1,000	42,250
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	95,500	2,500	98,000
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	30,777	2,000	32,777
Webster Summer Activities Fund	97,349	-	97,349
	<u>\$ 1,751,365</u>	<u>\$ 5,500</u>	<u>\$ 1,756,865</u>

BGC Foundation of South Coast BC

Notes to the Financial Statements

March 31, 2018

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.

	<u>March 31, 2018</u>		<u>December 31, 2016</u>	
	<u>Market Value</u>	<u>Contributed Principal</u>	<u>Market Value</u>	<u>Contributed Principal</u>
The Foundation Endowment Fund	\$ 2,183,654	\$ 1,145,582	\$ 2,148,174	\$ 1,139,736
The Agency Bursary Fund	<u>234,047</u>	<u>160,100</u>	<u>230,356</u>	<u>160,100</u>
	<u>\$ 2,417,701</u>	<u>\$ 1,305,682</u>	<u>\$ 2,378,530</u>	<u>\$ 1,299,836</u>

During 2017-2018, the Foundation received \$86,008 (2016 - \$82,396) from these endowment funds. The Foundation also received \$208,602 from the Vancouver Foundation (2016 - \$104,766).

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 2017-2018, the Foundation received \$93,581 (2016 - \$92,963) from this endowment.

BGC Foundation of South Coast BC

Notes to the Financial Statements

March 31, 2018

8. Related party transactions

During the fifteen months ended March 31, 2018, the Foundation contributed \$3,460,000 (twelve months ended December 31, 2016 - \$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 \$150,000 for the fifteen months ended March 31, 2018 (twelve months ended December 31, 2016 - \$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.

During the fifteen months ended March 31, 2018, the Foundation collected annual lease income of \$157,500 (twelve months ended December 31, 2016 - \$126,000) from leasing Camp Potlatch to the Agency. The Foundation committed to leasing the camp to 2021.

The payable of \$791,345 (March 31, 2017 - \$607,612 and December 31, 2016 - \$338) 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 \$615,028 as at March 31, 2018 (December 31, 2016 - \$512,268).

The carrying amount of financial assets measured at fair value is \$1,185,417 as at March 31, 2018 (December 31, 2016 - \$1,602,108).

The carrying amount of financial liabilities measured at amortized cost is \$801,377 as at March 31, 2018 (December 31, 2016 - \$5,738).

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

March 31, 2018

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.

10. Disclosure required under Societies Act

On November 28, 2016 the new British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, the ten highest paid employees and all contractors who were paid a least \$75,000 annually.

During the 15-month period ending March 31, 2018, the Foundation paid \$100,153 in remuneration to one person who is an employee, whose remuneration, during the applicable period, was at least \$75,000.
