



Financial Statements

**BGC Foundation of South Coast BC**

March 31, 2019

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# Independent Auditor's Report

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

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

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of BGC Foundation of South Coast BC (the "Foundation"), which comprise the statement of financial position as at March 31, 2019 and the statements of operations, changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of BGC Foundation of South Coast BC as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **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 26, 2019

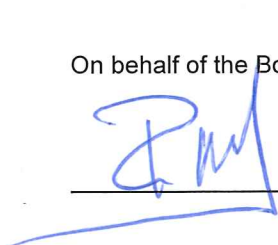
Chartered Professional Accountants

# **BGC Foundation of South Coast BC**

## **Statement of Financial Position**

March 31	2019	2018
<b>Assets</b>		
Cash	\$ 357,297	\$ 350,710
Receivables (Note 2)	21,016	68,074
Investments (Note 3)	1,458,496	1,381,661
Property and equipment (Note 4)	55,000	78,667
<b>Total assets</b>	<b>\$ 1,891,809</b>	<b>\$ 1,879,112</b>
<b>Liabilities</b>		
Payables and accruals		
Due to the Agency (Note 8)	\$ 815,086	\$ 791,345
Other	21,626	10,032
Deferred contribution	9,338	58,476
<b>Total liabilities</b>	<b>846,050</b>	<b>859,853</b>
<b>Fund balances</b>		
Property and equipment fund	55,000	78,667
Restricted fund (Note 5)	25,208	24,751
Endowment funds (Note 6)	1,631,117	1,756,865
Unrestricted	(665,566)	(841,024)
<b>Total fund balances</b>	<b>1,045,759</b>	<b>1,019,259</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,891,809</b>	<b>\$ 1,879,112</b>

On behalf of the Board



Director



Director



## BGC Foundation of South Coast BC

### Statement of Operations

	Year ended March 31, 2019	Fifteen months ended March 31, 2018
Revenue		
Major gifts corporate (Note 7)	\$ 1,196,532	\$ 1,006,959
Major gifts individual	958,577	901,885
Special events	411,221	365,374
Third party events	197,823	267,603
Appeals	77,856	74,407
Grant proposals	73,778	142,574
Gifts in kind	400	5,127
Lease income (Note 8)	126,000	157,500
Investment income	60,453	88,102
Gain (loss) on investments	19,550	(14,108)
	<u>3,122,190</u>	<u>2,995,423</u>
Expenses		
Salaries	284,099	320,911
Special events	139,493	89,816
Administration allocation from the Agency (Note 8)	120,000	150,000
Funded support	71,781	39,524
Systems support	28,902	26,721
Other expenses	28,338	13,490
Purchased services	11,812	23,450
Third party events	8,296	34,595
Stewardship and recognition	5,036	5,335
Gifts in kind	400	5,127
	<u>698,157</u>	<u>708,969</u>
Excess of revenue over expense from operations before amortization	2,424,033	2,286,454
Amortization	<u>23,667</u>	<u>29,583</u>
Excess of revenue over expense from operations	2,400,366	2,256,871
Capital projects grant to the Agency (Note 8)	109,999	-
Annual grant to the Agency (Note 8)	<u>2,272,000</u>	<u>3,460,000</u>
Excess (deficiency) of revenue over expense	<u>\$ 18,367</u>	<u>\$ (1,203,129)</u>

# **BGC Foundation of South Coast BC**

## **Statement of Changes in Fund Balances**

Year ended March 31, 2019

	Property and equipment (Note 4)	Restricted (Note 5)	Endowment (Note 6)	Unrestricted	Total
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
Excess of revenue over expense before other items	-	-	-	2,424,033	2,424,033
Increase in market value of restricted funds	-	457	-	(457)	-
Amortization	(23,667)	-	-	-	(23,667)
Annual grants to the Agency	-	-	-	(2,381,999)	(2,381,999)
(Deficiency) excess of revenue over expense	(23,667)	457	-	41,577	18,367
Transfers	-	-	(133,881)	133,881	-
Endowment contributions	-	-	8,133	-	8,133
Fund balances, March 31, 2019	\$ 55,000	\$ 25,208	\$ 1,631,117	\$ (665,566)	\$ 1,045,759

## BGC Foundation of South Coast BC

### Statement of Cash Flows

	Year ended March 31, 2019	Fifteen months ended March 31, 2018
Cash flows provided by (used in)		
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	\$ 18,367	\$ (1,203,129)
Amortization	23,667	29,583
Unrealized (gain) loss on investments	(18,406)	17,009
Deferred contributions received during the year	-	75,000
Deferred contributions recognized as revenue	(49,138)	(16,524)
Change in non-cash operating working capital		
Receivables	47,058	41,815
Due to the Agency	23,741	791,007
Other payables and accruals	11,594	4,632
	<u>56,883</u>	<u>(260,607)</u>
<b>Investing</b>		
Endowment contributions	8,133	5,500
Purchase of investments	(58,429)	(114,346)
Sale of investments	-	487,783
	<u>(50,296)</u>	<u>378,937</u>
Increase in cash and cash equivalents	6,587	118,330
Cash and cash equivalents, beginning of year	<u>350,710</u>	<u>232,380</u>
Cash and cash equivalents, end of year	<u>\$ 357,297</u>	<u>\$ 350,710</u>



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# **BGC Foundation of South Coast BC**

## **Notes to the Financial Statements**

March 31, 2019

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### **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.

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### **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, receivables and guaranteed investment certificates.

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, 2019

### 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 \$21,016 (2018 – \$61,498).

#### 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

	2019	2018
Pooled funds	\$ 1,234,387	\$ 1,160,666
Equity pooled funds (Note 5)	25,208	24,751
Guaranteed investments certificates	198,901	196,244
	<u>\$ 1,458,496</u>	<u>\$ 1,381,661</u>

### 4. Property and equipment

	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 5,000	\$ -	\$ 5,000	\$ 5,000
Buildings	473,339	423,339	50,000	73,667
Computer software	25,044	25,044	-	-
Computer hardware	14,003	14,003	-	-
	<u>\$ 517,386</u>	<u>\$ 462,386</u>	<u>\$ 55,000</u>	<u>\$ 78,667</u>

# BGC Foundation of South Coast BC

## Notes to the Financial Statements

March 31, 2019

### 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

Historically, endowment funds recognized in these financial statements have been a combination of funds externally restricted (in perpetuity) by donor request, funds restricted (for a time period) by donor request, and funds internally restricted by the organization. The organization has taken the step to retire the funds previously restricted by the organization, and those with time periods that have expired.

The funds below under transfers have been retired but remain a valued and appreciated source of support for the work of Boys and Girls Clubs:

	Balance, beginning of year	Contributions	Transfers	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 and Company Endowment Fund	4,000	-	(4,000)	-
Doug and Ellen Rowa Endowment Fund	42,250	1,000	-	43,250
Dr. GE 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	98,000	2,500	-	100,500
George Bulmer Endowment Fund	4,912	-	-	4,912
H. C. Millham Endowment Fund	11,625	-	(11,625)	-
Honourary 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
Merve 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	32,777	4,633	-	37,410
Webster Summer Activities Fund	97,349	-	-	97,349
	<u>\$ 1,756,865</u>	<u>\$ 8,133</u>	<u>\$ (133,881)</u>	<u>\$ 1,631,117</u>

# BGC Foundation of South Coast BC

## Notes to the Financial Statements

March 31, 2019

### 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.

	2019		2018	
	Market value	Contributed principal	Market value	Contributed principal
The Foundation				
Endowment Fund	\$ 2,221,505	\$ 1,146,590	\$ 2,183,654	\$ 1,145,582
The Agency Bursary Fund	237,991	160,100	234,047	160,100
	<u>\$ 2,459,496</u>	<u>\$ 1,306,690</u>	<u>\$ 2,417,701</u>	<u>\$ 1,305,682</u>

During the year, the Foundation received \$83,638 (2018 for 15 months – \$86,008) from these endowment funds. The Foundation also received \$210,809 from the Vancouver Foundation (2018 for 15 months – \$208,602).

#### 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 the year, the Foundation received \$98,528 (2018 for 15 months – \$93,591) from this endowment.

### 8. Related party transactions

During the year, the Foundation contributed \$2,381,999 (2018 for 15 months – \$3,460,000) to the Agency.

Based on a formal agreement between the Agency and the Foundation Board, the Foundation paid an administration allocation of \$120,000 for the year ended March 31, 2019 (2018 for 15 months – \$150,000) 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 year, the Foundation collected annual lease income of \$126,000 (2018 for 15 months – \$157,500) from leasing Camp Potlatch to the Agency. The Foundation committed to leasing the camp to 2021.

The payable of \$815,086 (2018 - \$791,345) is due to the Agency which is non-interest bearing and has no repayment terms.



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## **BGC Foundation of South Coast BC**

### **Notes to the Financial Statements**

March 31, 2019

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#### **9. Financial instruments**

The carrying amount of financial assets measured at amortized cost is \$577,214 as at March 31, 2019 (2018 - \$615,028).

The carrying amount of financial assets measured at fair value is \$1,259,595 as at March 31, 2019 (2018 - \$1,185,417).

The carrying amount of financial liabilities measured at amortized cost is \$836,712 as at March 31, 2019 (2018 - \$801,377).

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.

##### *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.

##### *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.

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#### **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 year, the Foundation paid \$81,155 in remuneration to one person who is an employee, whose remuneration, during the applicable period, was at least \$75,000. No remuneration was paid to directors of the Foundation.

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**BGC Foundation of South Coast BC**  
**Notes to the Financial Statements**

March 31, 2019

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**11. Comparative figures**

Certain prior year amounts have been reclassified to conform with the financial statement presentation in the current year.

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