

Comox Valley Community Foundation
Financial Statements
March 31, 2015

Comox Valley Community Foundation

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For the year ended March 31, 2015

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Independent Auditors' Report

To the Members of Comox Valley Community Foundation:

We have audited the accompanying financial statements of Comox Valley Community Foundation, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, 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.

Auditors' 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 auditors' 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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives a portion of its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records and we were not able to determine whether adjustments might be necessary to donations revenue, excess of revenues over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects the financial position of Comox Valley Community Foundation as at March 31, 2015 and the results of its operations and changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles have been applied on a consistent basis.

Courtenay, British Columbia

September 8, 2015

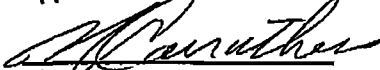
MNP LLP

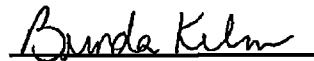
Chartered Professional Accountants

Comox Valley Community Foundation
Statement of Financial Position
As at March 31, 2015

	2015	2014
Assets		
Current		
Cash	325,916	346,267
Accounts receivable	39,632	37,488
Goods and Services Tax receivable	1,521	1,619
Interest receivable	14,550	13,611
Prepaid expenses	940	1,020
	382,559	400,005
Investments (Note 3)	3,932,570	3,444,651
Life Insurance policies (Note 4)	3,656	3,656
	4,318,785	3,848,312
Liabilities		
Current		
Accounts payable and accruals	62,803	63,114
 Vancouver Foundation endowment fund (Note 5)		
Net Assets		
Designated	856,385	834,638
Field of Interest	1,979,803	1,955,020
Community	682,449	557,810
Unrestricted	737,345	437,730
	4,255,982	3,785,198
	4,318,785	3,848,312

Approved on behalf of the Board


 Director


 Director

The accompanying notes are an integral part of these financial statements

Comox Valley Community Foundation

Statement of Operations

For the year ended March 31, 2015

	2015	2014
Revenues		
Contributions		
Donations	151,514	1,023,619
Vancouver Foundation - Filberg (Note 6)	66,012	63,198
Gala revenue	43,530	48,488
Other	4,319	4,249
	265,375	1,139,554
Investments		
Investment income (Note 7)	143,526	213,903
Adjustment to fair market value	335,449	293,697
	478,975	507,600
Total revenues	744,350	1,647,154
Expenses		
Advertising	3,084	1,201
Bank charges and interest	469	333
Board expenses	1,046	262
Gala expenses	17,079	21,614
Insurance	1,440	1,609
Investment counselling fees (Note 7)	30,184	25,621
Licenses and dues	10,738	11,843
Miscellaneous	2,123	1,451
Office administration	10,210	15,621
Professional development	784	1,224
Telephone	1,411	1,333
	78,568	82,112
Excess of revenues over expenses before grants paid	665,782	1,565,042
Grants paid	(194,998)	(127,318)
Excess of revenues over expenses	470,784	1,437,724

The accompanying notes are an integral part of these financial statements

Comox Valley Community Foundation
Statement of Changes in Net Assets
For the year ended March 31, 2015

	<i>Designated</i>	<i>Field of Interest</i>	<i>Community</i>	<i>Unrestricted</i>	2015	2014
Net assets, beginning of year	834,638	1,955,020	557,810	437,730	3,785,198	2,347,474
Excess of revenues over expenses	(16,864)	24,783	61,939	400,926	470,784	1,437,724
Transfers	38,611	-	62,700	(101,311)	-	-
Net assets, end of year	856,385	1,979,803	682,449	737,345	4,255,982	3,785,198

The accompanying notes are an integral part of these financial statements

Comox Valley Community Foundation

Statement of Cash Flows

For the year ended March 31, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating		
Excess of revenues over expenses	470,784	1,437,724
Fair market value adjustment	(335,449)	(293,697)
Changes in working capital accounts		
Accounts receivable	(2,144)	32,272
Good and Services Tax receivable	98	1,492
Interest receivable	(939)	(6,247)
Prepaid expenses	80	138
Accounts payable and accruals	(312)	48,042
	132,118	1,219,724
Investing		
Purchase of investments	(1,148,593)	(2,374,423)
Sale of investments	996,124	1,320,732
	(152,469)	(1,053,691)
Increase (decrease) in cash resources	(20,351)	166,033
Cash resources, beginning of year	346,267	180,234
Cash resources, end of year	325,916	346,267

The accompanying notes are an integral part of these financial statements

Comox Valley Community Foundation
Notes to the Financial Statements
For the year ended March 31, 2015

1. Purpose of the organization

The purpose of the Comox Valley Community Foundation (the "Foundation") is to encourage and promote the establishment of endowment funds on behalf of the community so as to create a permanent source of income to be distributed annually for charitable activities primarily within the Comox Valley.

The Foundation is incorporated under the Federal Not-for-Profit Corporations Act and is a registered extra-provincial society under the Society Act of the Province of British Columbia.

The Foundation is also a registered charity within the definition of the Income Tax Act and therefore, as long as it complies with the rules and regulations of the Income Tax Act, is exempt from income taxes and may issue receipts to donors.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian standards for not-for-profit organizations (ASNPO) as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions and maintains four funds: Community, Field of Interest, Designated and Unrestricted.

Revenue recognition

Restricted donations are recognized as revenue of the appropriate restricted fund in the year received.

Unrestricted donations are recognized as revenue in the year received.

Gala revenue is recognized when received.

Unrestricted investment income earned on resources is recognized as revenue when earned. Other investment income is recognized as revenue when earned.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that 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 revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectibility.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the periods in which they become known.

Net assets

Included in net assets, the Foundation holds externally restricted funds including Field of Interest funds, which are established by donors to benefit a particular area of charitable focus, and Designated funds, which are established by other charitable organizations to ensure an ongoing source of support for their programs and operations. The Foundation also holds unrestricted Community (discretionary) funds which are established by donors who wish the Foundation to make disbursements based on current community needs in support of the Foundation's mandate.

Financial instruments

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada 3840 *Related Party Transactions*.

At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The Foundation has not made such an election during the year.

Comox Valley Community Foundation
Notes to the Financial Statements
For the year ended March 31, 2015

2. Significant accounting policies *(Continued from previous page)*

The Foundation subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

3. Investments

	2015	2014
Measured at fair value	2,424,027	2,066,664
Measured at amortized cost	1,508,543	1,377,987
	3,932,570	3,444,651

4. Life insurance policies

The Foundation has been given policies under which it is the owner and/or beneficiary.

The whole life policy is shown at its cash surrender value. The Foundation is committed to retain the insurance in force for the lifetime of the donor. The total coverage provided under the policy owned by the Foundation is \$20,000.

The term life policies have no cash surrender value. Two term life insurance policies are guaranteed at \$30,000 each until September 2019 and one term life insurance policy is guaranteed at \$16,000 and was renewed in 2011.

5. Vancouver Foundation endowment fund

In 1996 the Comox Valley Community Foundation established an endowment fund with the Vancouver Foundation. The original capital and any additions are held permanently by the Vancouver Foundation and are not recorded as an asset of the Comox Valley Community Foundation. Income from the fund is distributed at least annually to the Comox Valley Community Foundation for its charitable operations and purpose.

Current market value of this endowment fund is \$1,321,993 (2014 - \$1,238,379).

6. Vancouver Foundation - Filberg

The Foundation receives 10% of the earnings of the Robert and Florence Filberg Fund annually. This Fund is maintained by the Vancouver Foundation based on an agreement between the municipalities of Courtenay, Comox and Cumberland and the Vancouver Foundation.

Comox Valley Community Foundation
Notes to the Financial Statements
For the year ended March 31, 2015

7. Investment income

	2015	2014
Interest income	73,169	56,008
Vancouver Foundation Endowment income	43,850	42,035
Dividend income	45,019	41,762
Gain (loss) on sale of investments	(27,017)	64,565
Gain on foreign exchange	8,505	9,533
	143,526	213,903
Investment counselling fees	(30,184)	(25,621)
	113,342	188,282

8. Financial instruments

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to foreign currency risk from marketable securities as \$1,355,008 (2014 - \$1,064,182) is denominated in U.S. currency. In seeking to manage the risks from foreign exchange rate fluctuations, the Foundation manages the amount invested in U.S. currency and the timing of when funds are converted to Canadian dollars.

Credit concentration

Financial instruments that potentially subject the Foundation to concentrations of credit risk include accounts receivable and investments. The Foundation's maximum credit risk exposure is \$3,972,202 (2014 - \$3,482,139). The Foundation believes that there is no credit risk associated with its receivable from the Vancouver Foundation. There are no other accounts receivable from any one party that exceeds 10% of the balance. The Foundation believes there is minimal credit risk associated with its investments other than equity investments because of the prudent manner in which the Foundation's investments are selected.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure on the interest-bearing investments by investing in a widely diversified portfolio with fixed and varying interest rates and maturity dates. The maximum amount of investments exposed to interest rate risk is \$1,508,543 (2014 - \$1,377,986).

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The maximum amount of investments exposed to other price risk is \$2,424,027 (2014 - \$2,066,664).

Comox Valley Community Foundation
Notes to the Financial Statements
For the year ended March 31, 2015

9. Subsequent event

In July 2015, the Foundation received a substantial gift from the Estate of Catherine Mary Aitken in the amount of approximately \$5 million. The Catherine Mary Aitken and Elizabeth Cherry Aitken Fund was created in May 2015 as set out in the will of Catherine Mary Aitken dated December 12, 2013.