COMOX VALLEY COMMUNITY FOUNDATION

Financial Statements

March 31, 2022

Independent Auditors' Report
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Comox Valley Community Foundation

Opinion

We have audited the financial statements of the Comox Valley Community Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2022, and the statements of changes in net assets, operations 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 the Foundation as at March 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit organizations (ASNPO).

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 the financial statements in accordance with ASNPO, 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 (British Columbia), we report, that in our opinion, the accounting principles in ASNPO have been applied on a basis consistent with the prior year.

Chan Nowosad Boates Inc

Chartered Professional Accountants
Courtenay, BC

June 21, 2022

COMOX VALLEY COMMUNITY FOUNDATION

Statement of Financial Position

Year Ended March 31, 2022

	Operating Fund	Restricted Fund	Endowment Fund	2022	2021
ASSETS					
Current Assets					
Cash	$ 84,511	$ 232,257	$ 518,406	$ 835,174	$ 477,204
Accounts Receivable	39,119		17,275	56,394	37,524
Goods and Services Tax Receivable	1,063	-	-	1,063	952
Interest Receivable	-	-	-	-	409
Investments **(Note 3)**	-	-	-	-	127,252
Loan Receivable **(Note 4)**	-	-	9,496	9,496	-
Interfund Receivable	41,461	-	-	41,461	36,750
Prepaid Expenses	5,150	-	-	5,150	-
	171,304	232,257	545,177	948,738	680,091
Investments (Note 3)	-	-	15,022,025	15,022,025	13,906,148
Loan Receivable (Note 4)	-	-	67,057	67,057	-
Life Insurance Policy (Note 5)	-	-	8,087	8,087	7,577
Tangible Capital Assets (Note 7)	2,134	-	-	2,134	2,296
	$ 173,438	$ 232,257	$ 15,642,346	$ 16,048,041	$ 14,596,112
LIABILITIES					
Current Liabilities					
Accounts Payable **(Note 7)**	$ 25,265	$ -	$ 17,302	$ 42,567	$ 37,075
Interfund Payable	-	-	41,461	41,461	36,750
	25,265	-	58,763	84,028	73,825
NET ASSETS					
Designated Agency	-	-	1,469,841	1,469,841	935,919
Field of Interest	-	-	2,224,187	2,224,187	1,989,663
Community	-	-	2,426,713	2,426,713	2,051,448
Donor Advised	-	-	8,282,099	8,282,099	8,136,677
Emerging Funds	-	-	18,669	18,669	1,014
Scholarships and Bursaries	-	-	1,162,074	1,162,074	979,792
Restricted	-	232,257	-	232,257	283,832
Unrestricted	148,173	-	-	148,173	143,942
	148,173	232,257	15,583,583	15,964,013	14,522,287
	$ 173,438	$ 232,257	$ 15,642,346	$ 16,048,041	$ 14,596,112

Vancouver Foundation Endowment Fund (Note 8)
Commitments (Note 9)

Approved by the Directors:

Director

Director

COMOX VALLEY COMMUNITY FOUNDATION

Statement of Changes in Net Assets

Year Ended March 31, 2022

	Operating Fund	Restricted Fund	Endowment Fund	2022	2021
Net Assets - Beginning of Year	$ 143,942	$ 283,832	$ 14,094,513	$ 14,522,287	$ 12,473,536
Excess (Deficiency) of Revenues over Expenditures	(170,835)	(50,938)	1,663,499	1,441,726	2,048,751
Grants Paid from Endowment to Operating	15,840	-	(15,840)	-	-
Interfund Administration Fee	159,226	(637)	(158,589)	-	-
Net Assets - End of Year	$ 148,173	$ 232,257	$ 15,583,583	$ 15,964,013	$ 14,522,287

Statement of Operations

Year Ended March 31, 2022

	Operating Fund	Restricted Fund	Endowment Fund	2022	2021
Revenue					
Donations	$ 12,700	$ 291,665	$ 1,252,185	$ 1,556,550	$ 942,441
Administration	-	-	-	-	21,206
Vancouver Foundation (**Note 10)**	90,267	-	-	90,267	85,255
Gala Revenue	-	-	-	-	59,115
Administrative Fee Rebate	50,832	-	-	50,832	-
Other	3	-	-	3	4,118
	153,802	291,665	1,252,185	1,697,652	1,112,135
Investment Revenue					
Investment Income (**Note 11**)	-	-	626,105	626,105	565,660
Adjustment to Fair Value	-	-	175,460	175,460	1,853,461
	-	-	801,565	801,565	2,419,121
Total Revenue	153,802	291,665	2,053,750	2,499,217	3,531,256
Expenditures					
Advertising	30,813	-	-	30,813	16,431
Amortization	1,477	-	-	1,477	1,150
Bank Charges	72	-	845	917	3,179
Gala Expenses	-	-	-	-	25,631
Insurance	1,840	-	-	1,840	1,690
Memberships and Licenses	13,203	-	-	13,203	14,739
Office Rent	7,620	-	-	7,620	7,620
Office Supplies	33,454	-	-	33,454	7,512
Professional Development	14,899	-	-	14,899	2,172
Professional Fees	11,641	-	-	11,641	11,655
Salaries, Benefits and Contracts	207,692	-	-	207,692	204,940
Telephone and Internet	1,926	-	-	1,926	2,152
Vital Signs	-	-	-	-	1,000
	324,637	-	845	325,482	299,871
Excess (Deficiency) of Revenues over Expenditures before Grants Paid	(170,835)	291,665	2,052,905	2,173,735	3,231,385
Grants Paid	-	(342,603)	(389,406)	(732,009)	(1,182,634)
Excess (Deficiency) of Revenues over Expenditures	$ (170,835)	$ (50,938)	$ 1,663,499	$ 1,441,726	$ 2,048,751

Statement of Cash Flows
Year Ended March 31, 2022

	2022	2021
Cash Flows From Operating Activities:		
Excess of Revenue over Expenditures	$ 1,441,726	$ 2,048,751
Items not Affecting Cash:		
Amortization	1,477	1,150
Adjustment to Fair Value	(175,460)	(1,853,461)
	1,267,743	196,440
Changes in Non-Cash Working Capital:		
Accounts Receivable	(18,870)	3,002
Goods and Services Tax Receivable	(111)	977
Interest Receivable	(1,145)	14,004
Prepaid Expenses	(5,150)	-
Accounts Payable	5,492	(4,052)
	(19,784)	13,931
	1,247,959	210,371
Cash Flows From Investing Activities:		
Purchase of Investment	(813,164)	(273,409)
Advancement of Loan	(75,000)	-
Increase in Life Insurance Policies	(510)	(510)
	(888,674)	(273,919)
Cash Flows From Capital Activities:		
Purchase of Capital Assets	(1,315)	(2,290)
Net (Decrease) Increase in Cash	357,970	(65,838)
Cash - Beginning of Year	477,204	543,042
Cash - End of Year	$ 835,174	$ 477,204

1. Purpose of the Foundation:

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 for the purpose of creating a permanent source of income to be distributed annually for charitable activities primarily within the Comox Valley.

The Foundation is a not-for-profit organization and is exempt from income tax. The Foundation is a registered charity under the Income Tax Act.

2. Significant Accounting Policies:

The financial statements of the Foundation have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

The Foundation follows the restricted fund method of accounting. Accordingly, revenues received for each of the specific funds and the expenditures incurred by each fund are segregated for accounting and reporting purposes into the following specific funds:

Operating Fund
Accounts for general operations and administrative activities of the Foundation. This fund reports the assets, liabilities, revenues and expenses related to unrestricted contributions received.

Restricted Fund
Donations received with a restricted purpose that are considered by the Foundation to be flow through funds, in that they are to be disbursed within the Community as opposed to invested for growth, are reported in the Restricted Fund as revenue when received. This fund reports the assets, liabilities, revenues and expenses related to restricted contributions received.

Endowment Fund
Donations received for named endowments are reported in the Endowment Fund as revenue when received. Investment gains and losses, including unrealized gains and losses due to changes in market values, are reported in the Endowment Fund.

Investment income generated and realized by the net assets in the Endowment Fund and from permanent contributions to the Vancouver Foundation are presented under Net Assets in the Endowment Fund. These funds are internally restricted for distribution as grants at the discretion of the Foundation.

Revenue Recognition
Donor contributions that are pledged to the Foundation are not included in revenue until received.

Unless otherwise designated, investment and interest income earned on unrestricted investments, loans and on restricted investments that relate to endowments is recorded as earned.

Life insurance policies in which the Foundation is the named beneficiary are recorded at tax receipted amounts which is the accumulated premiums paid.

Gifts-in-kind to the Foundation are recorded at fair value when the fair value can be reasonably determined. The Foundation also benefits from the contribution of donated services. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Gala revenue is recognized after the Gala has taken place and collection of funds is reasonably assured.

2. Significant Accounting Policies (continued):

Financial Instruments
Measurement of financial instruments
The Foundation initially measures its financial assets and liabilities at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value with any unrealized gains or losses reported in the statement of operations. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issuance of financial instruments are expensed when incurred.

The Foundation's cash and long term investments are classified as held for trading and presented at fair value. Accounts receivable and the loan receivable are classified as loans and receivables and are recorded at amortized cost.

The Foundation is exposed to interest-rate risk, market risk, and credit risk arising from its financial instruments as further described in Note 11.

Use of Estimates
The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future. At year end, there are no significant estimates.

Tangible Capital Assets
Purchased capital assets acquired are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is recognized using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives:

Computer Equipment	50%
Computer Software	50%

3. Investments:

	2022	2021
Portfolio Investment Measured at Fair Value	$ 15,022,025	$ 13,906,148
Guaranteed Investment Certificates Measured at Amortized Cost	-	127,252
	15,022,025	14,033,400
Less - Current Portion	-	(127,252)
	$ 15,022,025	$ 13,906,148

4. Loan Receivable:

	2022	2021
Loan Receivable	$ 76,553	$ -
Less - Current Portion	(9,496)	-
	$ 67,057	$ -

During the year ended March 31, 2022 the Foundation entered into an arrangement with a local not-for-profit society (the "Society") whereby the Foundation agreed to lend the Society $75,000. Interest will be charged at a rate of 4% per annum compounded annually during the first five years of the agreement and will thereafter be charged at a future rate to be negotiated between the two parties The amount is repayable by the Society on or before September 23, 2028. The loan is secured by a general security agreement provided by the Society.

Subsequent to year-end a lump sum payment of $38,068 was made by the Society on the loan, altering the future repayment schedule of the loan.

5. Life Insurance Policy:

The Foundation has been given a life insurance policy under which it is the owner and beneficiary. The whole life policy is presented 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 Foundation has also been donated three term life policies which have no cash surrender value. The life insurance policies are guaranteed at $30,000, $20,812 and $16,000.

6. Tangible Capital Assets:

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer Equipment	$ 11,162	$ 9,028	$ 9,847	$ 7,551
Computer Software	526	526	526	526
	$ 11,688	$ 9,554	$ 10,373	$ 8,077
	$ 2,134		$ 2,296	

7. Accounts Payable:

	2022	2021
Government Remittance	$ 1,926	$ 1,652
Other	40,641	35,423
	$ 42,567	$ 37,075

8. Vancouver Foundation Endowment Fund:

In 1996 the 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 Foundation. Income from the fund is distributed at least annually to the Foundation for its charitable operations and purpose.

Current market value of this endowment fund is $1,555,791 (2021 - $1,529,757).

9. Commitments:

Effective December 1, 2019, the Foundation entered into a three year lease for the Foundations office that is set to expire on November 30, 2022 and is located at The Views at St. Joseph's.

The Foundation is committed under the lease agreement to future payments totaling $5,080 in fiscal 2023.

10. Vancouver Foundation:

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

11. Investment Income:

	2022	2021
Loan Receivable Interest	$ 1,553	$ -
Interest on Guaranteed Investment Certificates	556	27,969
Vancouver Foundation Endowment Fund Income	59,486	61,270
Vancouver Foundation Transferable Fund Income	564,510	476,421
	$ 626,105	$ 565,660

12. Financial Risks:

The Foundation is exposed to risk through its financial instruments. The following analysis presents the Foundation's exposure to significant risk at the reporting date, March 31, 2022.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk on its investments and its loan receivable. Management uses professional investment management services by way of the Vancouver Foundation to mitigate risk and does consider the risk surrounding the loan receivable to be significant.

Market Risk
Market risk is the risk that future cash flows or a financial instrument will fluctuate because of changes in market prices. The Foundation's investments are subject to market risk. The Foundation mitigates this risk by using professional investment management services by way of the Vancouver Foundation.

12. Financial Risks (continued):

Credit Risk
Credit risk is the risk that the Foundation will incur losses based on credit that it has granted or loans that it has extended to other parties. The loan receivable is subject to credit risk. Management believes the risk is mitigated due to the fact that the investment is covered by a general security agreement.