

**COMOX VALLEY
COMMUNITY FOUNDATION**
Financial Statements
March 31, 2019

Independent Auditors' Report
Statement of Financial Position
Statement of Changes in Net Assets
Statement of Operations
Statement of Cash Flows
Notes to Financial Statements



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Comox Valley Community Foundation

Opinion

We have audited the accompanying financial statements of Comox Valley Community Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the Foundation's financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2019, and of its financial performance and its cash flows for the year then ended. The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 of 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 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 intends for the Foundation's to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the Foundation's financial reporting process.

Auditors' 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 auditors' 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 the users taken on the basis of these financial statements.



Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 auditors' 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 auditors' 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.
- 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.

Other Matters

The financial statements and the comparative figures for the year ended March 31, 2018 were audited by another firm of Chartered Professional Accountants who expressed a qualified opinion on those financial statements on September 4, 2018.

Chan Nowosad Boate Inc.

Chartered Professional Accountants
Courtenay, BC

June 25, 2019

COMOX VALLEY COMMUNITY FOUNDATION


Statement of Financial Position

Year Ended March 31, 2019

	Operating Fund	Endowment Fund	2019	2018
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash	160,363	215,543	375,906	234,208
Accounts Receivable	20,720	14,926	35,646	35,378
Goods and Services Tax Receivable	2,754	-	2,754	1,279
Interest Receivable	-	16,094	16,094	16,595
Investments (Note 3)	-	1,765,316	1,765,316	1,559,604
Interfund Receivable	16,976	-	16,976	-
	<u>200,813</u>	<u>2,011,879</u>	<u>2,212,692</u>	<u>1,847,064</u>
Investments (Note 3)	-	10,680,085	10,680,085	9,625,925
Life Insurance Policy (Note 4)	-	6,558	6,558	6,048
Tangible Capital Assets (Note 5)	1,295	-	1,295	508
	<u>202,108</u>	<u>12,698,522</u>	<u>12,900,630</u>	<u>11,479,545</u>
LIABILITIES				
Current Liabilities				
Accounts Payable (Note 6)	18,146	16,550	34,696	20,082
Interfund Payable	-	16,976	16,976	-
	<u>18,146</u>	<u>33,526</u>	<u>51,672</u>	<u>20,082</u>
NET ASSETS				
Designated Agency	-	836,673	836,673	1,132,024
Field of Interest	-	1,862,965	1,862,965	1,663,890
Community	-	1,644,671	1,644,671	1,152,573
Donor Advised	-	7,453,056	7,453,056	6,580,158
Scholarships and Bursaries	-	867,631	867,631	833,547
Unrestricted	183,962	-	183,962	97,271
	<u>183,962</u>	<u>12,664,996</u>	<u>12,848,958</u>	<u>11,459,463</u>
	<u>202,108</u>	<u>12,698,522</u>	<u>12,900,630</u>	<u>11,479,545</u>

Vancouver Foundation Endowment Fund (Note 7)

Approved by the Directors:



Director



Director

COMOX VALLEY COMMUNITY FOUNDATION

Statement of Changes in Net Assets

Year Ended March 31, 2019

	Operating Fund	Endowment Fund	2019	2018
	\$	\$	\$	\$
Net Assets - Beginning of Year	97,271	11,362,192	11,459,463	11,121,290
Excess (Deficiency) of Revenues over Expenditures	(4,228)	1,393,723	1,389,495	338,173
Grants Paid from Endowment to Operating	24,160	(24,160)	-	-
Interfund Administration Fee	66,759	(66,759)	-	-
Net Assets - End of Year	<u>183,962</u>	<u>12,664,996</u>	<u>12,848,958</u>	<u>11,459,463</u>

COMOX VALLEY COMMUNITY FOUNDATION

Statement of Operations

Year Ended March 31, 2019

	Operating Fund	Endowment Fund	2019	2018
	\$	\$	\$	\$
Revenue				
Grant Revenue	1,250	-	1,250	7,067
Donations	4,266	1,187,861	1,192,127	317,338
Vancouver Foundation - Filberg (Note 8)	80,559	-	80,559	77,340
Gala Revenue	102,053	-	102,053	55,581
Other	13,359	-	13,359	37
	<u>201,487</u>	<u>1,187,861</u>	<u>1,389,348</u>	<u>457,363</u>
Investment Revenue				
Investment Income (Note 9)	-	521,744	521,744	475,709
Adjustment to Fair Value	-	190,054	190,054	(21,156)
	<u>-</u>	<u>711,798</u>	<u>711,798</u>	<u>454,553</u>
Total Revenue	<u>201,487</u>	<u>1,899,659</u>	<u>2,101,146</u>	<u>911,916</u>
Expenditures				
Advertising	6,466	-	6,466	5,375
Amortization	601	-	601	150
Bank Charge	1,611	246	1,857	274
Gala Expenses	33,201	-	33,201	21,995
Insurance	1,325	-	1,325	2,967
Memberships and Licenses	7,978	-	7,978	17,923
Office Rent	2,813	-	2,813	7,944
Office Supplies	3,326	-	3,326	2,093
Professional Development	7,761	-	7,761	5,389
Professional Fees	10,405	-	10,405	11,400
Salaries, Benefits and Contracts	115,479	-	115,479	75,676
Telephone and Internet	1,765	-	1,765	1,726
Vital Signs	12,984	-	12,984	9,676
	<u>205,715</u>	<u>246</u>	<u>205,961</u>	<u>162,588</u>
Excess (Deficiency) of Revenues over Expenditures before Grants Paid	(4,228)	1,899,413	1,895,185	749,328
Grants Paid	<u>-</u>	<u>(505,690)</u>	<u>(505,690)</u>	<u>(411,155)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,228)</u>	<u>1,393,723</u>	<u>1,389,495</u>	<u>338,173</u>

COMOX VALLEY COMMUNITY FOUNDATION

Statement of Cash Flows

Year Ended March 31, 2019

	2019	2018
	\$	\$
Cash Flows From Operating Activities:		
Excess of Revenue over Expenditures	1,389,495	338,173
Items not Affecting Cash:		
Amortization	601	150
Adjustment to Fair Value	<u>(190,054)</u>	<u>21,156</u>
	<u>1,200,042</u>	<u>359,479</u>
Changes in Non-Cash Working Capital:		
Accounts Receivable	(268)	9,505
Goods and Services Tax Receivable	(1,475)	291
Interest Receivable	501	(1,458)
Prepaid Expenses	-	1,245
Accounts Payable	<u>14,614</u>	<u>6,459</u>
	<u>13,372</u>	<u>16,042</u>
	<u>1,213,414</u>	<u>375,521</u>
Cash Flows From Investing Activities:		
Purchase of Investment	(1,069,818)	(495,289)
Increase in Life Insurance Policies	<u>(510)</u>	<u>(1,020)</u>
	<u>(1,070,328)</u>	<u>(496,309)</u>
Cash Flows From Capital Activities:		
Purchase of Capital Assets	<u>(1,388)</u>	<u>-</u>
Net Increase (Decrease) in Cash	141,698	(120,788)
Cash - Beginning of Year	<u>234,208</u>	<u>354,996</u>
Cash - End of Year	<u>375,906</u>	<u>234,208</u>

COMOX VALLEY COMMUNITY FOUNDATION

Notes to Financial Statements

March 31, 2019

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 so as to create 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 have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

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.

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 income earned on unrestricted investments 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 where 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.

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 income.

COMOX VALLEY COMMUNITY FOUNDATION

Notes to Financial Statements

March 31, 2019

2. Significant Accounting Policies (continued):

All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

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

The Foundation is exposed to interest-rate and market risk arising from its financial instruments.

Use of Estimates

The preparation of financial statements in accordance 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 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 provided 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:

	<u>2019</u>	<u>2018</u>
	\$	\$
Portfolio Investment Measured at Fair Value	10,467,206	9,153,552
Guaranteed Investment Certificates Measured at Amortized Cost	<u>1,978,195</u>	<u>2,031,977</u>
	12,445,401	11,185,529
Less - Current Portion	<u>(1,765,316)</u>	<u>(1,559,604)</u>
	<u>10,680,085</u>	<u>9,625,925</u>

4. 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 shown as 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. Two term life insurance policies are guaranteed at \$30,000 each and one term life insurance policy is guaranteed at \$16,000.

COMOX VALLEY COMMUNITY FOUNDATION

Notes to Financial Statements

March 31, 2019

5. Tangible Capital Assets:

			<u>2019</u>	<u>2018</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer Equipment	7,442	6,147	1,295	508
Computer Software	<u>526</u>	<u>526</u>	<u>-</u>	<u>-</u>
	<u>7,968</u>	<u>6,673</u>	<u>1,295</u>	<u>508</u>

6. Accounts Payable:

	<u>2019</u>	<u>2018</u>
	\$	\$
Government Remittance	580	2,423
Other	<u>34,116</u>	<u>17,659</u>
	<u>34,696</u>	<u>20,082</u>

7. 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 \$1,414,123 (2018 - \$1,390,691).

8. Vancouver Foundation - Filberg:

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.

9. Investment Income:

	<u>2019</u>	<u>2018</u>
	\$	\$
Interest on Guaranteed Investment Certificates	40,221	40,543
Vancouver Foundation Endowment Fund Income	61,265	59,792
Vancouver Foundation Transferable Fund Income	<u>420,258</u>	<u>375,374</u>
	<u>521,744</u>	<u>475,709</u>

COMOX VALLEY COMMUNITY FOUNDATION

Notes to Financial Statements

March 31, 2019

10. 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, 2019.

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. Management uses professional investment management services by way of the Vancouver Foundation to mitigate risk.

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.

11. Comparative Figures:

The 2018 comparative figures, which were reported on by another firm of Chartered Professional Accountants, have been reclassified, where necessary, to conform with the financial statement presentation adopted in the current year.