

**Comox Valley Community Foundation**  
**Financial Statements**  
*March 31, 2018*

# Comox Valley Community Foundation Contents

*For the year ended March 31, 2018*

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# Independent Auditors' Report

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To the Members of Comox Valley Community Foundation:

## Report on the Financial Statements

We have audited the accompanying financial statements of Comox Valley Community Foundation, which comprise the statement of financial position as at March 31, 2018, 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 statements.

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 revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation revenue was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether adjustments might be necessary to donation revenue, excess of revenue over expenses and cash flows from operations for the years ended March 31, 2017 and 2018, and assets and net assets as at March 31, 2017 and 2018. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

### *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, 2018 and the results of its operations, 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 Societies Act, we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

Nanaimo, British Columbia

September 4, 2018

*MNP LLP*

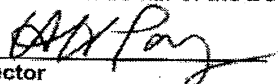
Chartered Professional Accountants

**Comox Valley Community Foundation**  
**Statement of Financial Position**

*As at March 31, 2018*

	Operating Fund	Endowment Fund	2018	2017
<b>Assets</b>				
<b>Current</b>				
Cash	189,112	45,096	<b>234,208</b>	354,996
Accounts receivable	19,928	15,450	<b>35,378</b>	44,883
Prepaid expenses	-	-	-	1,245
Goods and Services Tax receivable	1,279	-	<b>1,279</b>	1,571
Interest receivable	-	16,595	<b>16,595</b>	15,137
	<b>210,319</b>	<b>77,141</b>	<b>287,460</b>	417,832
<b>Investments (Note 3)</b>	-	11,185,529	<b>11,185,529</b>	10,711,395
<b>Life insurance policies (Note 4)</b>	-	6,048	<b>6,048</b>	5,028
<b>Tangible capital assets (Note 5)</b>	508	-	<b>508</b>	658
<b>Interfund balance</b>	(100,174)	100,174	-	-
	<b>110,653</b>	<b>11,368,892</b>	<b>11,479,545</b>	11,134,913
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accruals (Note 6)	13,382	6,700	<b>20,082</b>	13,623
<b>Vancouver Foundation endowment fund (Note 7)</b>				
<b>Net Assets</b>				
Designated agency	-	1,132,024	<b>1,132,024</b>	1,101,864
Field of interest	-	1,663,890	<b>1,663,890</b>	1,615,579
Community	-	1,152,573	<b>1,152,573</b>	1,062,780
Donor advised	-	6,580,158	<b>6,580,158</b>	6,312,072
Scholarships and bursaries	-	833,547	<b>833,547</b>	811,010
Unrestricted	97,271	-	<b>97,271</b>	217,985
	<b>97,271</b>	<b>11,362,192</b>	<b>11,459,463</b>	11,121,290
	<b>110,653</b>	<b>11,368,892</b>	<b>11,479,545</b>	11,134,913

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, 2018*

	Operating Fund	Endowment Fund	2018	2017
<b>Revenue</b>				
Grant revenue	7,067	-	<b>7,067</b>	13,500
Donations	6,279	311,059	<b>317,338</b>	377,872
Vancouver Foundation - Filberg <i>(Note 8)</i>	77,340	-	<b>77,340</b>	72,436
Gala revenue	55,581	-	<b>55,581</b>	67,551
Other	37	-	<b>37</b>	63
	<b>146,304</b>	<b>311,059</b>	<b>457,363</b>	531,422
<b>Investments</b>				
Investment income <i>(Note 9)</i>	-	475,709	<b>475,709</b>	441,278
Adjustment to fair value	-	(21,156)	<b>(21,156)</b>	612,588
	-	<b>454,553</b>	<b>454,553</b>	1,053,866
<b>Total revenue</b>	<b>146,304</b>	<b>765,612</b>	<b>911,916</b>	1,585,288
<b>Expenses</b>				
Amortization	150	-	<b>150</b>	658
Gala expenses	21,995	-	<b>21,995</b>	25,555
Insurance	2,967	-	<b>2,967</b>	1,255
Office rent	7,944	-	<b>7,944</b>	2,547
Office supplies	2,367	-	<b>2,367</b>	1,399
Professional development	5,389	-	<b>5,389</b>	2,602
Professional fees	11,400	-	<b>11,400</b>	12,411
Salaries, benefits and contracts	75,676	-	<b>75,676</b>	51,183
Telephone and internet	1,726	-	<b>1,726</b>	1,039
	<b>162,588</b>	-	<b>162,588</b>	129,402
<b>Excess (deficiency) of revenue over expenses before grants paid</b>	<b>(16,284)</b>	<b>765,612</b>	<b>749,328</b>	1,455,886
<b>Grants paid</b>	-	(411,155)	<b>(411,155)</b>	(258,637)
<b>Excess (deficiency) of revenue over expenses</b>	<b>(16,284)</b>	<b>354,457</b>	<b>338,173</b>	1,197,249

*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, 2018*

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	<i>Operating Fund</i>	<i>Endowment Fund</i>	<b>2018</b>	<i>2017</i>
<b>Net assets, beginning of year</b>	217,985	10,903,305	<b>11,121,290</b>	9,924,041
<b>Excess (deficiency) of revenue over expenses</b>	(16,284)	354,457	<b>338,173</b>	1,197,249
<b>Filberg grant transfer</b>	(65,340)	65,340	-	-
<b>Other transfers</b>	(103,203)	103,203	-	-
<b>Interfund administration fee</b>	64,113	(64,113)	-	-
<b>Net assets, end of year</b>	<b>97,271</b>	<b>11,362,192</b>	<b>11,459,463</b>	11,121,290

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*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, 2018

	2018	2017
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	338,173	1,197,249
Amortization	150	658
Fair market value adjustment on investments and life insurance policies	21,156	(612,588)
Income retained in investments	-	(62,604)
Vancouver Foundation adjustment	-	(46,367)
	<b>359,479</b>	476,348
Changes in working capital accounts		
Accounts receivable	9,505	1,667
Goods and Services Tax receivable	291	(196)
Interest receivable	(1,458)	(175)
Prepaid expenses	1,245	255
Accounts payable and accruals	6,459	(18,874)
	<b>375,521</b>	459,025
<b>Investing</b>		
Purchase of investments	(495,289)	(223,054)
Increase in life insurance policies	(1,020)	-
	<b>(496,309)</b>	(223,054)
<b>Increase (decrease) in cash resources</b>	<b>(120,788)</b>	235,971
<b>Cash resources, beginning of year</b>	<b>354,996</b>	119,025
<b>Cash resources, end of year</b>	<b>234,208</b>	354,996

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, 2018

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### 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 incorporated under the Federal Not-for-Profit Corporations Act and is a registered extra-provincial society under the Societies 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 accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, 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 two funds: Operating Fund and Endowment Fund.

The Operating Fund reports the Foundation's revenue and expenses related to fundraising and administrative activities.

The Endowment Fund reports the Foundation's resources contributed for endowment, investment income earned on endowed contributions and grants paid using income earned on endowed contributions. Gains and losses on disposals of investments are reflected in the Endowment Fund.

#### ***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 revenue 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 revenue and expenses in the periods in which they become known.

#### ***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 Handbook Section 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, 2018*

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**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 revenue 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.

Financial asset impairment:

The Foundation assesses impairment of all of its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

**Net assets**

Included in net assets, the Foundation holds externally restricted funds including:

- Designated funds, which are established by other charitable organizations to ensure an ongoing source of support for their programs and operations;
- Field of Interest funds, which are established by donors to be paid as grants for a specific purpose in a particular area of charitable focus;
- 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;
- Donor advised funds, which are established to be paid as grants to other organizations as directed by the donors;
- Scholarships and bursaries funds, which are established by donors to benefit students in donor specified areas of education.

**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.

	<b>Rate</b>
Computer equipment	50 %
Computer software	50 %

# Comox Valley Community Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2018*

### 3. Investments

	<b>2018</b>	<b>2017</b>
Portfolio investments measured at fair value	<b>9,153,552</b>	8,674,378
GIC's measured at amortized cost	<b>2,031,977</b>	2,037,017
	<b>11,185,529</b>	10,711,395

### 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.

### 5. Tangible capital assets

	<b>2018</b>	<b>2017</b>		
	<i>Cost</i>	<i>Accumulated amortization</i>		
	<i>Net book value</i>	<i>Net book value</i>		
Computer equipment	<b>6,054</b>	<b>5,546</b>	<b>508</b>	658
Computer software	<b>526</b>	<b>526</b>	-	-
	<b>6,580</b>	<b>6,072</b>	<b>508</b>	658

### 6. Accounts payable and accruals

	<b>2018</b>	<b>2017</b>
Government remittances	<b>2,423</b>	-
Other	<b>17,659</b>	13,623
	<b>20,082</b>	13,623

### 7. 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 \$1,390,691 (2017 - \$1,393,563).

### 8. 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, 2018*

**9. Investment income**

	<b>2018</b>	2017
Interest on GIC's	<b>40,543</b>	37,408
Vancouver Foundation Endowment fund income	<b>59,792</b>	50,844
Vancouver Foundation Transferable fund income	<b>375,374</b>	306,659
Vancouver Foundation other income	-	46,367
	<b>475,709</b>	441,278

**10. 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.

***Credit concentration***

Financial instruments that potentially subject the Foundation to concentrations of credit risk include accounts receivable. The Foundation's maximum credit risk exposure is \$35,378 (2017 - \$44,883). 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 exceed 10% of the balance.

***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 \$2,031,977 (2017 - \$2,037,017).

***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 \$9,153,552 (2017 - \$8,674,378).

**11. Director and employee remuneration**

The members of the Board of Directors did not receive remuneration in the current or prior year.

During the year, employee remuneration for positions paid \$75,000 or more was nil (2017 - nil).

**12. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.