



Financial Statements

BGC Foundation of South Coast BC

March 31, 2020

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Independent Auditor's Report

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To the Board of Directors of
BGC 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, 2020 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, 2020, 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 25, 2020

Chartered Professional Accountants

BGC Foundation of South Coast BC

Statement of Financial Position

March 31	2020	2019
Assets		
Cash	\$ 9,697	\$ 357,297
Receivables (Note 2)	47,848	21,016
Investments (Note 3)	2,011,179	1,458,496
Property and equipment (Note 4)	<u>31,333</u>	<u>55,000</u>
Total assets	<u>\$ 2,100,057</u>	<u>\$ 1,891,809</u>
Liabilities		
Payables and accruals		
Due to the Agency (Note 8)	\$ 283,600	\$ 815,086
Other	20,449	21,626
Deferred contribution (Note 9)	<u>99,413</u>	<u>9,338</u>
Total liabilities	<u>403,462</u>	<u>846,050</u>
Fund balances		
Property and equipment fund	31,333	55,000
Restricted fund (Note 5)	24,318	25,208
Endowment funds (Note 6)	1,876,868	1,631,117
Unrestricted	<u>(235,924)</u>	<u>(665,566)</u>
Total fund balances	<u>1,696,595</u>	<u>1,045,759</u>
Total liabilities and fund balances	<u>\$ 2,100,057</u>	<u>\$ 1,891,809</u>

On behalf of the Board



Director



Director

BGC Foundation of South Coast BC

Statement of Operations

Year ended March 31	2020	2019
Revenue		
Major gifts individual	\$ 1,367,051	\$ 958,577
Major gifts corporate (Note 7)	1,076,777	1,196,532
Special events	503,639	411,221
Third party events	239,211	197,823
Appeals	71,614	77,856
Grant proposals	70,667	73,778
Gifts in kind	8,559	400
Lease income (Note 8)	126,000	126,000
Investment income	86,361	60,453
(Loss) gain on investments	(115,433)	19,550
	<u>3,434,446</u>	<u>3,122,190</u>
Expenses		
Salaries	334,207	284,099
Administration allocation from the Agency (Note 8)	144,000	120,000
Special events	143,640	139,493
Funded support	120,170	71,781
Purchased services	12,612	11,812
Systems support	12,464	28,902
Gifts in kind	8,559	400
Third party events	6,131	8,296
Stewardship and recognition	2,126	5,036
Other expenses	13,167	28,338
	<u>797,076</u>	<u>698,157</u>
Excess of revenue over expense from operations before amortization	<u>2,637,370</u>	2,424,033
Amortization	<u>23,667</u>	<u>23,667</u>
Excess of revenue over expense from operations	<u>2,613,703</u>	2,400,366
Capital projects grant to the Agency (Note 8)	208,618	109,999
Annual grant to the Agency (Note 8)	<u>2,000,000</u>	<u>2,272,000</u>
Excess of revenue over expense	<u>\$ 405,085</u>	<u>\$ 18,367</u>

BGC Foundation of South Coast BC

Statement of Changes in Fund Balances

Year ended March 31, 2020

	Property and equipment (Note 4)	Restricted (Note 5)	Endowment (Note 6)	Unrestricted	Total
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
Excess of revenue over expense before other items	-	-	-	2,637,370	2,637,370
Decrease in market value of restricted funds	-	(890)	-	890	-
Amortization	(23,667)	-	-	-	(23,667)
Annual grants to the Agency	-	-	-	(2,208,618)	(2,208,618)
(Deficiency) excess of revenue over expense	(23,667)	(890)	-	429,642	405,085
Transfers	-	-	-	-	-
Endowment contributions	-	-	245,751	-	245,751
Fund balances, March 31, 2020	\$ 31,333	\$ 24,318	\$ 1,876,868	\$ (235,924)	\$ 1,696,595

BGC Foundation of South Coast BC

Statement of Cash Flows

Year ended March 31	2020	2019
Cash flows provided by (used in)		
Operating		
Excess of revenue over expenses	\$ 405,085	\$ 18,367
Amortization	23,667	23,667
Unrealized loss (gain) on investments	115,433	(18,406)
Deferred contributions received during the year	141,806	-
Deferred contributions recognized as revenue	(51,731)	(49,138)
Change in non-cash operating working capital		
Receivables	(26,832)	47,058
Due to the Agency	(531,486)	23,741
Other payables and accruals	(1,177)	11,594
	<u>74,765</u>	<u>56,883</u>
Investing		
Endowment contributions	245,751	8,133
Purchase of investments	(863,492)	(254,716)
Redemption of investments	195,376	196,287
	<u>(422,365)</u>	<u>(50,296)</u>
Increase (decrease) in cash and cash equivalents	(347,600)	6,587
Cash and cash equivalents, beginning of year	<u>357,297</u>	<u>350,710</u>
Cash and cash equivalents, end of year	<u>\$ 9,697</u>	<u>\$ 357,297</u>

BGC Foundation of South Coast BC

Notes to the Financial Statements

March 31, 2020

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.

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 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.

BGC Foundation of South Coast BC

Notes to the Financial Statements

March 31, 2020

2. Summary of significant accounting policies (continued)

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are deferred and 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 \$46,895 (2019 – \$21,016).

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

	<u>2020</u>	<u>2019</u>
Pooled funds	\$ 1,441,345	\$ 1,234,387
Equity pooled funds (Note 5)	24,318	25,208
Guaranteed investments certificates	<u>545,516</u>	<u>198,901</u>
	<u>\$ 2,011,179</u>	<u>\$ 1,458,496</u>

4. Property and equipment

			<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 5,000	\$ -	\$ 5,000	\$ 5,000
Buildings	473,339	447,006	26,333	50,000
Computer software	25,044	25,044	-	-
Computer hardware	<u>14,003</u>	<u>14,003</u>	<u>-</u>	<u>-</u>
	<u>\$ 517,386</u>	<u>\$ 486,053</u>	<u>\$ 31,333</u>	<u>\$ 55,000</u>

BGC Foundation of South Coast BC

Notes to the Financial Statements

March 31, 2020

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

Endowment funds held by the Foundation are funds externally restricted in perpetuity by donor request. These endowment funds are included in the financial statements.

	Balance, beginning of year	Contributions	Balance, end of year
Anna and Joe Jetter Endowment Fund	\$ 72,747	\$ -	\$ 72,747
Doug and Ellen Rowa Endowment Fund	43,250	1,000	44,250
Dr. GE Price Family Trust	25,000	-	25,000
Elizabeth MacLeod Fund	5,000	-	5,000
Emily Griffiths Endowment	-	241,190	241,190
Fred Withers and Kathy Jones Fund	100,500	2,561	103,061
George Bulmer Endowment Fund	4,912	-	4,912
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
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 Raven Foundation	127,348	-	127,348
The Richard Ryan Endowment Fund	37,410	1,000	38,410
Webster Summer Activities Fund	97,349	-	97,349
	\$ 1,631,117	\$ 245,751	\$ 1,876,868

BGC Foundation of South Coast BC

Notes to the Financial Statements

March 31, 2020

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.

	2020		2019	
	Market value	Contributed principal	Market value	Contributed principal
The Foundation Endowment Fund	\$ 2,022,412	\$ 1,147,851	\$ 2,221,505	\$ 1,146,590
The Agency Bursary Fund	216,541	160,111	237,991	160,100
	<u>\$ 2,238,953</u>	<u>\$ 1,307,962</u>	<u>\$ 2,459,496</u>	<u>\$ 1,306,690</u>

During the year, the Foundation received \$95,859 (2019 – \$83,638) from these endowment funds. The Foundation also received \$239,846 from the Vancouver Foundation (2019 – \$210,809).

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 \$93,562 (2019 – \$98,528) from this endowment.

8. Related party transactions

During the year, the Foundation contributed \$2,208,618 (2019 – \$2,381,999) to the Agency.

Based on a formal agreement between the Agency and the Foundation Board, the Foundation paid an administration allocation of \$144,000 (2019 – \$120,000) 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 (2019 – \$126,000) from leasing Camp Potlatch to the Agency. The Foundation committed to leasing the camp to 2021.

The payable of \$283,600 (2019 - \$815,086) is due to the Agency which is non-interest bearing and has no repayment terms.

BGC Foundation of South Coast BC

Notes to the Financial Statements

March 31, 2020

9. Deferred contributions

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 9,338	\$ 58,476
Contributions received during the year	141,806	-
Amount recognized as revenue during the year	<u>(51,731)</u>	<u>(49,138)</u>
	<u>\$ 99,413</u>	<u>\$ 9,338</u>

10. Financial instruments

The carrying amount of financial assets measured at amortized cost is \$603,061 as at March 31, 2020 (2019 - \$577,214).

The carrying amount of financial assets measured at fair value is \$1,465,663 as at March 31, 2020 (2019 - \$1,259,595).

The carrying amount of financial liabilities measured at amortized cost is \$304,049 as at March 31, 2020 (2019 - \$836,712).

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. There has been no change to credit risk from prior year.

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. There has been no change to liquidity risk from prior year.

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. During the year, the value of the Foundation's investments in pooled funds has been impacted by the fluctuations in markets caused by the spread of COVID-19 (see Note 12).

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.

BGC Foundation of South Coast BC

Notes to the Financial Statements

March 31, 2020

11. 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 \$83,086 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.

12. Impact of COVID-19 and subsequent events

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses and organizations were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses and organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. These volatilities in the markets have impacted the fair values of the Foundation's investments in pooled funds which experienced a decline in values due to COVID-19.

While governments and central banks have reacted with monetary and fiscal interventions designed to stabilize economic conditions, the duration and extent of the impact of the COVID-19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time. Hence, COVID-19 may have a continuing impact on the fair values of the Foundation's investments in pooled funds subsequent to the end of the reporting period. Contributions may also be negatively impacted by the ongoing pandemic.

It is not possible to reliably estimate the duration and severity of the consequences of COVID-19, as well as the impact on the financial position and results of the Foundation for future periods.
