

Nanaimo Community Foundation
Financial Statements
September 30, 2013
(Unaudited)

Nanaimo Community Foundation

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For the year ended September 30, 2013
(Unaudited)

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Review Engagement Report

To the Directors of Nanaimo Community Foundation:

We have reviewed the statement of financial position of Nanaimo Community Foundation as at September 30, 2013 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Foundation.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

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

Except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to review the completeness of donations revenue, as described in the preceding paragraph, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Nanaimo, British Columbia

February 20, 2014

Chartered Accountants

Nanaimo Community Foundation Statement of Financial Position

*As at September 30, 2013
(Unaudited)*

	<i>Unrestricted Fund</i>	<i>Externally Restricted Fund</i>	<i>Endowment Fund</i>	2013	2012
Assets					
Current					
Cash (Note 3), (Note 4)	51,445	-	-	51,445	15,898
Accounts receivable	2,000	(2,000)	-	-	-
Prepaid expenses	1,527	-	-	1,527	-
HST rebate receivable	867	-	-	867	1,036
	55,839	(2,000)	-	53,839	16,934
Long-term investments (Note 3), (Note 4)	1,585,421	106,514	1,184,015	2,875,950	2,792,810
Restricted cash (Note 3), (Note 4)	-	91,926	-	91,926	39,204
	1,641,260	196,440	1,184,015	3,021,715	2,848,948
Liabilities					
Current					
Accounts payable and accruals	7,500	37,532	-	45,032	44,498
Net Assets					
Unrestricted	1,633,760	-	-	1,633,760	1,595,708
Endowments (Schedule 2)	-	-	1,184,015	1,184,015	1,128,973
Retained returns on investments (Schedule 3)	-	158,908	-	158,908	79,769
	1,633,760	158,908	1,184,015	2,976,683	2,804,450
	1,641,260	196,440	1,184,015	3,021,715	2,848,948

Approved on behalf of the Board

Director

Director

Nanaimo Community Foundation Statement of Operations

For the year ended September 30, 2013
(Unaudited)

	Unrestricted Fund	Externally Restricted Fund <i>(Schedule 3)</i>	Endowment Fund	2013	2012
Revenues					
Investment income	18,448	16,625	-	35,073	46,649
Realized loss on investments	(718)	-	-	(718)	-
Investment administration fee	2,000	-	-	2,000	2,000
	19,730	16,625	-	36,355	48,649
Donations	1,000	-	55,042	56,042	46,461
Total revenues	20,730	16,625	55,042	92,397	95,110
Expenses					
Administrative	7,348	2,000	-	9,348	3,763
Professional fees	13,515	-	-	13,515	10,619
Total Expenses	20,863	2,000	-	22,863	14,382
Excess (deficiency) of revenues over expenses before grants and distributions and unrealized gains on investments	(133)	14,625	55,042	69,534	80,728
Grants and distributions					
Unrestricted <i>(Schedule 1)</i>	100,000	-	-	100,000	102,150
Restricted	-	38,757	-	38,757	13,549
	100,000	38,757	-	138,757	115,699
Excess (deficiency) of revenue over expenses before unrealized gains on investments	(100,133)	(24,132)	55,042	(69,223)	(34,971)
Unrealized gains on investments	138,185	103,271	-	241,456	110,238
Excess of revenue over expenses	38,052	79,139	55,042	172,233	75,267

The accompanying notes are an integral part of these financial statements

Nanaimo Community Foundation Statement of Changes in Net Assets

For the year ended September 30, 2013
(Unaudited)

	<i>Unrestricted Fund</i>	<i>Externally Restricted Fund</i>	<i>Endowment Fund</i>	2013	2012
Net assets, beginning of year	1,595,708	79,769	1,128,973	2,804,450	2,729,183
Excess of revenue over expenses	38,052	79,139	55,042	172,233	75,267
Net assets, end of year	1,633,760	158,908	1,184,015	2,976,683	2,804,450

The accompanying notes are an integral part of these financial statements

Nanaimo Community Foundation

Statement of Cash Flows

For the year ended September 30, 2013

(Unaudited)

	2013	2012
Cash provided by (used for) the following activities		
Operating		
Cash receipts from unrestricted investment income	36,271	49,341
Payments for operating costs	(46,482)	(11,126)
Receipts from interest and dividends	56,042	46,461
Payments for grants and disbursements	(113,962)	(90,331)
	(68,131)	(5,655)
Investing		
Purchase of investments	(180,000)	(334,800)
Proceeds on disposal of investments	336,400	317,540
Increase in restricted cash	(52,722)	(6,525)
	103,678	(23,785)
Increase (decrease) in cash resources	35,547	(29,440)
Cash resources, beginning of year	15,898	45,338
Cash resources, end of year	51,445	15,898

Nanaimo Community Foundation

Notes to the Financial Statements

For the year ended September 30, 2013
(Unaudited)

1. Purpose of the organization

The Nanaimo Community Foundation is incorporated under the laws of the Society Act of British Columbia and is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain the status as a charitable organization under the Act the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met. The Foundation has been established to provide, within the District of Nanaimo, assistance to disadvantaged individuals, promote educational advancement, medical and scientific research to reduce human suffering and to contribute to public recreation, athletic and cultural facilities.

2. Significant accounting policies

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

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions, and maintains three funds: Unrestricted Fund, Externally Restricted Fund and Endowment Fund.

The Unrestricted Fund reports the Foundation's general fundraising, granting and administrative activities. This fund reports unrestricted resources available for immediate purposes and restricted contributions for which there is no corresponding restricted fund.

The Externally Restricted Fund includes those funds where resources are to be used for an identified purpose as specified by the donor.

The Endowment Fund includes those funds where the donors require that the principal be maintained by the Foundation on a permanent basis.

Revenue recognition

The Foundation uses the restricted fund method of accounting for contributions.

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as revenue in the Endowment Fund when they are received.

Restricted contributions related to general operations are recognized as revenue of the Unrestricted Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the Restricted Fund, unless there is no corresponding restricted fund in which case the contribution is deferred and recognized as revenue in the year in which the related expenses are incurred.

Realized investment income earned on Endowment Funds or Externally Restricted Fund resources that must be spent on donor-restricted activities is recognized as revenue of the Externally Restricted Fund. Realized investment income subject to donor restrictions stipulating that it be added to the principal amount of the endowment is recognized as revenue of the Endowment Fund. Unrestricted realized investment income earned on Endowment Fund, Externally Restricted Fund and Unrestricted Fund resources is recognized as revenue of the Unrestricted Fund.

Unrealized investment income on externally restricted endowment funds is recognized as revenue of the Endowment Fund. Unrestricted unrealized investment income is recognized as revenue of the Unrestricted Fund.

Nanaimo Community Foundation
Notes to the Financial Statements
For the year ended September 30, 2013
(Unaudited)

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

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.

At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The Foundation has made such an election in the prior year with regards to all long-term investments.

The Foundation subsequently measures all long-term investments at fair value. 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 (deficiency) 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 amortized cost or cost.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Grants

Grants are recorded as payable in the year in which they are authorized.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Foundation's operations and would otherwise have been purchased. Because of the difficulty of determining their fair value, volunteer services are not recognized in the financial statements.

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.

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

3. Cash and long-term investments

The Foundation's cash and investments are comprised of:

	2013	2012
Unrestricted cash	51,445	15,896
Restricted cash	91,926	39,204
Fixed income and related securities	1,263,269	1,365,985
Common equity and related securities	1,612,681	1,426,827
	3,019,321	2,847,912

Nanaimo Community Foundation
Notes to the Financial Statements
For the year ended September 30, 2013
(Unaudited)

4. Allocation of cash and long-term investments

The cash and long-term investments are allocated to the following funds:

	2013	2012
Allocated to Externally restricted endowment funds		
Port Theatre Endowment Fund (schedule 4)	938,015	928,656
Nanaimo Museum Endowment Fund (schedule 4)	200,000	192,351
Externally Restricted Endowment Fund (schedule 3)	46,000	46,000
	1,184,015	1,167,007
Allocated to Externally restricted fund	198,440	58,291
Allocated to Unrestricted fund	1,636,866	1,622,614
	1,835,306	1,680,905
	3,019,321	2,847,912

5. Investment income (loss)

Investment income earned on the Foundation's assets consists of the following:

	2013	2012
Interest and dividends	35,073	46,649
Realized capital losses on investments	(718)	-
Change in unrealized gains on investments	241,457	110,238
	275,812	156,887

6. 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.

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.

The Foundation has investments in financial instruments that include short term notes and bonds for a total carrying value of \$1,612,681 (2012 - \$1,365,982) which are subject to cash flow risk. These investments mature at various dates between 2014 and 2018 (2012 - between 2013 and 2017) and bear interest at rates ranging from 2.20% to 3.55% (2012 - 1.20% to 5.05%).

The Foundation has investments in financial instruments that include common equity securities for a total carrying value of \$1,612,681 (2012 - \$1,426,827) which are subject to price risk.

Nanaimo Community Foundation
Notes to the Financial Statements
For the year ended September 30, 2013
(Unaudited)

7. In kind donations

Donations include in kind donations of \$1,000 (2012 - \$nil). The related expenses are included in administrative expenses.

8. Comparative figures

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

Nanaimo Community Foundation
Schedule 1 – Unrestricted Grants and Distributions
For the year ended September 30, 2013

	2013	2012
Unrestricted Funds		
Vancouver Island Military Museum	10,000	-
Nanaimo Community Hospice Society	25,000	-
VIU Canadian Letters & Images	3,500	-
Nanaimo Arts Council	4,500	-
Canadian Mental Health Association – Mid Island	10,000	-
Clay Tree Society	14,000	-
Pacific Sport Vancouver Island	8,000	-
Nanaimo Travellers Lodge	25,000	25,000
Gabriola Health Care Foundation	-	20,000
Boys & Girls Clubs Central Island	-	13,000
Farm at Cedar Woods	-	15,000
Nanaimo Art Gallery Society	-	6,350
North Oyster & Area Historical Society	-	15,000
People for a Healthy Community – Gabriola Society	-	7,800
	100,000	102,150

Nanaimo Community Foundation
Schedule 2 – Endowment Fund
For the year ended September 30, 2013

Contributed principal

	Port Theatre Endowment	Nanaimo Museum Endowment	Other Items (Schedule 4)	Total 2013	Total 2012
Balance, beginning of year	882,973	200,000	46,000	1,128,973	1,082,512
Additions	55,042	-	-	55,042	46,461
Balance, end of year	938,015	200,000	46,000	1,184,015	1,128,973

Nanaimo Community Foundation
Schedule 3 – Retained Returns on Investments
For the year ended September 30, 2013

Retained returns on investment

	Port Theatre Endowment	Nanaimo Museum Endowment	Other Items (Schedule 4)	Total 2013	Total 2012
Balance, beginning of year	45,683	(7,649)	41,735	79,769	26,686
Charges (payable)	(1,000)	(1,000)	-	(2,000)	(2,000)
Revenue earned	12,750	1,804	2,071	16,625	17,789
Distributions (payable)	(30,956)	(6,577)	(1,224)	(38,757)	(13,549)
Unrealized gains on investments	86,544	16,727	-	103,271	50,843
Net change for the year	67,338	10,954	847	79,139	53,083
Balance, end of year	113,021	3,305	42,582	158,908	79,769

	Port Theatre Endowment	Nanaimo Museum Endowment	Other Items (Schedule 4)	Total 2013	Total 2012
Total Endowment and Retained Returns on Investment	1,051,036	203,305	88,582	1,342,923	1,208,742

Nanaimo Community Foundation
Schedule 4 – Endowment Fund - Externally Restricted Net Assets - Other Items

For the year ended September 30, 2013

Contributed principal

	Canadian Cancer Society	Bowen Park Cribbage Group	Nanaimo Fish & Game Club	Nanaimo Rescue Whaler Society	Annual Family Decision	Stan Dyde Memorial Fund	Total 2013	Total 2012
Balance, beginning of year	10,000	10,000	10,000	6,800	8,200	1,000	46,000	46,000
Additions	-	-	-	-	-	-	-	-
Balance, end of year	10,000	10,000	10,000	6,800	8,200	1,000	46,000	46,000

Retained returns on investment

Balance, beginning of year	36,703	364	3,607	364	247	450	41,735	39,495
Revenue earned	1,103	244	279	245	166	34	2,071	3,052
Distributions	-	(363)	(250)	(364)	(247)	-	(1,224)	(812)
Balance, end of year	37,806	245	3,636	245	166	484	42,582	41,735

Total Endowment and Retained Returns on Investment	47,806	10,245	13,636	7,045	8,366	1,484	88,582	87,735
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Other information

Year of donation or bequest	1984	1991	1991	1991	1998	2001		
Donor	Ernie Agar	Ernest Johnson	Ernest Johnson	Marion Lamb	Elwood Wylie Memorial Fund	Leilani Medves & Valerie Coughtry		