

Nanaimo Community Foundation
Operating as Nanaimo Foundation
Financial Statements
September 30, 2014
(Unaudited)

Nanaimo Community Foundation Operating as Nanaimo Foundation Contents

For the year ended September 30, 2014
(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, 2014 and the statements of operations, changes in net assets and cash flows and related schedules 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 donation 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

January 8, 2015

MNP **LLP**
Chartered Accountants

Nanaimo Community Foundation
Operating as Nanaimo Foundation
Statement of Financial Position

As at September 30, 2014
(Unaudited)

	Unrestricted Fund	Externally Restricted Fund	Endowment Fund	2014	2013
Assets					
Current					
Cash (Note 3), (Note 4)	24,942	-	-	24,942	51,445
Accounts receivable	8,890	(7,580)	150	1,460	-
Short-term deposits (Note 3), (Note 4)	96,733	89	21,720	118,542	-
Prepaid expenses	2,385	-	-	2,385	1,527
GST/HST rebate receivable	846	-	-	846	867
	133,796	(7,491)	21,870	148,175	53,839
Long-term investments (Note 3), (Note 4)	1,743,696	297,955	1,206,536	3,248,187	2,875,950
Restricted cash (Note 3), (Note 4)	-	1,947	-	1,947	91,926
	1,877,492	292,411	1,228,406	3,398,309	3,021,715
Liabilities					
Current					
Accounts payable and accruals	14,427	34,643	-	49,070	45,032
Net Assets					
Unrestricted	1,863,066	-	-	1,863,066	1,633,760
Endowments (Schedule 2)	-	-	1,228,406	1,228,406	1,184,015
Retained returns on investments (Schedule 3)	-	257,766	-	257,766	158,908
	1,863,066	257,766	1,228,406	3,349,238	2,976,683
	1,877,493	292,409	1,228,406	3,398,308	3,021,715

Approved on behalf of the Board:

Director

Director

The accompanying notes are an integral part of these financial statements



Nanaimo Community Foundation
Operating as Nanaimo Foundation
Statement of Operations

For the year ended September 30, 2014
(Unaudited)

	<i>Unrestricted Fund</i>	<i>Externally Restricted Fund (Schedule 3)</i>	<i>Endowment Fund</i>	2014	2013
Revenues					
Investment income	40,474	35,959	-	76,433	35,073
Realized gain (loss) on investments	206,354	212,312	-	418,666	(718)
Investment administration fee	10,316	-	-	10,316	2,000
	257,144	248,271	-	505,415	36,355
Donations	98,466	225,000	44,391	367,857	56,042
Total revenues	355,610	473,271	44,391	873,272	92,397
Expenses					
3rd party investment fees	9,282	-	-	9,282	-
Administrative	9,614	-	-	9,614	5,194
Investment administration fee	-	8,214	-	8,214	2,000
Marketing	5,388	-	-	5,388	2,154
Professional fees	9,247	-	-	9,247	13,515
Vital Signs	-	22,496	-	22,496	-
Total Expenses	33,531	30,710	-	64,241	22,863
Excess of revenues over expenses before grants and distributions and unrealized gains on investments	322,079	442,561	44,391	809,031	69,534
Grants and distributions					
Unrestricted (<i>Schedule 1</i>)	25,000	-	-	25,000	100,000
Restricted (<i>Schedule 3</i>)	-	253,587	-	253,587	38,757
	25,000	253,587	-	278,587	138,757
Excess (deficiency) of revenues over expenses before unrealized gains on investments	297,079	188,974	44,391	530,444	(69,223)
Change in unrealized gains (losses) on investments	(67,773)	(90,116)	-	(157,889)	241,456
Excess of revenues over expenses	229,306	98,858	44,391	372,555	172,233

The accompanying notes are an integral part of these financial statements

Nanaimo Community Foundation
Operating as Nanaimo Foundation
Statement of Changes in Net Assets
For the year ended September 30, 2014
(Unaudited)

	<i>Unrestricted Fund</i>	<i>Externally Restricted Fund</i>	<i>Endowment Fund</i>	2014	2013
Net assets, beginning of year	1,633,760	158,908	1,184,015	2,976,683	2,804,450
Excess of revenues over expenses	229,306	98,858	44,391	372,555	172,233
Net assets, end of year	1,863,066	257,766	1,228,406	3,349,238	2,976,683

The accompanying notes are an integral part of these financial statements

Nanaimo Community Foundation
Operating as Nanaimo Foundation
Statement of Cash Flows
For the year ended September 30, 2014
(Unaudited)

	2014	2013
Cash provided by (used for) the following activities		
Operating		
Cash receipts from unrestricted investment income	79,156	36,271
Payments for operating costs	(86,021)	(46,482)
Receipts from agency funds	367,707	56,042
Payments for grants and disbursements	(245,403)	(113,962)
	115,439	(68,131)
Investing		
Purchase of short term deposits	(118,187)	-
Purchase of investments	(2,295,420)	(180,000)
Proceeds on disposal of investments	2,181,686	336,400
Increase in restricted cash	-	(52,722)
Repayments of restricted cash	89,979	-
	(141,942)	103,678
Increase (decrease) in cash resources	(26,503)	35,547
Cash resources, beginning of year	51,445	15,898
Cash resources, end of year	24,942	51,445

The accompanying notes are an integral part of these financial statements

Nanaimo Community Foundation Operating as Nanaimo Foundation Notes to the Financial Statements

For the year ended September 30, 2014
(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, within the boundaries of School District 68, collaborate with charities and other qualified donees to provide funding for innovative projects or solve larger community issues. The Foundation helps to build vibrancy, health, and resiliency in the community by connecting visionary donors with causes that truly matter and investing in people and projects that make the community stronger - now and for the long-term.

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

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 Externally restricted Fund. Unrestricted unrealized investment income is recognized as revenue of the Unrestricted Fund.

Nanaimo Community Foundation
Operating as Nanaimo Foundation
Notes to the Financial Statements
For the year ended September 30, 2014
(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.

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, short-term deposits and long-term investments

The Foundation's cash, short-term deposits and long-term investments are comprised of:

	2014	2013
Unrestricted cash	24,942	51,445
Restricted cash	1,947	91,926
Fixed income and related securities	1,100,522	1,263,269
Common equity and related securities	2,266,207	1,612,681
	3,393,618	3,019,321

Nanaimo Community Foundation
Operating as Nanaimo Foundation
Notes to the Financial Statements
For the year ended September 30, 2014
(Unaudited)

4. Allocation of cash, short-term deposits and long-term investments

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

	2014	2013
Allocated to Externally restricted endowment funds		
Port Theatre Endowment Fund (schedule 2)	969,351	938,015
Nanaimo Museum Endowment Fund (schedule 2)	200,000	200,000
Externally Restricted Endowment Fund (schedule 2)	58,905	46,000
	1,228,256	1,184,015
Allocated to Externally Restricted Fund	299,991	198,440
Allocated to Unrestricted Fund	1,865,371	1,636,866
	2,165,362	1,835,306
	3,393,618	3,019,321

5. Investment income

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

	2014	2013
Interest and dividends	76,433	35,075
Realized capital gains (losses) on investments	418,666	(718)
Change in unrealized gains on investments	(157,889)	241,456
	337,210	275,813

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 \$1,101,522 (2013 - \$1,406,640) which are subject to cash flow risk. These investments mature at various dates between 2015 and 2018 (2013 - between 2014 and 2018) and bear interest at rates ranging from 1.10% to 3.35% (2013 - 2.20% to 3.55%).

The Foundation has investments in financial instruments that include common equity securities for a total carrying value of \$2,266,206 (2013 - \$1,612,681) which are subject to price risk.

Nanaimo Community Foundation
Operating as Nanaimo Foundation
Notes to the Financial Statements
For the year ended September 30, 2014
(Unaudited)

7. 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, 2014

	2014	2013
Unrestricted Funds		
Nanaimo Community Hospice Society	25,000	25,000
Nanaimo Travellers Lodge	-	25,000
Vancouver Island Military Museum	-	10,000
Nanaimo Arts Council	-	4,500
Canadian Mental Health Association – Mid Island	-	10,000
Clay Tree Society	-	14,000
Pacific Sport Vancouver Island	-	8,000
VIU Canadian Letters & Images	-	3,500
	25,000	100,000

Nanaimo Community Foundation
Schedule 2 – Endowment Fund
For the year ended September 30, 2014

Contributed principal

	Port Theatre Endowment	Nanaimo Museum Endowment	Donor Restricted	Vital Signs	Other Items (Schedule 4)	Total 2014	Total 2013
Balance, beginning of year	938,015	200,000	-	-	46,000	1,184,015	1,128,973
Additions	31,336	-	-	-	13,055	44,391	55,042
Balance, end of year	969,351	200,000	-	-	59,055	1,228,406	1,184,015

Nanaimo Community Foundation
Schedule 3 – Retained Returns on Investments
For the year ended September 30, 2014

Retained returns on investment

	Port Theatre Endowment	Nanaimo Museum Endowment	Donor Restricted	Vital Signs	Other Items (Schedule 4)	Total 2014	Total 2013
Balance, beginning of year	113,021	3,305	-	-	42,582	158,908	79,769
Management fee administered by Nanaimo Community Foundation	(8,214)	-	-	-	-	(8,214)	(2,000)
Investment income	27,668	4,775	-	-	3,516	35,959	16,625
Donations	-	-	200,000	25,000	-	225,000	-
Distributions	(34,645)	(6,924)	(200,000)	-	(12,018)	(253,587)	(38,757)
Program expenses	-	-	-	(22,496)	-	(22,496)	-
Realized gains on investments	189,124	23,188	-	-	-	212,312	-
Change in unrealized gains (losses) on investments	(88,845)	(1,271)	-	-	-	(90,116)	103,271
Net change for the year	85,088	19,768	-	2,504	(8,502)	98,858	79,139
Balance, end of year	198,109	23,073	-	2,504	34,080	257,766	158,908

	Port Theatre Endowment	Nanaimo Museum Endowment	Donor Restricted	Vital Signs	Other Items (Schedule 4)	Total 2014	Total 2013
Total Endowment and Retained Returns on Investment	1,167,460	223,073	-	2,504	93,135	1,486,172	1,342,923

Nanaimo Community Foundation
Schedule 4 – Endowment Fund - Externally Restricted Net Assets - Other Items
For the year ended September 30, 2014

Contributed principal

	Canadian Cancer Society	Bowen Park Cribbage Group	Nanaimo Fish & Game Club	Nanaimo Rescue Whaler Society	Annual Family Decision	Nanaimo Travellers Lodge Endowment Fund	Stanley De Vos Donor Advised Fund	Total 2014	Total 2013
Balance, beginning of year	10,000	10,000	10,000	6,800	8,200	1,000	-	46,000	46,000
Additions	-	-	-	-	-	-	13,055	13,055	-
Balance, end of year	10,000	10,000	10,000	6,800	8,200	1,000	13,055	59,055	46,000

Retained returns on investment

Balance, beginning of year	37,806	245	3,636	245	166	484	-	42,582	41,735
Revenue earned	1,639	456	456	310	538	67	50	3,516	2,071
Distributions	(11,000)	(244)	(279)	(245)	(250)	-	-	(12,018)	(1,224)
Balance, end of year	28,445	457	3,813	310	454	551	50	34,080	42,582

Total Endowment and Retained Returns on Investment	38,445	10,457	13,813	7,110	8,654	1,551	13,105	93,135	88,582
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Other information

Year of donation or bequest	1984	1991	1991	1991	1998	2001	2014		
Donor	Ernie Agar	Ernest Johnson	Ernest Johnson	Marion Lamb	Elwood Wylie Memorial Fund	Leilani Medves & Valerie Coughtry	David Stanley & Marie De Vos		