

Nanaimo Community Foundation
Operating as Nanaimo Foundation
Financial Statements
September 30, 2016
(Unaudited)

**Nanaimo Community Foundation
Operating as Nanaimo Foundation
Contents**

*For the year ended September 30, 2016
(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, 2016 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 18, 2017

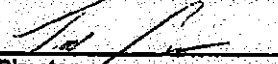
MNP LLP

Chartered Professional Accountants

Nanaimo Community Foundation
Operating as Nanaimo Foundation
Statement of Financial Position
As at September 30, 2016
(Unaudited)

	<i>Unrestricted Fund</i>	<i>Externally Restricted Fund</i>	<i>Endowment Fund</i>	2016	2015
Assets					
Current					
Cash (Note 3), (Note 4)	21,940	-	-	21,940	117,647
Accounts receivable	1,950	-	-	1,950	8,939
Short-term deposits (Note 3), (Note 4)	-	-	-	-	5,444
Prepaid expenses	557	-	-	557	1,557
Interfund loans	(10,798)	8,388	2,410	-	-
GST rebate receivable	1,308	-	-	1,308	1,897
	14,957	8,388	2,410	25,755	133,484
Long-term Investments (Note 3), (Note 4)	2,049,412	349,677	1,381,837	3,774,926	3,511,562
Restricted cash (Note 3), (Note 4)	-	6,670	189,218	195,888	3,350
	2,064,369	358,735	1,573,465	3,996,569	3,648,396
Liabilities					
Current					
Accounts payable and accruals	23,484	29,410	-	52,894	28,637
Net Assets					
Unrestricted	2,040,885	-	-	2,040,885	2,020,345
Endowments (Schedule 2)	-	-	1,673,465	1,573,465	1,329,044
Retained returns on Investments (Schedule 3)	-	329,325	-	329,325	270,370
	2,040,885	329,325	1,673,465	3,943,675	3,619,759
	2,064,369	358,735	1,573,465	3,996,569	3,648,396

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, 2016
(Unaudited)

	<i>Unrestricted Fund</i>	<i>Externally Restricted Fund (Schedule 3)</i>	<i>Endowment Fund</i>	2016	2015
Revenues					
Investment Income	117,947	99,713	-	217,660	200,368
Sponsorship	3,430	-	-	3,430	-
Realized gain (loss) on investments	(4,358)	750	-	(3,608)	(3)
	117,019	100,463	-	217,482	200,365
Donations	61,267	331,000	244,421	636,688	603,459
Total revenues	178,286	431,463	244,421	854,170	803,824
Expenses					
Administrative	15,208	-	-	15,208	13,187
Development	39,890	-	-	39,890	5,000
Investment administration fee	-	16,642	-	16,642	13,888
Marketing	7,193	-	-	7,193	3,101
Professional fees	11,724	-	-	11,724	12,801
Third party net investment fees (recoveries) (Note 6)	1,461	-	-	1,461	(422)
Vital signs	-	-	-	-	26,707
Total Expenses	75,476	16,642	-	92,118	74,262
Excess of revenues over expenses before grants and distributions and unrealized gain (loss) on investments	102,810	414,821	244,421	762,052	729,562
Grants and distributions					
Unrestricted (Schedule 1)	112,053	-	-	112,053	33,000
Restricted (Schedule 3)	-	379,313	-	379,313	397,315
	112,053	379,313	-	491,366	430,315
Excess of revenues over expenses before unrealized gain (loss) on investments	(9,243)	35,508	244,421	270,686	299,247
Unrealized gain (loss) on Investments	28,986	24,244	-	53,230	(28,727)
Excess of revenues over expenses	19,743	59,752	244,421	323,916	270,520

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, 2016
(Unaudited)

	<i>Unrestricted Fund</i>	<i>Externally Restricted Fund</i>	<i>Endowment Fund</i>	2016	2015
Net assets, beginning of year	2,020,345	270,370	1,329,044	3,619,759	3,349,239
Excess of revenues over expenses	19,743	59,752	244,421	323,916	270,520
Transfers between funds	797	(797)	-	-	-
Net assets, end of year	2,040,885	329,325	1,573,465	3,943,675	3,619,759

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, 2016
(Unaudited)

	2016	2015
Cash provided by (used for) the following activities		
Operating		
Donations receipts	641,688	598,459
Cash receipts from investment income	14,167	27,951
Cash receipts from fees	6,998	2,701
Payments for operating costs	(87,736)	(74,108)
Payments for grants and disbursements	(473,527)	(454,815)
	101,590	100,188
Investing		
Redemption of short-term deposits	5,444	113,099
Purchase of investments	(937,878)	(1,048,269)
Proceeds on disposal of investments	927,675	929,090
Increase in restricted cash	(192,538)	(1,403)
	(197,297)	(7,483)
Increase (decrease) in cash resources	(95,707)	92,705
Cash resources, beginning of year	117,647	24,942
Cash resources, end of year	21,940	117,647

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, 2016
(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 CPA 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 when they are 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 when the related expenses are incurred. All other restricted contributions are recognized as revenue of the Restricted Fund when received, unless there is no corresponding restricted fund in which case the contribution is deferred and recognized as revenue when 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 when the income is earned. 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 when the income is earned. Unrestricted realized investment income earned on Endowment Fund, Externally Restricted Fund and Unrestricted Fund resources is recognized as revenue of the Unrestricted Fund when it is earned.

Unrealized investment income on externally restricted endowment funds is recognized as revenue of the Externally Restricted Fund when the change in fair value occurs. Unrestricted unrealized investment income is recognized as revenue of the Unrestricted Fund when the change in fair value occurs.

Nanaimo Community Foundation
Operating as Nanaimo Foundation
Notes to the Financial Statements
For the year ended September 30, 2016
(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 and any other equity instruments traded on an exchange 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.

Financial asset impairment

The Foundation assesses impairment of all 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. Management considers other criteria such as, 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 earnings/loss.

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 current period earnings/loss in the year the reversal occurs.

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.

3. Cash, short-term deposits and long-term investments

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

	2016	2015
Unrestricted cash	21,940	117,647
Restricted cash	195,888	3,350
Fixed income and related securities	354,745	645,908
Common equity and related securities	3,420,181	2,871,098
	3,992,754	3,638,003

Nanaimo Community Foundation
Operating as Nanaimo Foundation
Notes to the Financial Statements
For the year ended September 30, 2016
(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:

	2016	2015
Allocated to Externally restricted endowment funds		
Port Theatre Endowment Fund (schedule 2)	1,094,264	1,004,605
Nanaimo Museum Endowment Fund (schedule 2)	200,000	200,000
BC Summer Games Endowment Fund (schedule 2)	60,000	60,000
Externally Restricted Endowment Fund (schedule 2)	219,201	64,399
	1,573,465	1,329,004
Allocated to Externally Restricted Fund	350,347	289,642
Allocated to Unrestricted Fund	2,068,942	2,019,357
	2,419,289	2,308,999
	3,992,754	3,638,003

5. Investment Income

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

	2016	2015
Interest and dividends	217,660	200,368
Realized capital gains (losses) on investments	(3,608)	(3)
Change in unrealized gains (losses) on Investments	53,230	(28,727)
	267,282	171,638

6. Third party net investment fees (recoveries)

	2016	2015
Third party investment fees	21,683	18,106
Less: Investment administration fees recovered	(20,222)	(18,528)
	1,461	(422)

Nanaimo Community Foundation
Operating as Nanaimo Foundation
Notes to the Financial Statements
For the year ended September 30, 2016
(Unaudited)

7. 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 fixed income and related securities for a total carrying value of \$354,745 (2015 - \$645,908) which are subject to cash flow risk. These investments mature at various dates between 2017 and 2018 (2015 - between 2016 and 2018) and bear interest at rates ranging from 2.45% to 2.77% (2015 - 1.20% to 3.55%).

The Foundation has investments in financial instruments that include global balanced pooled funds for a total carrying value of \$3,420,181 (2015 - \$2,871,098) which are subject to price risk.

8. Comparative figures

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

Nanaimo Community Foundation
Operating as Nanaimo Foundation
Schedule 1 – Unrestricted Grants and Distributions
For the year ended September 30, 2016
(Unaudited)

	2016	2015
Nanaimo Community Gardens	15,000	-
United Way Central & North Vancouver Island	10,000	-
Nanaimo Womens Resource Society	9,000	-
City of Nanaimo - Gyro Club	9,000	-
Nanaimo Art Gallery Society	8,000	-
City of Nanaimo - Write to Read Program	7,000	-
Nanaimo Brain Injury Society	7,000	-
Regional District of Nanaimo - Huxley Park	7,000	-
Vancouver Island Symphony	6,500	-
Vancouver Island University	5,000	-
Nanaimo Conservancy of Music	5,000	-
Gabriola Island Community Hall Association	5,000	-
Nanaimo Foodshare Society	5,000	-
Vancouver Island University Foundation	5,000	-
Canucks Autism Network	4,593	-
Gabriola Commons Foundation	3,881	-
Gabriola Commons Foundation - partial refund of 2015 grant	(4,421)	13,000
Nanaimo Arts Council	3,000	-
Nanaimo Literacy Association	1,500	-
Nanaimo Family Life Association	-	20,000
	112,053	33,000

**Nanaimo Community Foundation
Operating as Nanaimo Foundation
Schedule 2 – Endowment Fund
For the year ended September 30, 2016
(Unaudited)**

Contributed principal

	Port Theatre Endowment	Nanaimo Museum Endowment	BC Summer Games	Donor Restricted	Vital Signs	Other Items (Schedule 4)	Total 2016	Total 2015
Balance, beginning of year	1,004,605	200,000	60,000	-	-	64,439	1,329,044	1,228,406
Additions	89,659	-	-	-	-	154,762	244,421	70,638
Transfer from Unrestricted Fund	-	-	-	-	-	-	-	30,000
Balance, end of year	1,094,264	200,000	60,000	-	-	219,201	1,573,465	1,329,044

**Nanaimo Community Foundation
Operating as Nanaimo Foundation
Schedule 3 – Retained Returns on Investments
For the year ended September 30, 2016
(Unaudited)**

Retained returns on investment

	Port Theatre Endowment	Nanaimo Museum Endowment	BC Summer Games	Donor Restricted	Vital Signs	Other Items (Schedule 4)	Total 2016	Total 2015
Balance, beginning of year	210,848	30,670	(2,532)	-	797	30,587	270,370	257,766
Investment income	72,726	16,064	3,979	23	-	6,921	99,713	87,576
Realized gain (loss) on Investments	1,178	157	(238)	-	-	(347)	750	5,076
Donations	-	-	-	331,000	-	-	331,000	375,000
Investment administration fee	(13,963)	-	(821)	-	-	(1,858)	(16,642)	(13,888)
Program expenses	-	-	-	-	-	-	-	(26,707)
Grants and distributions	(41,701)	(7,940)	(2,000)	(326,000)	-	(1,672)	(379,313)	(397,315)
Unrealized gain (loss) on Investments	16,684	3,908	1,135	-	-	2,517	24,244	(17,138)
Transfer to unrestricted fund	-	-	-	-	(797)	-	(797)	-
Net change for the year	34,924	12,189	2,055	5,023	(797)	5,561	58,955	12,604
Balance, end of year	245,772	42,859	(477)	5,023	-	36,148	329,325	270,370

	Port Theatre Endowment	Nanaimo Museum Endowment	BC Summer Games	Donor Restricted	Vital Signs	Other Items (Schedule 4)	Total 2016	Total 2015
Total Endowment and Retained Returns on Investment	1,340,036	242,859	59,523	5,023	-	255,349	1,902,790	1,599,414

**Nanaimo Community Foundation
Operating as Nanaimo Foundation**
Schedule 4 – Endowment Fund - Externally Restricted Net Assets - Other Items
For the year ended September 30, 2016
(Unaudited)

	Contributed principal		Retained returns on investment			Total endowment and retained returns on investment	Year of donation or bequest	Donor	
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Net earnings (loss) for the year				Grants and distributions
Ernie Agar Canadian Cancer Society Fund	10,000	-	10,000	27,398	2,939	-	30,337	1984	Ernie Agar
Ernest Johnson Bowen Park Fund	10,000	-	10,000	(78)	780	(250)	452	1991	Ernest Johnson
Ernest Johnson Nanaimo Fish & Game Fund	10,000	-	10,000	3,158	1,034	(472)	3,720	1991	Ernest Johnson
Marion Lamb Nanaimo Rescue Whaler Society Fund	6,800	-	6,800	(134)	524	(200)	190	1991	Marion Lamb
Elwood Wylie Memorial Fund	8,200	-	8,200	(32)	642	(250)	360	1998	Elwood Wylie Memorial Fund
Nanaimo Travellers Lodge Fund	1,000	-	1,000	509	118	-	627	2001	Lailani Medves & Valene Coughtry
Stanley de Vos Fund	18,439	46,954	65,393	(234)	1,436	(500)	702	2014	David Stanley & Marie de Vos
LMC Fund	-	36,108	36,108	-	(364)	-	(364)	2016	Anonymous
MML Fund	-	10,000	10,000	-	2	-	2	2016	Anonymous
Vancouver Island Symphony Fund	-	25,000	25,000	-	5	-	5	2016	Anonymous
T. & D. Carson Fund	-	10,000	10,000	-	2	-	2	2016	Darlene & Ted Carson
Nanaimo Conservatory of Music Fund	-	25,000	25,000	-	115	-	115	2016	Various
Oceanvale Mortgage & Finance Fund	-	500	500	-	-	-	-	2016	Nolan Smith
Ladysmith Community Fund	-	200	200	-	-	-	-	2016	Various
Gabriola Island Community Fund	-	1,000	1,000	-	-	-	-	2016	Various
Total of Other Funds	64,439	154,762	219,201	30,587	7,233	(1,572)	36,148		
									255,349