

Non-Consolidated Financial Statements of

VANCOUVER FOUNDATION

Year ended December 31, 2013



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INDEPENDENT AUDITORS' REPORT

To the Directors of Vancouver Foundation

We have audited the accompanying non-consolidated financial statements of Vancouver Foundation, which comprise the non-consolidated statement of financial position as at December 31, 2013 and the non-consolidated statements of operations and changes in fund balances, changes in fund balances and cash flows for the year ended December 31, 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statement

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated 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 non-consolidated financial statement 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 an audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated 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 non-consolidated financial statement.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of Vancouver Foundation as at December 31, 2013 and its non-consolidated results of operations and changes in fund balances, changes in fund balances and cash flow for the year ended December 31, 2013 in accordance with Canadian accounting standards for not-for-profit organizations.

Report on other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), 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.



Chartered Accountants

April 9, 2014

Vancouver, Canada

VANCOUVER FOUNDATION

Non-Consolidated Statement of Financial Position

As at December 31, 2013

	Restricted		Unrestricted	Total December 31, 2013
	Consolidated Trust Funds	Other Trust Funds		
Assets				
Current assets:				
Cash and cash equivalents (note 3)	\$ 28,271,830	\$ 1,617,002	\$ 2,359,108	\$ 32,247,940
Accounts receivable	121,339	-	349,555	470,894
Short-term investments (note 4)	18,753,386	-	-	18,753,386
	47,146,555	1,617,002	2,708,663	51,472,220
Investment portfolio (note 5):				
Common shares and convertible securities	550,343,698	10,864,662	-	561,208,360
Bonds and debentures	209,312,413	4,753,974	-	214,066,387
Mortgages and real estate	102,248,779	71,000	-	102,319,779
Accrued investment income receivable	694,429	-	-	694,429
	862,599,319	15,689,636	-	878,288,955
Long-term investments (note 6)	1,483,020	1,909,579	-	3,392,599
Capital assets (note 7)	-	-	433,615	433,615
Total assets	\$ 911,228,894	\$ 19,216,217	\$ 3,142,278	\$ 933,587,389

Liabilities

Current liabilities:				
Accounts payable and accrued liabilities	\$ 634,524	\$ -	\$ 1,034,026	\$ 1,668,550
Interfund payable (receivable)	10,460,689	(467,563)	(9,993,126)	-
	11,095,213	(467,563)	(8,959,100)	1,668,550
Fund balances:				
Contributed principal	682,538,264	15,808,484	8,073,776	706,420,524
Retained returns from investments	217,595,417	3,875,296	3,593,987	225,064,700
Invested in capital assets	-	-	433,615	433,615
Total fund balances	900,133,681	19,683,780	12,101,378	931,918,839
Total liabilities and fund balances	\$ 911,228,894	\$ 19,216,217	\$ 3,142,278	\$ 933,587,389

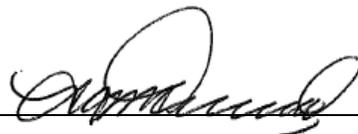
Commitments (note 11)

See accompanying notes to the non-consolidated financial statements.

Approved on behalf of the Board:



Director



Director

VANCOUVER FOUNDATION

Non-Consolidated Statement of Financial Position

As at December 31, 2012

	Restricted		Unrestricted	Total December 31, 2012
	Consolidated Trust Funds	Other Trust Funds		
Assets				
Current assets:				
Cash and cash equivalents (note 3)	\$ 58,064,134	\$ 606,336	\$ 2,608,745	\$ 61,279,215
Accounts receivable	488,325	712,577	674,394	1,875,296
Short-term investments (note 4)	12,939,723	-	-	12,939,723
	71,492,182	1,318,913	3,283,139	76,094,234
Investment portfolio (note 5):				
Common shares and convertible securities	458,880,915	8,207,331	-	467,088,246
Bonds and debentures	172,652,404	4,503,081	-	177,155,485
Mortgages and real estate	88,903,281	71,000	-	88,974,281
Accrued investment income receivable	1,194,195	-	-	1,194,195
	721,630,795	12,781,412	-	734,412,207
Long-term investments (note 6)	2,094,436	1,853,383	-	3,947,819
Capital assets (note 7)	-	-	505,098	505,098
Total assets	\$ 795,217,413	\$ 15,953,708	\$ 3,788,237	\$ 814,959,358

Liabilities

Current liabilities:

Accounts payable and accrued liabilities	\$ 1,581,204	\$ -	\$ 1,078,125	\$ 2,659,329
Interfund payable (receivable)	(43,948)	(157,082)	201,030	-
	1,537,256	(157,082)	1,279,155	2,659,329

Fund balances:

Contributed principal	662,897,886	14,318,045	-	677,215,931
Retained returns from investments	130,782,271	1,792,745	2,003,984	134,579,000
Invested in capital assets	-	-	505,098	505,098
Total fund balances	793,680,157	16,110,790	2,509,082	812,300,029

Total liabilities and fund balances	\$ 795,217,413	\$ 15,953,708	\$ 3,788,237	\$ 814,959,358
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Commitments (note 11)

See accompanying notes to the non-consolidated financial statements.

VANCOUVER FOUNDATION

Non-Consolidated Statement of Operations and Changes in Fund Balances

Year ended December 31, 2013

	Restricted		Unrestricted	Total
	Consolidated Trust Funds	Other Trust Funds		
				2013
Revenue:				
Contributions:				
General	\$ 38,725,272	\$ 1,490,439	\$ 11,217,135	\$ 51,432,846
Government	2,627,585	-	-	2,627,585
Investment and interest income	123,249,875	1,978,368	1,086,810	126,315,053
Administration and investment management fees	(8,404,715)	(101,816)	8,506,531	-
Less investment management and custodian fees	-	-	(2,668,946)	(2,668,946)
	156,198,017	3,366,991	18,141,530	177,706,538
Expenses:				
Operating expenses:				
Administration	-	-	3,462,273	3,462,273
Communications	-	-	674,324	674,324
Grant support	-	-	1,129,432	1,129,432
Donor services	-	-	990,320	990,320
	-	-	6,256,349	6,256,349
Other fund expenses	1,599,047	-	-	1,599,047
Foundation program expenses, net	-	500,632	473,208	973,840
	1,599,047	500,632	6,729,557	8,829,236
Excess of revenue over expenses before grants and distributions	154,598,970	2,866,359	11,411,973	168,877,302
Grants	(45,488,688)	(178,108)	(1,248,683)	(46,915,479)
Distributions and retractions (note 5(b))	(2,343,013)	-	-	(2,343,013)
	(47,831,701)	(178,108)	(1,248,683)	(49,258,492)
Excess of revenue over expenses	106,767,269	2,688,251	10,163,290	119,618,810
Fund balances, beginning of year	793,680,157	16,110,790	2,509,082	812,300,029
Interfund transfers	(313,745)	884,739	(570,994)	-
Fund balances, end of year	\$ 900,133,681	\$ 19,683,780	\$ 12,101,378	\$ 931,918,839

See accompanying notes to the non-consolidated financial statements.

VANCOUVER FOUNDATION

Non-Consolidated Statement of Operations and Changes in Fund Balances

Year ended December 31, 2012

	Restricted		Unrestricted	Total
	Consolidated Trust Funds	Other Trust Funds		
				2012
Revenue:				
Contributions:				
General	\$ 46,765,117	\$ 3,751,976	\$ 2,949,038	\$ 53,466,131
Government	1,564,428	-	500,000	2,064,428
Investment and interest income	65,749,673	1,055,287	960,981	67,765,941
Administration and investment management fees	(8,318,783)	(82,334)	8,401,117	-
Less investment management and custodian fees	-	-	(2,370,194)	(2,370,194)
	105,760,435	4,724,929	10,440,942	120,926,306
Expenses:				
Operating expenses:				
Administration	-	-	3,752,554	3,752,554
Communications	-	-	648,107	648,107
Grant support	-	-	1,117,281	1,117,281
Donor services	-	-	920,472	920,472
	-	-	6,438,414	6,438,414
Other fund expenses	825,959	-	-	825,959
Foundation program expenses, net	-	886,614	-	886,614
	825,959	886,614	6,438,414	8,150,987
Excess of revenue over expenses before grants and distributions	104,934,476	3,838,315	4,002,528	112,775,319
Grants	(36,925,065)	(162,097)	(6,747,720)	(43,834,882)
Distributions and retractions (note 5(b))	(3,494,000)	-	-	(3,494,000)
	(40,419,065)	(162,097)	(6,747,720)	(47,328,882)
Excess of revenue over expenses	64,515,411	3,676,218	(2,745,192)	65,446,437
Fund balances, beginning of year	730,137,089	11,069,234	5,647,269	746,853,592
Interfund transfers	(972,343)	1,365,338	(392,995)	-
Fund balances, end of year	\$ 793,680,157	\$ 16,110,790	\$ 2,509,082	\$ 812,300,029

See accompanying notes to the non-consolidated financial statements.

VANCOUVER FOUNDATION

Non-Consolidated Statements of Changes in Fund Balances

Year ended December 31, 2013, with comparatives for 2012

2013	Contributed principal	Retained returns from investments	Invested in capital assets	Total
Fund balances, beginning of year	\$ 677,215,931	\$ 134,579,000	\$ 505,098	\$ 812,300,029
Excess (deficiency) of revenue over expense	33,148,191	86,961,205	(490,586)	119,618,810
Invested in capital assets	-	(419,103)	419,103	-
Transfers from contributed principal to retained returns	(4,783,959)	4,783,959	-	-
Recapitalized income	840,361	(840,361)	-	-
Fund balances, end of year	\$ 706,420,524	\$ 225,064,700	\$ 433,615	\$ 931,918,839

2012	Contributed principal	Retained returns from investments	Invested in capital assets	Total
Fund balances, beginning of year	\$ 648,709,250	\$ 97,111,229	\$ 1,033,113	\$ 746,853,592
Excess (deficiency) of revenue over expense	38,779,914	27,663,760	(997,237)	65,446,437
Invested in capital assets	-	(469,222)	469,222	-
Transfers from contributed principal to retained returns	(15,335,972)	15,335,972	-	-
Recapitalized income	5,062,739	(5,062,739)	-	-
Fund balances, end of year	\$ 677,215,931	\$ 134,579,000	\$ 505,098	\$ 812,300,029

See accompanying notes to the non-consolidated financial statements.

VANCOUVER FOUNDATION

Non-Consolidated Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 119,618,810	\$ 65,446,437
Items not affecting cash:		
Investment and interest income	(126,315,053)	(67,765,941)
Amortization	72,802	277,697
Write down of capital assets	417,784	719,540
	(6,205,657)	(1,322,267)
Changes in non-cash operating working capital:		
Accrued investment income receivable	499,766	(825,633)
Accounts receivable	1,404,402	(1,505,130)
Accounts payable and accrued liabilities	(990,779)	751,639
	913,389	(1,579,124)
Net cash from operations	(5,292,268)	(2,901,391)
Investing:		
Capital asset additions	(419,103)	(469,222)
Transfers from investments to cash / (cash to investments)	(23,319,904)	34,137,562
Net cash from investing	(23,739,007)	33,668,340
Increased (decrease) in cash and cash equivalents	(29,031,275)	30,766,949
Cash and cash equivalents, beginning of year	61,279,215	30,512,266
Cash and cash equivalents, end of year	\$ 32,247,940	\$ 61,279,215

See accompanying notes to the non-consolidated financial statements.

VANCOUVER FOUNDATION

Notes to Non- Consolidated Financial Statements

Year ended December 31, 2013

1. Purpose of the Organization:

Vancouver Foundation (the "Foundation") was established in 1943 and incorporated through an Act of the Provincial Legislature in 1950.

The Foundation is registered with the Charities Division, Canada Revenue Agency, and is classified as a public foundation. As such, it is exempt from income taxes and can issue charitable donation receipts.

The Foundation serves three major constituencies: its donors, the charitable sector and the community.

2. Significant accounting policies:

The financial statements of the Foundation have been prepared by management on a non-consolidated basis in accordance with Canadian accounting standards for not-for-profit organizations. Details of controlled entities that have not been consolidated are provided in notes 8, 9 and 10.

(a) Fund accounting:

In order to ensure observance of the limitations and restrictions placed on the Foundation's resources, the Foundation follows the restricted fund method of accounting for contributions. Accordingly, resources are classified for accounting and financial reporting purposes into funds. These funds are maintained in accordance with either the objectives specified by the donors or with directives issued by the Board of Directors (the "Board"). Certain interfund transfers may be necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. Transfers between the funds are recorded in the statement of changes of fund balances and statement of changes in fund balances.

For financial reporting purposes, the accounts have been classified into the following funds:

(i) Consolidated Trust Funds (the "CTF"):

The CTF holds resources contributed for community endowment as well as funds subject to partial withdrawal according to the terms of the deeds of gift. These funds are externally restricted.

The Board exercises discretionary control over the investment of these assets through external investment fund managers. Income earned on the CTF resources is reported in the CTF and is either retained in the CTF, internally transferred, retracted or granted in the year.

(ii) Other Trust Funds (the "OTF"):

The OTF includes the Foundation's Investment Manager Program, its investment in the Resilient Capital program of Vancouver City Savings Credit Union and other program funds which are administered and distributed taking into consideration the recommendations from the fund holders. These funds are all externally restricted.

Income earned on the OTF resources is reported in the OTF and is either retained in the OTF, retracted, internally transferred or granted in the year.

(iii) Unrestricted Funds:

Unrestricted funds represent resources available for grants, distributions and operations. These funds are held in cash denominated in Canadian currency or are invested in capital assets.

VANCOUVER FOUNDATION

Notes to Non- Consolidated Financial Statements

Year ended December 31, 2013

2. Significant accounting policies (continued):

(b) Financial instruments:

The Foundation's financial instruments consist of cash and cash equivalents, accounts receivable, short-term and long-term investments, accrued investment income receivable, bonds and debentures, common shares and convertible securities, mortgages and real estate investments, and accounts payable and accrued liabilities.

(i) Cash and cash equivalents:

Cash and cash equivalents include short-term notes with terms to maturity of three months or less at the date of acquisition.

(ii) Investments:

Investments include all common shares, convertible securities, bonds, debentures, mortgages, real estate and other investment vehicles including derivative financial instruments. Investments are held in segregated accounts and in pooled funds. These investments are recorded at their fair values determined, on a settlement date basis, on the last business day of the fiscal period except for selected real estate and mortgage investments which are recorded at amortized cost.

(iii) Short-term investments:

Short-term investments include short-term notes with terms to maturity greater than three months and less than one year at the date of acquisition.

(iv) Long-term investments:

Long-term investments are interest-bearing deposits held with Canadian financial institutions for a term greater than one year.

Financial assets purchased and sold, where the contract requires the asset to be delivered within an established time frame, are recognized on a settlement-date basis. Transaction costs are expensed as incurred.

The financial assets and financial liabilities of the Foundation are classified and measured as follows:

Assets/liabilities	Measurement
Cash and cash equivalents	Fair value
Investments	Fair value
Short-term investments	Fair value
Long-term investments	Fair value
Accounts receivable	Amortized cost
Accrued investment income receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

For items carried at amortized cost, the fair value approximates the carrying value in the financial statements, due to their short term nature.

VANCOUVER FOUNDATION

Notes to Non- Consolidated Financial Statements

Year ended December 31, 2013

2. Significant accounting policies (continued):

(c) Capital assets:

Purchased assets are recorded at cost. Assets in use are amortized over their estimated useful lives. Management has estimated the useful lives to be:

Asset	Rate
Computer and office equipment	3 to 5 years straight-line
Office furniture	10 years straight-line
Leasehold improvements	Straight-line over the remaining term of the lease

(d) Controlled entities:

(i) British Columbia Unclaimed Property Society:

On March 3, 2003, the British Columbia Unclaimed Property Society ("BCUPS") was incorporated under the Society Act of the Province of British Columbia. The purpose of BCUPS is to act as the administrator under the Unclaimed Property Act (British Columbia) and Unclaimed Property Amendment Act, 2003. The Foundation owns all of the shares in three corporations that are the sole members of BCUPS, and thereby it is able to indirectly control the election of directors of the Society and the admission of new members to BCUPS.

The financial statements of BCUPS are not consolidated in the Foundation's financial statements. Summary financial statements of BCUPS are included in note 8.

(ii) Giving in Action Society:

On May 16, 2006, the VF Building Communities Society ("VFBCS") was incorporated under the Society Act of the Province of British Columbia. On November 10, 2006, VFBCS changed its name to the Giving in Action Society ("GIA").

GIA manages a number of charitable programs. Through its Family Fund, it provides grants to families who have either a family member with developmental disabilities living at home, or a child with special needs living at home. GIA also supports disabled adults through its Endowment 150 Program and assists low income individuals with income tax compliance through its Tax Filing Incentive Program.

GIA is controlled by the Foundation through its ability to appoint the directors of GIA. In 2006, the Foundation established the Family Independence Fund ("FIF") and the Children and Youth with Special Needs Support Fund ("CYSN"). When required, the Foundation releases funds from FIF and CYSN as contributions to the Family Fund of the Society. At December 31, 2013, the Foundation had contributed all funds designated for the Family Fund to GIA. Without additional funding support, GIA will exhaust all remaining funding available from the Family Fund in 2014, at which time the Family Fund programs will end. GIA will continue to manage the Endowment 150 and the Tax Filing Incentive Programs.

VANCOUVER FOUNDATION

Notes to Non- Consolidated Financial Statements

Year ended December 31, 2013

2. Significant accounting policies (continued):

(d) Controlled entities (continued):

(ii) Giving in Action Society (continued):

The financial statements of GIA are not consolidated in the financial statements of the Foundation. Summary financial statements of GIA are included in note 9.

(iii) 3246915 Holdings Limited:

On April 5, 2011, ownership of 3246915 Holdings Limited was transferred to the Foundation as a result of an Estate gift. At the time of transfer, 3246915 Holdings Limited held a portfolio of investment securities. During 2011, this portfolio of securities was disposed of and proceeds were transferred to the CTF.

3246915 Holdings Limited was dissolved on November 4, 2013. The financial results of 3246915 Holdings Limited are accounted for under the equity method up to the date of dissolution and are not material in 2013 and 2012.

(iv) Friends of Vancouver Foundation:

On May 11, 2009, Friends of Vancouver Foundation was incorporated as a non-profit organization in the State of Washington to operate exclusively for the benefit of or to carry out the purposes of Vancouver Foundation. The power to appoint Board members to Friends of Vancouver Foundation rests with the board of directors of Vancouver Foundation. The Friends of Vancouver Foundation was created to allow Vancouver Foundation to facilitate US dollar contributions from donors and issue US tax receipts.

The financial statements of Friends of Vancouver Foundation are not consolidated in the financial statements of the Foundation. Summary financial statements of Friends of Vancouver Foundation are included in note 10.

(e) Revenue recognition:

Restricted contributions are recognized as revenue in the appropriate restricted fund when they are received or receivable, provided the amounts are measurable and collection is reasonably assured. Unrestricted contributions are recorded as revenue of the unrestricted fund when received or receivable, provided the amounts are measurable and collection is reasonably assured.

In the normal course of operations, the Foundation receives notification of pending Estate gifts. Estate gifts, including bequests, are recorded upon receipt of the donated assets. Bequests in a form other than cash or marketable securities are recorded at fair value at the time of receipt.

Interest on bonds, mortgages and short-term notes are recorded on an accrual basis. Dividends that have been declared are recorded as income on the date of record set for the dividend.

Investment income earned on restricted funds is recognized as revenue of the applicable restricted fund in accordance with the terms of the restricted contribution.

VANCOUVER FOUNDATION

Notes to Non- Consolidated Financial Statements

Year ended December 31, 2013

2. Significant accounting policies (continued):

(f) Grants:

Grants are recorded when paid by the Foundation.

(g) Interfund transfers:

Interfund transfers include amounts transferred as directed by fund holders or as approved by the Board.

(h) Donated services:

The Foundation relies on the time and expertise donated by many volunteers. The value of this time has not been reflected in these financial statements.

(i) Management estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts and disclosures reported in financial statements and accompanying notes. Management believes that the estimates utilized in preparing these non-consolidated financial statements are reasonable; however, actual results could differ from these estimates.

(j) Related party transactions:

Related party transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Details of related party transactions are disclosed in notes 8, 9 and 10.

3. Cash and cash equivalents:

	2013	2012
Cash	\$ 25,081,073	\$ 53,397,661
Pooled Money Market Funds	7,166,867	7,881,554
	<u>\$ 32,247,940</u>	<u>\$ 61,279,215</u>

4. Short-term investments:

Short-term investments totaling \$18,753,386 (2012 - \$12,939,723) have a weighted average term to maturity of 97 days (2012 - 79 days) and a weighted average interest rate of 1.24% (2012 - 1.11%).

VANCOUVER FOUNDATION

Notes to Non- Consolidated Financial Statements

Year ended December 31, 2013

5. Investments:

The Foundation's investments are carried at fair value in accordance with the significant accounting policy disclosed in note 2(b).

The Foundation's investments are exposed to changing market conditions. The Foundation manages the market risk associated with these changing conditions by establishing and monitoring asset allocation strategies and by diversifying investments within the various asset classes and investment managers. Investment managers operate within a mandate that establishes the investment approach, investment restrictions and the performance measurement applicable to that mandate. Investments in foreign equities are exposed to currency risk due to fluctuations in foreign exchange rates. Derivative financial instruments may be utilized by the Foundation in the management of its foreign currency exposures.

Details of significant terms and conditions and exposures to interest rate and credit risks on investments are disclosed in note 12.

(a) Consolidated Trust Funds:

(i) Equities:

The Foundation manages its equity market risk by allocating its equities component of the Consolidated Trust Fund across a number of investment managers, with differing investment styles and mandates. Equities are valued using published market quotations.

(ii) Bonds:

The Foundation is invested in individual bonds, as well as pooled bond funds. The pooled bond funds invest in federal, provincial, municipal and corporate bonds with a minimum B credit rating. Bonds are valued using published market quotations.

(iii) Mortgages:

The direct mortgages are secured by real estate, were made at commercial rates and are valued at fair value as determined by the mortgage investment managers with the exception of certain mortgages, which are measured at amortized cost. All mortgages relate to properties located in Canada.

VANCOUVER FOUNDATION

Notes to Non- Consolidated Financial Statements

Year ended December 31, 2013

5. Investments (continued):

(a) Consolidated Trust Funds (continued):

(iv) Real estate:

Pooled real estate funds are valued quarterly by the real estate investment managers using a combination of internal and external appraisals to establish current market values with the exception certain investments held at amortized cost. All real estate investments are in Canadian property.

(v) Multi-Strategy Funds:

The Foundation is invested in two multi-strategy funds structured to provide absolute returns not highly correlated to the performance of the equity and bond markets. These funds are broadly diversified and may invest in a range of investment vehicles including derivative financial instruments. The net asset values of multi-strategy investments are measured at fair value derived monthly using underlying market valuations.

(b) Retractable Funds:

As at December 31, 2013, up to a maximum of approximately \$110,000,000 (2012: approximately \$105,000,000) was estimated by management as subject to withdrawal at varying times over the next 5 years in accordance with the terms of the deeds of gift. In certain cases, the Board must also approve the withdrawal of the funds.

Of the approximately \$105,000,000 subject to withdrawal at December 31, 2012, \$2,343,013 was withdrawn in 2013 (2012: \$3,494,000).

6. Long-term investments:

The long term investment in Consolidated Trust Funds consisting of short term notes, \$1,483,020 (2012 – \$2,094,436), matures in 2.8 years and earns interest at a rate of 2.22% (2012- 1.99%).

The long term investment in Other Trust Funds consisting of the investment in the Resilient Capital program, \$1,909,579 (2012 - \$1,853,383), matures in four years and earns interest at a rate of 3.44% (2012 - 3.43%).

7. Capital assets:

2013	Cost	Accumulated amortization and write down	Net book value
Computer and office equipment	\$ 199,525	\$ 107,642	\$ 91,883
Office furniture	145,449	7,272	138,177
Leasehold improvements	158,493	11,321	147,172
IT software	485,443	429,060	56,383
	\$ 988,910	\$ 555,295	\$ 433,615

VANCOUVER FOUNDATION

Notes to Non- Consolidated Financial Statements

Year ended December 31, 2013

7. Capital assets (continued):

2012	Cost	Accumulated amortization and write down	Net book value
Computer and office equipment	\$ 143,535	\$ 64,707	\$ 78,828
IT software	1,145,810	719,540	426,270
	\$ 1,289,345	\$ 784,247	\$ 505,098

Additions to capital assets for the year ended 2013 totaled \$419,103 (2012 - \$469,222). Amortization expense for the year ended 2013 totaled \$72,804 (2012 - \$277,697). Write downs of capital assets for the year ended 2013 totaled \$417,782 (2012 - \$719,540).

8. British Columbia Unclaimed Property Society:

- (a) A summary of the financial statements of the British Columbia Unclaimed Property Society at 2013 and 2012 for the statement of financial position is as follows:

Statement of Financial Position	2013	2012
Cash	\$ 2,634,489	\$ 2,248,896
Investments	23,223,710	19,129,018
Other receivable	4,343	16,260
Prepaid expenses	4,502	3,147
Capital Assets	18,392	71,143
	\$ 25,885,436	\$ 21,468,464
Accounts payable and accrued liabilities	\$ 46,072	\$ 28,887
Old unclaimed property funds (note 8(b))	1,050,472	380,950
New unclaimed property funds	23,466,417	19,434,126
Fund balance	1,322,475	1,624,501
	\$ 25,855,436	\$ 21,468,464

VANCOUVER FOUNDATION

Notes to Non- Consolidated Financial Statements

Year ended December 31, 2013

8. British Columbia Unclaimed Property Society (continued):

(a) (Continued):

Statement of Operations	2013	2012
Revenue	\$ 276,249	\$ 357,245
Expenses (note 8(c))	(578,275)	(553,050)
Deficiency of revenue over expenses	(302,026)	(195,805)
Fund balance, beginning of year	1,624,501	1,820,306
Fund balance, end of year	\$ 1,322,475	\$ 1,624,501

Statement of Cash Flows	2013	2012
Cash flows from operating activities	\$ 4,908,001	\$ 3,615,460
Cash flows related to investing activities	\$ (4,522,408)	\$ (7,133,830)

(b) Pursuant to the Administration Agreement between the British Columbia Unclaimed Property Society and the Province of British Columbia, any pre-April 1, 2003 unclaimed funds that are unused as at April 1, 2008 were to be returned to the Province of British Columbia. During 2008, the Province renewed the agreement for an indefinite term until either party gives one year's written notice to terminate the agreement. At 2013, the balance of these unused funds is \$1,050,472 (2012 - \$380,950).

(c) The Foundation subleases office space to the Society, in respect of which it charged the Society \$48,115 for the year ended 2013 (2012 - \$43,328).

In addition, the Society paid management services fees to the Foundation for financial, accounting, information technology, general management and other administrative services. The amount paid for such services for the year ended 2013 was \$60,833 (2012 - \$50,000).

During 2013, the Society paid \$25,000 (2012 - \$24,000) to Vancouver Foundation for communications consulting fees.

(d) As provided for in the Administration Agreement, in 2012 the Society committed to contribute in 2013, from new unclaimed property funds held by it, \$3,590,000 (2012 - \$2,704,830) to the Foundation for its charitable purposes, of which \$2,692,500 was paid in 2013 and is included in unrestricted contributions. (Refer to Subsequent Events, note 13.)

In 2013 the Board of Directors of the Society approved an additional transfer of \$2,775,000 to the Foundation for its charitable purposes in 2014.

(e) The Society has an outstanding payable to the Foundation of \$12,829 (2012- nil) as at 2013.

(f) The Foundation provides information technological support and administrative services to the Society, in respect of which it charged the Society \$ nil for the year ended 2013 (2012 - \$16,043).

VANCOUVER FOUNDATION

Notes to Non- Consolidated Financial Statements

Year ended December 31, 2013

9. Giving in Action Society:

(a) A summary of GIA's financial statements at December 31, 2013 and December 31, 2012 for the statement of financial position is as follows:

Statement of Financial Position	2013	2012
Cash	\$ 3,124,741	\$ 415,297
Accounts receivable	2,067	2,344
Capital assets	-	-
Related party receivable (note 9(b))	13,896	889,941
	\$ 3,140,704	\$ 1,307,582

Accounts payable and accrued liabilities	\$ 20,137	\$ 12,476
Related party payable	24,897	609
Fund balance	3,095,670	1,294,497
	\$ 3,140,704	\$ 1,307,582

Statement of Operations	2013	2012
Revenue	\$ 5,842,655	\$ 6,234,811
Interest income	18,134	21,465
Grants	(3,739,269)	(4,880,514)
Expenses	(320,347)	(322,071)
Excess of revenue over expenses	1,801,173	1,053,691
Fund balance, beginning of year	1,294,497	240,806
Fund balance, end of year	\$ 3,095,670	\$ 1,294,497

Statement of Cash Flows	2013	2012
Excess of revenue over expense	\$ 1,801,173	\$ 1,053,691
Adjustments for non-cash items:		
Amortization of capital assets	-	2,833
Net changes in non-cash working capital balances:		
Decrease in accounts receivable	277	17,574
Decrease (increase) in related party receivable	876,045	(889,941)
Increase (decrease) in accounts payable and accrued liabilities	7,661	(17,470)
Increase (decrease) in related party payable	24,288	(3,270)
Increase in cash and cash equivalents	2,709,444	163,417
Cash and cash equivalents, beginning of year	415,297	251,880
Cash and cash equivalents, end of year	\$ 3,124,741	\$ 415,297

VANCOUVER FOUNDATION

Notes to Non- Consolidated Financial Statements

Year ended December 31, 2013

9. Giving in Action Society (continued):

(b) The Foundation contributed \$5,842,655 to GIA in 2013 (2012 - \$6,234,811).

(c) The Foundation charged the following administration expenses to GIA:

	2013	2012
Rent	\$ 37,618	\$ 38,190
Communications	-	7,700
Management fee	70,000	50,000
Staffing services	15,816	-
Office expenses	813	2,026
Total	\$ 124,247	\$ 97,916

(d) During the year, the Foundation paid fees of \$49,274 to GIA for staffing services (2012 - \$62,044).

(e) The Foundation has an outstanding payable to GIA of \$13,896 as at December 31, 2013 (2012 - \$889,941) and a receivable of \$24,897 (2012 - \$609).

10. Friends of Vancouver Foundation:

(a) A summary of the financial statements of Friends of Vancouver Foundation at 2013 is as follows:

Statement of Financial Position	2013	2012
Cash	\$ 1,184	\$ 71
	\$ 1,184	\$ 71

Statement of Operations	2013	2012
Contributions	\$ 16,788	\$ 240
Grants to Vancouver Foundation	(15,449)	(51,164)
Bank fee expense	(272)	(288)
Foreign exchange gain (loss)	117	-
Excess (deficiency) of revenue over expenses	\$ 1,184	\$ (51,212)

Statement of Cash Flows	2013	2012
Cash and cash equivalents, beginning of year	\$ 71	\$ 51,283
Cash flows from operating activities	1,113	(51,212)
Cash and cash equivalents, end of year	\$ 1,184	\$ 71

VANCOUVER FOUNDATION

Notes to Non- Consolidated Financial Statements

Year ended December 31, 2013

10. Friends of Vancouver Foundation (continued):

- (b) During 2013 Vancouver Foundation paid Friends of Vancouver Foundation \$300 (2012 - nil) to fund bank fee expenses.

11. Commitments:

Leases:

The minimum future office lease payments to the end of the lease term which include basic annual rent and estimated operating costs are as follows:

2014	\$	538,807
2015		553,938
2016		558,982
2017		574,113
2018		579,157
Thereafter		723,946
	\$	3,528,943

12. Financial risk management:

- (a) Overview:

The Foundation has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Foundation adheres to an Investment Policy, which is approved by the Board of Directors, and outlines the objectives, policies and processes related to its investing activities. This policy prescribes limits around the quality and concentration of investments held by the Foundation. The Board of Directors has overall responsibility for the establishment and oversight of the Foundation's risk management framework.

- (b) Credit risk:

Credit risk is the risk of financial loss to the Foundation if a counterparty to a financial instrument fails to meet its contractual obligations. The Foundation's investments in short-term investments, long-term investments, mortgages, bonds and debentures are subject to credit risk. The maximum exposure to credit risk on these instruments is their carrying value. The Foundation manages the risk by limiting the credit exposure allowed by the fixed income managers. The Investment Policy of the Foundation mandates that the maximum exposure to bonds rated "BBB" or below by Dominion Bond Rating Service ("DBRS") is 20% of the fixed income portfolio and no fixed income security rated lower than "B (low)" can be purchased. Cash and short-term paper up to one year term maturity must have a DBRS credit rating of R-1.

The Foundation's exposure to and management of credit risk has not changed materially since 2012.

VANCOUVER FOUNDATION

Notes to Non- Consolidated Financial Statements

Year ended December 31, 2013

12. Financial risk management (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The majority of the Foundation's assets are investments traded in active markets that can be readily liquidated and therefore the Foundation's liquidity risk is considered minimal. In addition, the Foundation aims to retain a sufficient cash position to manage liquidity. The Foundation's exposure to and management of liquidity risk has not changed materially since 2012.

(d) Market risk:

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates, interest rates and equity prices, will affect the Foundation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

(i) Currency risk:

Investments in foreign securities are exposed to currency risk due to fluctuations in foreign exchange rates.

The Foundation is exposed to currency risk on its foreign market common stock, its foreign market bonds and debentures and its multi-strategy funds, as the prices denominated in foreign currencies are converted to Canadian dollars in determining fair value. The objective of the Foundation's investment policy is to control currency risk by maintaining a geographically diversified portfolio. The Foundation's two bond managers invest a portion of their portfolios in foreign bonds, but are restricted to hold only a small exposure to unhedged foreign currencies.

From time to time, the Foundation's external investment fund managers may hold relatively minor balances in cash and cash equivalents denominated in non-Canadian currencies. The currency risk related to these balances is not significant.

(ii) Interest rate risk:

Interest rate risk relates to the risk that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the Foundation. The Foundation is invested in a number of individual bonds, as well as pooled bond funds. The Foundation also invests in mortgages secured by real estate.

Duration is the most common measure of the sensitivity of the price of a bond to a change in interest rates. The bond portfolio is managed by two different investment managers who vary the duration of their portfolios (within mandated constraints) to reflect their outlooks for interest rates.

VANCOUVER FOUNDATION

Notes to Non- Consolidated Financial Statements

Year ended December 31, 2013

12. Financial risk management (continued):

(d) Market risk (continued):

(iii) Other price risk:

The Foundation invests its various funds according to an Investment Policy Statement approved by the Board of Directors. The Investment Policy Statement applies to all investments held in the Foundation's Consolidated Trust Fund and it includes restrictions regarding the minimum and maximum amount of Canadian equities, global equities, fixed income, real estate, mortgages, multi-strategy funds and short-term investments. The diversification across various asset classes is designed to decrease the volatility of portfolio returns.

13. Capital management:

The Foundation invests in accordance with the Vancouver Foundation Act (the "Act").

Prior to 2008, the Act required that capital of the Foundation be maintained in perpetuity. In 2008, the Act was revised to allow the Foundation to make distributions up to 7% of the original contributed capital for the trust fund as determined at 2008 subject to the Board's approval. During the year ended 2013, under this facility, the Board approved distributions of capital of \$ nil (2012 - \$39,787).

14. Subsequent event:

In January 2014, the Foundation received from BCUPS a contribution of \$897,500 in respect of the remaining outstanding balance of the 2013 committed contribution amount of \$3,590,000. This amount will be included in unrestricted contributions in 2014.

15. Comparative Figures:

The comparative figures have been reclassified where applicable to confirm with the financial statement presentation used in the current year.