

Non-Consolidated Financial Statements
(Expressed in thousands of dollars)

VANCOUVER FOUNDATION

Year ended December 31, 2016



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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, 2016 and the non-consolidated statements of operations, changes in fund balances and cash flows for the year ended December 31, 2016, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements

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 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 statements 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 statements.

We believe that the audit evidence we have obtained in our audit 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, 2016 and its non-consolidated results of operations, changes in fund balances and cash flow for the year ended December 31, 2016 in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants

April 11, 2017
Vancouver, Canada

VANCOUVER FOUNDATION

Non-Consolidated Statement of Financial Position
(Expressed in thousands of dollars)

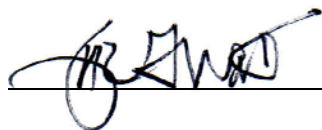
As at December 31, 2016, with comparative information for 2015

	December 31, 2016			December 31, 2015		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Assets						
Current assets:						
Cash	\$ 6,309	\$ 12,215	\$ 18,524	\$ 11,534	\$ 10,007	\$ 21,541
Accounts receivable	10	177	187	10	164	174
Short-term investments (note 3)	14,595	-	14,595	18,405	-	18,405
	20,914	12,392	33,306	29,949	10,171	40,120
Investments (note 4):						
Common shares and convertible securities	769,811	-	769,811	690,712	-	690,712
Bonds and debentures	254,557	-	254,557	239,533	-	239,533
Mortgages and real estate	88,793	-	88,793	87,301	-	87,301
Accrued investment income receivable	824	-	824	1,426	-	1,426
	1,113,985	-	1,113,985	1,018,972	-	1,018,972
Other assets (note 5)	2,610	-	2,610	2,293	-	2,293
Capital assets (note 6)	-	401	401	-	328	328
Total assets	\$ 1,137,509	\$ 12,793	\$ 1,150,302	\$ 1,051,214	\$ 10,499	\$ 1,061,713
Liabilities and fund balances						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 94	\$ 997	\$ 1,091	\$ 27	\$ 1,002	\$ 1,029
Interfund payable (receivable)	139	(139)	-	(158)	158	-
	233	858	1,091	(131)	1,160	1,029
Fund balances:						
Contributed principal	828,434	-	828,434	750,034	-	750,034
Retained returns from investments	308,842	11,534	320,376	301,311	9,011	310,322
Invested in capital assets	-	401	401	-	328	328
	1,137,276	11,935	1,149,211	1,051,345	9,339	1,060,684
Total liabilities and fund balances	\$ 1,137,509	\$ 12,793	\$ 1,150,302	\$ 1,051,214	\$ 10,499	\$ 1,061,713

Commitments (note 10)

See accompanying notes to the non-consolidated financial statements.

Approved on behalf of the Board:



Director



Director

VANCOUVER FOUNDATION

Non-Consolidated Statement of Operations
(Expressed in thousands of dollars)

Year ended December 31, 2016, with comparative information for 2015

	December 31, 2016			December 31, 2015		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Revenue:						
Contributions:						
General	\$ 45,669	\$ 3,728	\$ 49,397	\$ 53,785	\$ 3,748	\$ 57,533
Government	703	-	703	1,933	-	1,933
Investment and interest income	93,308	864	94,172	80,738	1,026	81,764
Administration and investment management fees	(10,386)	10,386	-	(10,510)	10,510	-
	129,294	14,978	144,272	125,946	15,284	141,230
Expenses:						
Operating expenses:						
Administration (note 7)	-	3,709	3,709	-	4,021	4,021
Grant support	-	1,861	1,861	-	1,588	1,588
Donor services	-	1,441	1,441	-	1,446	1,446
	-	7,011	7,011	-	7,055	7,055
Investment management and custodian fee expenses	-	3,528	3,528	-	3,097	3,097
Other fund and program expenses	1,333	-	1,333	1,030	-	1,030
	1,333	10,539	11,872	1,030	10,152	11,182
Excess of revenue over expenses before grants and redemptions	127,961	4,439	132,400	124,916	5,132	130,048
Grants	(43,240)	-	(43,240)	(43,100)	-	(43,100)
Redemptions (note 4(b))	(633)	-	(633)	(10,871)	-	(10,871)
	(43,873)	-	(43,873)	(53,971)	-	(53,971)
Excess of revenue over expenses	84,088	4,439	88,527	70,945	5,132	76,077
Fund balances, beginning of year	1,051,345	9,339	1,060,684	977,732	6,875	984,607
Interfund transfers	1,843	(1,843)	-	2,668	(2,668)	-
Fund balances, end of year	\$ 1,137,276	\$ 11,935	\$ 1,149,211	\$ 1,051,345	\$ 9,339	\$ 1,060,684

See accompanying notes to the non-consolidated financial statements.

VANCOUVER FOUNDATION

Non-Consolidated Statement of Changes in Fund Balances
(Expressed in thousands of dollars)

Year ended December 31, 2016, with comparative information for 2015

	December 31, 2016				December 31, 2015			
	Contributed principal	Retained returns from investments	Invested in capital assets	Total	Contributed principal	Retained returns from investments	Invested in capital assets	Total
Fund balances, beginning of year	\$ 750,034	\$ 310,322	\$ 328	\$1,060,684	\$ 715,215	\$ 269,061	\$ 331	\$ 984,607
Excess (deficiency) of revenue over expense	34,219	54,438	(130)	88,527	42,204	33,965	(92)	76,077
Invested in capital assets	-	(203)	203	-	-	(89)	89	-
Transfers from contributed principal to retained returns	(4,663)	4,663	-	-	(9,909)	9,909	-	-
Recapitalized income	48,844	(48,844)	-	-	2,524	(2,524)	-	-
Fund balances, end of year	\$ 828,434	\$ 320,376	\$ 401	\$1,149,211	\$ 750,034	\$ 310,322	\$ 328	\$ 1,060,684

See accompanying notes to the non-consolidated financial statements.

VANCOUVER FOUNDATION

Non-Consolidated Statement of Cash Flows
(Expressed in thousands of dollars)

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 88,527	\$ 76,077
Items not affecting cash:		
Unrealized gain on investments	(36,837)	(2,358)
Unrealized gain on life insurance	(398)	(1,091)
Amortization	130	92
	51,422	72,720
Changes in non-cash operating working capital:		
Accrued investment income receivable	602	(674)
Accounts receivable	(13)	69
Accounts payable and accrued liabilities	62	(84)
Net cash from operations	52,073	72,031
Investing:		
Capital asset additions	(203)	(89)
Transfers from cash to investments	(54,887)	(76,803)
Net cash from investing	(55,090)	(76,892)
Decrease in cash	(3,017)	(4,861)
Cash, beginning of year	21,541	26,402
Cash, end of year	\$ 18,524	\$ 21,541

See accompanying notes to the non-consolidated financial statements.

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended December 31, 2016

1. Organization:

Vancouver Foundation (the "Foundation") was established in 1943 and incorporated through an Act of the Provincial Legislature in 1950. The Foundation supports initiatives that will build a lasting legacy of healthy, vibrant, livable communities throughout British Columbia.

The Foundation is a registered charity and is classified as a public foundation under the Income Tax Act (Canada). As such, it may issue tax deductible receipts for qualifying charitable donations. The Foundation is exempt from income taxes.

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 and 9.

(a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions to comply with the limitations and restrictions placed on the Foundation's resources by donors. 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 non-consolidated statement of operations and changes in fund balances.

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

(i) Restricted Fund:

The Restricted Fund includes funds that are externally or internally restricted. These funds are generally required to be maintained by the Foundation on a permanent basis; however, certain endowed funds may be subject to complete or partial withdrawal according to the terms of the deed of gift. Restricted funds are comprised of resources that are to be used for specific purposes as specified by the fund holder or the Board. The Board exercises discretionary control over the investment of these funds through external investment fund managers. Income earned on these funds is reported in the Restricted Fund and is either retained in the Restricted Fund, internally transferred, retracted or granted in the year.

(ii) Unrestricted Fund:

The Unrestricted Fund is comprised of unrestricted resources. At such time as any of these funds are restricted by the Board, the resources are internally transferred to the Restricted Fund and administered according to their restrictions. Unrestricted funds include resources available for the Foundation's general operating activities. These activities include donor services, grant support and administration. The cost of these activities is reported in the operating expenses of the Unrestricted Fund.

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended December 31, 2016

2. Significant accounting policies (continued):

(b) Financial instruments:

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

(i) Cash:

Cash includes balances held at Canadian financial institutions for the purpose of meeting short-term cash commitments.

(ii) Short-term investments:

Short-term investments include cash, pooled money market funds and pooled fixed income funds with terms to maturity less than one year at December 31.

Cash investments represent temporary holdings prior to the settlement of the purchase or sale of securities.

Pooled money market funds and pooled fixed income funds are held to meet future granting commitments.

(iii) Investments:

Investments include common shares, convertible securities, bonds, debentures, mortgages and real estate, and may also include other investment vehicles such as derivative financial instruments and multi-strategy funds. Investments are held in segregated accounts and in pooled funds. These investments are recorded at their fair values determined, on a trade date basis, on the last business day of the fiscal period.

Financial assets purchased and sold, where the contract requires the asset to be delivered within an established time frame, are recognized on a trade-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	Fair value
Short-term investments	Fair value
Investments	Fair value
Other assets	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.

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended December 31, 2016

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	Basis	Rate
Computer and office equipment	Straight-line	3 to 5 years
Office furniture	Straight-line	10 years
Leasehold improvements	Straight-line	Over the term of the lease

Expenditures incurred during the development phase of new software are expensed as incurred.

(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 was controlled by the Foundation through its ability to appoint the Directors of GIA.

GIA managed, on behalf of the Foundation, a number of charitable programs including the Family Fund, Endowment 150 Program and the Tax Filing Incentive Program.

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.

GIA was dissolved by way of voluntary dissolution under the Societies Act of British Columbia on November 30, 2016. At that time any remaining funds were granted to Vancouver Foundation as per note 9.

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended December 31, 2016

2. Significant accounting policies (continued):

(d) Controlled entities (continued):

(iii) Friends of Vancouver Foundation:

On May 11, 2009, Friends of Vancouver Foundation ("Friends") 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, to facilitate US dollar contributions from donors and to issue US tax receipts. Friends is controlled by the Foundation through its ability to appoint the Board of Directors.

The financial statements of Friends are not consolidated in the financial statements of the Foundation. The balances and transactions of Friends during 2016 and 2015 were not significant. Summary financial statements of Friends have not been included in these notes.

(e) Revenue recognition:

Contributions to the Restricted or Unrestricted Fund are recognized as revenue when they are 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 investments is recorded on an accrual basis. Dividends that have been declared are recorded as income on the date of record set for the dividend.

Investment and interest income earned on restricted funds is recognized as revenue in the Restricted Fund in accordance with the terms of the restricted contribution. Investment and interest income on unrestricted funds is recognized as revenue in the Unrestricted Fund.

Realized and unrealized capital gains and losses are recorded in the Non-Consolidated Statement of Operations.

(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.

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended December 31, 2016

2. Significant accounting policies (continued):

(i) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rates in effect at the statement of financial position date. Revenue and expenses denominated in foreign currencies are translated to Canadian dollars at the exchange rates in effect on the date of the transaction. Exchange gains and losses on translation of foreign currencies are reflected in the Non-Consolidated Statement of Operations.

(j) 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.

(k) 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 and 9.

3. Short-term investments:

	2016	2015
Cash	\$ 1,634	\$ 2,683
Treasury Bills	4,060	2,633
Pooled Money Market Funds	8,901	12,836
Pooled Fixed Income Funds	-	253
	<u>\$ 14,595</u>	<u>\$ 18,405</u>

4. 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 and multi-strategy funds are exposed to currency risk due to fluctuations in foreign exchange rates.

The Foundation may utilize derivative financial instruments in the management of its foreign currency and market exposure.

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended December 31, 2016

4. Investments (continued):

Details of significant terms and conditions and exposures to interest rate and credit risks on investments are disclosed in note 11.

(a) Investment Portfolio:

(i) Common shares and convertible securities:

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

The Foundation is also invested in three multi-strategy funds structured to provide absolute returns not highly correlated to the performance of the public 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 using underlying market valuations.

(ii) Bonds and debentures:

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 (low) credit rating. Bonds are valued using published market quotations.

(iii) Mortgages and real estate:

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. All mortgages relate to properties located in Canada.

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. All real estate investments are in Canadian property.

(b) Encroachable Funds:

Certain restricted funds may be subject to full or partial withdrawal in accordance with the deed of gift. As at December 31, 2016, the maximum total fund assets subject to withdrawal are estimated to be as follows:

2017	\$	54,068
2018		43,466
2019		9,555
2020		19,594
2021		7,195
Thereafter		4,264
	\$	138,142

Board approval is required for fund withdrawals. Of the estimated \$135,308 subject to withdrawal at December 31, 2015, \$633 was withdrawn in 2016.

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended December 31, 2016

5. Other assets:

Other assets include an investment in a social finance program of \$1,121 (2015 - \$1,202) and the estimated cash surrender value of life insurance policies of \$1,489 (2015 - \$1,091).

The Foundation is the owner and beneficiary of life insurance policies with face values totaling \$16,514 at December 31, 2016. The cash surrender value of these life insurance policies is recorded as an asset. The Foundation will record the realizable amount in excess of the cash surrender value when the receipt of the proceeds can be estimated and collection is reasonably assured.

6. Capital assets:

2016	Cost	Accumulated amortization	Net book value
Computer and office equipment	\$ 410	\$ 236	\$ 174
Office furniture	145	51	94
Leasehold improvements	240	107	133
Information technology software	59	59	-
	\$ 854	\$ 453	\$ 401

2015	Cost	Accumulated amortization	Net book value
Computer and office equipment	\$ 207	\$ 169	\$ 38
Office furniture	145	36	109
Leasehold improvements	240	69	171
Information technology software	59	49	10
	\$ 651	\$ 323	\$ 328

Additions to capital assets for the year ended 2016 totaled \$203 (2015 - \$89). Amortization expense for the year ended 2016 totaled \$130 (2015 - \$92). There were no write downs of capital assets for the year ended 2016 or 2015.

7. Administration operating expenses:

	2016	2015
Finance, Human Resources and General Operations	\$ 2,692	\$ 2,781
Information Technology	1,017	1,240
	\$ 3,709	\$ 4,021

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended December 31, 2016

8. British Columbia Unclaimed Property Society:

- (a) A summary of the unaudited financial statements of the British Columbia Unclaimed Property Society as at December 31, 2016, with comparative information for 2015 for the statement of financial position is as follows:

Statement of Financial Position	2016	2015
Cash and cash equivalents	\$ 2,837	\$ 4,952
GST receivable	6	4
Prepaid expenses	5	3
Investments	24,205	21,529
Capital assets	2	8
	<u>\$ 27,055</u>	<u>\$ 26,496</u>
Accounts payable and accrued liabilities	\$ 50	\$ 17
Claims payable	5	-
Restricted funds		
Old unclaimed property funds (note 8(b))	762	770
New unclaimed property funds	25,155	24,513
Unrestricted funds	1,083	1,196
	<u>\$ 27,055</u>	<u>\$ 26,496</u>
Statement of Operations	2016	2015
Receipts of Unclaimed Property	\$ 5,585	\$ 3,916
Investment income	568	535
Operating expenses (note 8(c))	(681)	(770)
Distributions to claimants	(1,223)	(978)
Transfers to Vancouver Foundation (note 8(d))	(3,728)	(3,728)
Excess (deficiency) of revenue over expenses	521	(1,025)
Fund balance, beginning of year	26,479	27,504
Fund balance, end of year	<u>\$ 27,000</u>	<u>\$ 26,479</u>
Statement of Cash Flows	2016	2015
Excess (deficiency) of revenue over expense	\$ 521	\$ (1,025)
Items not affecting cash	285	33
Net changes in non-cash working capital balances	34	(26)
Cash flows from operating activities	840	(1,018)
Cash flows related to investing activities	(2,955)	2,726
Decrease in cash and cash equivalents	(2,115)	1,708
Cash and cash equivalents, beginning of year	4,952	3,244
Cash and cash equivalents, end of year	<u>\$ 2,837</u>	<u>\$ 4,952</u>

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended December 31, 2016

8. British Columbia Unclaimed Property Society (continued):

(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 2016, the balance of these unused funds is \$762 (2015 - \$770).

(c) The Foundation subleases office space to the Society, in respect of which it charged the Society \$43 for the year ended 2016 (2015 - \$44).

In addition, the Society paid management services fees to the Foundation for financial, accounting, general management and other administrative services. The amount paid for such services for the year ended 2016 was \$37 (2015 - \$36).

(d) As provided for in the Administration Agreement, in 2015 the Society committed to contribute in 2016, from new unclaimed property funds held by it, \$3,728 (2015 - \$3,728) to the Foundation for its charitable purposes, all of which was included in unrestricted contributions in 2016.

In 2016, the Board of Directors of the Society approved an additional transfer of \$2,800 to the Foundation for its charitable purposes in 2017.

(e) The Society has an outstanding payable to the Foundation of \$11 (2015 - \$1) as at December 31, 2016.

9. Giving in Action Society:

A summary of GIA's unaudited financial statements at December 31, 2016, with comparative information for 2015 for the statement of financial position is as follows:

Statement of Financial Position	2016	2015
Cash	\$ -	\$ 673
Accounts receivable	-	1
	<hr/>	<hr/>
	\$ -	\$ 674
Accounts payable and accrued liabilities	\$ -	\$ -
Related party payables	-	10
Fund balance	-	664
	<hr/>	<hr/>
	\$ -	\$ 674

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended December 31, 2016

9. Giving in Action Society (continued):

Statement of Operations	2016	2015
Contributions from Vancouver Foundation	\$ -	\$ 203
Interest income	3	7
Grants	(224)	(395)
Grants to Vancouver Foundation (note 2(d)(ii))	(436)	-
Expenses	(7)	(51)
Deficiency of revenue over expenses	(664)	(236)
Fund balance, beginning of year	664	900
Fund balance, end of year	\$ -	\$ 664

Statement of Cash Flows	2016	2015
Deficiency of revenue over expense	\$ (664)	\$ (236)
Net changes in non-cash working capital balances	(9)	4
Decrease in cash and cash equivalents	(673)	(232)
Cash and cash equivalents, beginning of year	673	905
Cash and cash equivalents, end of year	\$ -	\$ 673

10. 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:

2017	\$ 593
2018	599
2019	599
2020	150
	\$ 1,941

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements
(Amounts expressed in thousands of dollars)

Year ended December 31, 2016

11. Financial risk management:

The Foundation invests its various funds according to an Investment Policy Statement approved by the Board of Directors. This Statement outlines the objectives, policies and processes relating to investment activities and applies to all investments of the Foundation. Investment Policy guidelines include the minimum and maximum amount of Canadian equities, global equities, fixed income, real estate, mortgages, multi strategy funds, short term investments and cash. This diversification across various asset classes is designed to decrease the volatility of portfolio returns. The Investment Committee and management regularly review the Foundation's investments to ensure that all activities adhere to the Investment Policy Statement.

The Board of Directors has overall responsibility for the establishment and oversight of the Foundation's risk management framework, including risks related to financial management of assets.

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

(a) 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 Investment Policy of the Foundation mandates that the maximum credit exposure to bonds rated "BBB" or below by Dominion Bond Rating Service ("DBRS") is 25% 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 2015.

(b) 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 2015.

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11. Financial risk management (continued):

(c) Market risk:

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates, interest rates, equity prices and valuation of appraisal based assets, 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 bond portfolio is managed by two investment managers who are restricted as to the unhedged foreign currency component of the foreign bond investments.

From time to time, the Foundation's external investment fund managers may hold 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. In order to accommodate possible interest rate changes, the bond portfolio investment managers vary the duration of the maturity of the bonds in their portfolios.

(iii) Equity price risk:

Equity price risk is the risk that the fair value of equity financial instruments will fluctuate due to changes in market prices. The Foundation is exposed to Equity price risk on its investments in preferred and common stock. The objective of the Foundation's investment policy is to manage Equity price risk by maintaining a portfolio which is diversified across geographic and industry sectors. The performance of the Foundation's investments is monitored by measuring against a benchmark consisting of relative weightings of various stock exchanges.

(iv) Valuation risk:

Valuation risk is specific to appraisal based assets such as real estate. The Foundation is exposed to valuation risk through its investment in two real estate funds. Properties within these funds are regularly reviewed by an approved appraiser and valuations are updated accordingly.

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12. Capital management:

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

Prior to 2008, the Act required that capital of permanently endowed funds be maintained in perpetuity. In 2008, the Act was revised to allow the Foundation to make distributions of up to 7% of the original contributed capital to the fund as determined at 2008, subject to the Board's approval. There were no distributions of capital in 2016 or 2015.

13. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.