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

VANCOUVER FOUNDATION

Year ended December 31, 2014

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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, 2014 and the non-consolidated statements of operations, changes in fund balances and cash flows for the year ended December 31, 2014, 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 audit is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

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, 2014 and its non-consolidated results of operations, changes in fund balances and cash flow for the year ended December 31, 2014 in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Accountants

April 30, 2015
Vancouver, Canada

VANCOUVER FOUNDATION

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

As at December 31, 2014, with comparative information for 2013

	December 31, 2014			December 31, 2013		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Assets						
Current assets:						
Cash	$ 17,311	$ 9,091	$ 26,402	$ 21,791	$ 2,359	$ 24,150
Accounts receivable	35	208	243	121	350	471
Short-term investments (note 3)	27,433	-	27,433	36,508	-	36,508
	44,779	9,299	54,078	58,420	2,709	61,129
Investment portfolio (note 4):						
Common shares and convertible securities	610,885	-	610,885	561,208	-	561,208
Bonds and debentures	209,445	-	209,445	194,181	-	194,181
Mortgages and real estate	89,887	-	89,887	100,119	-	100,119
Accrued investment income receivable	752	-	752	694	-	694
	910,969	-	910,969	856,202	-	856,202
Long-term investments (note 5)	20,342	-	20,342	15,822	-	15,822
Capital assets (note 6)	-	331	331	-	433	433
Total assets	$ 976,090	$ 9,630	$ 985,720	$ 930,444	$ 3,142	$ 933,586
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	$ 230	$ 883	$ 1,113	$ 634	$ 1,034	$ 1,668
Interfund payable (receivable)	(1,872)	1,872	-	3,781	(3,781)	-
	(1,642)	2,755	1,113	4,415	(2,747)	1,668
Fund balances:						
Contributed principal	715,215	-	715,215	706,420	-	706,420
Retained returns from investments	262,517	6,544	269,061	219,609	5,456	225,065
Invested in capital assets	-	331	331	-	433	433
	977,732	6,875	984,607	926,029	5,889	931,918
Total liabilities and fund balances	$ 976,090	$ 9,630	$ 985,720	$ 930,444	$ 3,142	$ 933,586

Commitments (note 9)

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, 2014, with comparative information for 2013

	December 31, 2014			December 31, 2013		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Revenue:						
Contributions:						
General	$ 34,663	$ 3,689	$ 38,352	$ 48,340	$ 3,143	$ 51,483
Government	3,120	-	3,120	4,609	-	4,609
Investment and interest income	81,067	1,042	82,109	125,228	1,087	126,315
Administration and investment management fees	(9,495)	9,495	-	(8,506)	8,506	-
	109,355	14,226	123,581	169,671	12,736	182,407
Expenses:						
Operating expenses:						
Administration	-	2,915	2,915	-	3,462	3,462
Communications	-	434	434	-	674	674
Grant support	-	1,327	1,327	-	1,130	1,130
Donor services	-	1,035	1,035	-	990	990
	-	5,711	5,711	-	6,256	6,256
Investment management and custodian fee expenses	-	2,977	2,977	-	2,669	2,669
Other fund and program expenses	4,279	-	4,279	4,606	-	4,606
	4,279	8,688	12,967	4,606	8,925	13,531
Excess of revenue over expenses before grants and distributions	105,076	5,538	110,614	165,065	3,811	168,876
Grants	(42,625)	-	(42,625)	(46,915)	-	(46,915)
Distributions and retractions (note 4(b))	(15,300)	-	(15,300)	(2,343)	-	(2,343)
Excess of revenue over expenses	47,151	5,538	52,689	115,807	3,811	119,618
Fund balances, beginning of year	926,029	5,889	931,918	809,791	2,509	812,300
Interfund transfers	4,552	(4,552)	-	431	(431)	-
Fund balances, end of year	$ 977,732	$ 6,875	$ 984,607	$ 926,029	$ 5,889	$ 931,918

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, 2014, with comparative information for 2013

	December 31, 2014				December 31, 2013			
	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	$ 706,420	$ 225,065	$ 433	$ 931,918	$ 677,216	$ 134,579	$ 505	$ 812,300
Excess (deficiency) of revenue over expense	27,092	25,702	(105)	52,689	33,148	86,961	(491)	119,618
Invested in capital assets	-	(3)	3	-	-	(419)	419	-
Transfers from contributed principal to retained returns	(19,821)	19,821	-	-	(4,784)	4,784	-	-
Recapitalized income	1,524	(1,524)	-	-	840	(840)	-	-
Fund balances, end of year	$ 715,215	$ 269,061	$ 331	$ 984,607	$ 706,420	$ 225,065	$ 433	$ 931,918

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, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	$ 52,689	$ 119,618
Items not affecting cash:		
Investment and interest income	(82,109)	(126,315)
Amortization	95	73
Write down of capital assets	10	418
	(29,315)	(6,206)
Changes in non-cash operating working capital:		
Accrued investment income receivable	(58)	500
Accounts receivable	228	1,404
Accounts payable and accrued liabilities	(555)	(990)
Net cash from operations	(29,700)	(5,292)
Investing:		
Capital asset additions	(3)	(419)
Transfers from investments to cash (cash to investments)	31,955	(31,418)
Net cash from investing	31,952	(31,837)
Increase (decrease) in cash	2,252	(37,129)
Cash, beginning of year	24,150	61,279
Cash, end of year	$ 26,402	$ 24,150

See accompanying notes to the non-consolidated financial statements.

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 7 and 8.

(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. These 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 the funds have been internally 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, communication and administration. The costs of these activities are reported in the operating expenses of the Unrestricted Fund.

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, 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, held at investment managers for investing or future granting purposes.

(*iii*) Investments:

Investments include common shares, convertible securities, bonds, debentures, mortgages and real estate which may 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 settlement date basis, on the last business day of the fiscal period except for selected mortgage investments which are recorded at amortized cost.

(*iv*) Long-term investments:

Long-term investments include interest-bearing deposits and pooled bond and mortgage funds 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	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.

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

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 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 7.

(*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 is controlled by the Foundation through its ability to appoint the directors of GIA.

GIA manages a number of charitable programs including the Family Fund, Endowment 150 Program and the Tax Filing Incentive Program.

The Family Fund 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. The Foundation makes contributions to the Family Fund of the Society. At December 31, 2014, the Foundation had contributed all funds designated for the Family Fund to GIA. GIA will exhaust all remaining funding available from the Family Fund in 2015, at which time the Family Fund programs will end.

GIA also supports disabled adults through its Endowment 150 Program. The Foundation, from its E150 Fund, makes contributions to the Endowment 150 Program of GIA. As at December 31, 2014 the market value of the E150 Fund is $3,567,606 (2013 - $3,685,669).

2. Significant accounting policies (continued):

(d) Controlled entities (continued):

(*ii*) Giving in Action Society (continued):

The Tax Filing Incentive Program assists low income individuals with income tax compliance funded by a contribution from the Foundation in 2013. At December 31, 2014, the Foundation had contributed all funds designated for the Tax Filing Incentive Program to GIA.

The financial statements of GIA are not consolidated in the financial statements of the Foundation. Summary financial statements of GIA are included in note 8.

(*iii*) 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. Friends of Vancouver Foundation is controlled by the Foundation through its ability to appoint the Board of Directors. The Friends of Vancouver Foundation was created 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. The balances and transactions of Friends of Vancouver Foundation during 2014 and 2013 were not significant. Summary financial statements of Friends of Vancouver Foundation have not been included in these notes.

(e) Revenue recognition:

Restricted contributions are recognized as revenue in the 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 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.

(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.

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

2. Significant accounting policies (continued):

(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 7 and 8.

3. Short-term investments:

	2014	2013
Cash	$ 1,443	$ 722
Treasury Bills	1,798	2,071
Pooled Money Market Funds	10,514	16,963
Pooled Fixed Income Funds	13,678	16,752
	$ 27,433	$ 36,508

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. Derivative financial instruments may be utilized by the Foundation in the management of its foreign currency exposures.

4. Investments (continued):

Details of significant terms and conditions and exposures to interest rate and credit risks on investments are disclosed in note 10.

(a) Investment Portfolio:

(*i*) Common Shares and convertible securities:

The Foundation manages its equity market risk by allocating its 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 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.

(*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 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 with the exception of certain mortgages, which are measured at amortized cost. 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.

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

4. Investments (continued):

(b) Retractable Funds:

Certain restricted funds may be subject to full or partial withdrawal in accordance with the deed of gift. As at December 31, 2014, the maximum total resources subject to withdrawal are:

2015	$	48,010
2016		46,876
2017		9,650
2018		14,168
2019		7,358
Thereafter		4,095
	$	130,157

In certain cases, the Board must approve the withdrawal of the funds. Of the estimated $110,000 subject to withdrawal at December 31, 2013, $15,300 was withdrawn in 2014.

5. Long-term investments:

The long term investments includes pooled bond and mortgage funds, $18,715 (2013 – $13,912), and investments in interest-bearing deposits, $1,627 (2013 - $1,910).

6. Capital assets:

2014		Cost		Accumulated amortization and write down		Net book value
Computer and office equipment	$	199	$	145	$	54
Office furniture		145		22		123
Leasehold improvements		159		34		125
IT software		59		30		29
	$	562	$	231	$	331

2013		Cost		Accumulated amortization and write down		Net book value
Computer and office equipment	$	200	$	108	$	92
Office furniture		145		7		138
Leasehold improvements		158		11		147
IT software		485		429		56
	$	988	$	555	$	433

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

6. Capital assets (continued):

Additions to capital assets for the year ended 2014 totaled $3 (2013 - $419). Amortization expense for the year ended 2014 totaled $95 (2013 - $73). Write downs of capital assets for the year ended 2014 totaled $10 (2013 - $418).

7. British Columbia Unclaimed Property Society:

(a) A summary of the financial statements of the British Columbia Unclaimed Property Society at 2014 and 2013 for the statement of financial position is as follows:

Statement of Financial Position		2014		2013
Cash	$	3,244	$	2,634
Investments		24,220		23,224
Other receivable		4		4
Prepaid expenses		2		5
Capital Assets		76		18
	$	27,546	$	25,885
Accounts payable and accrued liabilities	$	42	$	46
Old unclaimed property funds (note 7(b))		933		1,051
New unclaimed property funds		25,140		23,466
Fund balance		1,431		1,322
	$	27,546	$	25,885

Statement of Operations		2014		2013
Investment income	$	727	$	276
Expenses (note 7(c))		(618)		(578)
Excess (deficiency) of revenue over expenses		109		(302)
Fund balance, beginning of year		1,322		1,624
Fund balance, end of year	$	1,431	$	1,322

Statement of Cash Flows		2014		2013
Cash flows from operating activities	$	1,740	$	4,908
Cash flows related to investing activities	$	(1,130)	$	(4,522)

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

7. 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 2014, the balance of these unused funds is $933 (2013 - $1,051).

(c) The Foundation subleases office space to the Society, in respect of which it charged the Society $34 for the year ended 2014 (2013 - $48).

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 2014 was $36 (2013 - $61).

During 2014, the Society paid nil (2013 - $25) to Vancouver Foundation for communications consulting fees.

(d) As provided for in the Administration Agreement, in 2013 the Society committed to contribute in 2014, from new unclaimed property funds held by it, $2,775 (2013 - $3,590) to the Foundation for its charitable purposes, all of which was included in unrestricted contributions in 2014.

In 2014 the Board of Directors of the Society approved an additional transfer of $3,728 to the Foundation for its charitable purposes in 2015.

(e) The Society has an outstanding payable to the Foundation of $1 (2013 - $13) as at 2014.

8. Giving in Action Society:

(a) A summary of GIA's financial statements at December 31, 2014 and December 31, 2013 for the statement of financial position is as follows:

Statement of Financial Position		2014		2013
Cash	$	905	$	3,125
Accounts receivable		3		2
Related party receivable (note 8(d))		-		14
	$	908	$	3,141
Accounts payable and accrued liabilities	$	8	$	20
Related party payable (note 8(d))		-		25
Fund balance		900		3,096
	$	908	$	3,141

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

8. Giving in Action Society (continued):

(a) (continued):

Statement of Operations		2014		2013
Contributions from Vancouver Foundation	$	309	$	5,843
Interest income		20		18
Grants		(2,328)		(3,739)
Expenses		(197)		(320)
Excess (deficiency) of revenue over expenses		(2,196)		1,802
Fund balance, beginning of year		3,096		1,294
Fund balance, end of year	$	900	$	3,096

Statement of Cash Flows		2014		2013
Excess of revenue over expense	$	(2,196)	$	1,802
Net changes in non-cash working capital balances:				
Decrease in related party receivable		13		876
Increase (decrease) in accounts payable and accrued liabilities		(12)		8
Increase (decrease) in related party payable		(25)		24
Increase (decrease) in cash and cash equivalents		(2,220)		2,710
Cash and cash equivalents, beginning of year		3,125		415
Cash and cash equivalents, end of year	$	905	$	3,125

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

		2014		2013
Rent	$	15	$	38
Management fee		50		70
Staffing services		16		16
Office expenses		1		1
Total	$	82	$	125

(c) During the year, the Foundation paid fees of $18 to GIA for staffing services (2013 - $49).

(d) The Foundation has an outstanding payable to GIA of nil as at December 31, 2014 (2013 - $14) and a receivable of nil (2013 - $25).

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

9. 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:

2015	$	554
2016		559
2017		574
2018		579
2019		579
Thereafter		145
	$	2,990

10. 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 2013.

10. 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 2013.

(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.

10. 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 Restricted 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.

11. 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 2014, under this facility, the Board approved distributions of capital of nil (2013 - nil).

12. Comparative information:

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