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

VANCOUVER FOUNDATION

Year ended December 31, 2015

KPMG LLP
Chartered Professional Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

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, 2015 and the non-consolidated statements of operations, changes in fund balances and cash flows for the year ended December 31, 2015, 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, 2015 and its non-consolidated results of operations, changes in fund balances and cash flow for the year ended December 31, 2015 in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants

April 4, 2016
Vancouver, Canada

VANCOUVER FOUNDATION

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

As at December 31, 2015, with comparative information for 2014

	December 31, 2015			December 31, 2014		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Assets						
Current assets:						
Cash	$ 11,534	$ 10,007	$ 21,541	$ 17,311	$ 9,091	$ 26,402
Accounts receivable	10	164	174	35	208	243
Short-term investments (note 3)	18,405	-	18,405	27,433	-	27,433
	29,949	10,171	40,120	44,779	9,299	54,078
Investments (note 4):						
Common shares and convertible securities	690,712	-	690,712	610,885	-	610,885
Bonds and debentures	239,533	-	239,533	225,407	-	225,407
Mortgages and real estate	87,301	-	87,301	92,640	-	92,640
Accrued investment income receivable	1,426	-	1,426	752	-	752
	1,018,972	-	1,018,972	929,684	-	929,684
Other assets (note 5)	2,293	-	2,293	1,627	-	1,627
Capital assets (note 6)	-	328	328	-	331	331
Total assets	$1,051,214	$ 10,499	$ 1,061,713	$ 976,090	$ 9,630	$ 985,720
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	$ 27	$ 1,002	$ 1,029	$ 230	$ 883	$ 1,113
Interfund payable (receivable)	(158)	158	-	(1,872)	1,872	-
	(131)	1,160	1,029	(1,642)	2,755	1,113
Fund balances:						
Contributed principal	750,034	-	750,034	715,215	-	715,215
Retained returns from investments	301,311	9,011	310,322	262,517	6,544	269,061
Invested in capital assets	-	328	328	-	331	331
	1,051,345	9,339	1,060,684	977,732	6,875	984,607
Total liabilities and fund balances	$1,051,214	$ 10,499	$ 1,061,713	$ 976,090	$ 9,630	$ 985,720

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, 2015, with comparative information for 2014

	December 31, 2015			December 31, 2014		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Revenue:						
Contributions:						
General	$ 53,785	$ 3,748	$ 57,533	$ 34,663	$ 3,689	$ 38,352
Government	1,933	-	1,933	3,120	-	3,120
Investment and interest income	80,738	1,026	81,764	81,067	1,042	82,109
Administration and investment management fees	(10,510)	10,510	-	(9,495)	9,495	-
	125,946	15,284	141,230	109,355	14,226	123,581
Expenses:						
Operating expenses:						
Administration (note 7)	-	4,021	4,021	-	3,024	3,024
Grant support	-	1,588	1,588	-	1,343	1,343
Donor services	-	1,446	1,446	-	1,344	1,344
	-	7,055	7,055	-	5,711	5,711
Investment management and custodian fee expenses	-	3,097	3,097	-	2,977	2,977
Other fund and program expenses	1,030	-	1,030	4,279	-	4,279
	1,030	10,152	11,182	4,279	8,688	12,967
Excess of revenue over expenses before grants and redemptions	124,916	5,132	130,048	105,076	5,538	110,614
Grants	(43,100)	-	(43,100)	(42,625)	-	(42,625)
Redemptions (note 4(b))	(10,871)	-	(10,871)	(15,300)	-	(15,300)
	(53,971)	-	(53,971)	(57,925)	-	(57,925)
Excess of revenue over expenses	70,945	5,132	76,077	47,151	5,538	52,689
Fund balances, beginning of year	977,732	6,875	984,607	926,029	5,889	931,918
Interfund transfers	2,668	(2,668)	-	4,552	(4,552)	-
Fund balances, end of year	$1,051,345	$ 9,339	$ 1,060,684	$ 977,732	$ 6,875	$ 984,607

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, 2015, with comparative information for 2014

	December 31, 2015				December 31, 2014			
	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	$ 715,215	$ 269,061	$ 331	$ 984,607	$ 706,420	$ 225,065	$ 433	$ 931,918
Excess (deficiency) of revenue over expenses	42,204	33,965	(92)	76,077	27,092	25,702	(105)	52,689
Invested in capital assets	-	(89)	89	-	-	(3)	3	-
Transfers from contributed principal to retained returns	(9,909)	9,909	-	-	(19,821)	19,821	-	-
Recapitalized income	2,524	(2,524)	-	-	1,524	(1,524)	-	-
Fund balances, end of year	$ 750,034	$ 310,322	$ 328	$1,060,684	$ 715,215	$ 269,061	$ 331	$ 984,607

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, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	$ 76,077	$ 52,689
Items not affecting cash:		
Unrealized gain on investments	(3,449)	(22,257)
Amortization	92	95
Write down of capital assets	-	10
	72,720	30,537
Changes in non-cash operating working capital:		
Accrued investment income receivable	(674)	(58)
Accounts receivable	69	228
Accounts payable and accrued liabilities	(84)	(555)
Net cash from operations	72,031	30,152
Investing:		
Capital asset additions	(89)	(3)
Transfers from cash to investments	(76,803)	(27,897)
Net cash from investing	(76,892)	(27,900)
Increase (decrease) in cash	(4,861)	2,252
Cash, beginning of year	26,402	24,150
Cash, end of year	$ 21,541	$ 26,402

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 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. 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 and administration. The cost of these activities is 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.

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.

(Tabular amounts expressed in thousands of dollars)

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

(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 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 2016, 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, 2015, the market value of the E150 Fund is $3,674 (2014 - $3,567).

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, 2015, 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 9.

(*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 2015 and 2014 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.

(Tabular amounts expressed in thousands of dollars)

2. Significant accounting policies (continued):

(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) 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:

	2015	2014
Cash	$ 2,683	$ 1,443
Treasury Bills	2,633	1,798
Pooled Money Market Funds	12,836	10,514
Pooled Fixed Income Funds	253	13,678
	$ 18,405	$ 27,433

4. Investments:

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

4. Investments (continued):

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 exposure.

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 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 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 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)

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, 2015, the maximum total fund assets subject to withdrawal are estimated to be as follows:

2016	$ 50,068
2017	39,792
2018	16,017
2019	9,978
2020	15,361
Thereafter	4,092
	$ 135,308

In certain cases, the Board must approve the withdrawal of the funds. Of the estimated $130,157 subject to withdrawal at December 31, 2014, $10,871 was withdrawn in 2015.

5. Other assets:

Other assets include an investment in a social finance program of $1,202 (2014 - $1,627) and the estimated cash surrender value of life insurance policies of $1,091.

The Foundation is owner and beneficiary of life insurance policies with face values totaling $17,414 at December 31, 2015. 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:

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

(Tabular amounts expressed in thousands of dollars)

6. Capital assets (continued):

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

Additions to capital assets for the year ended 2015 totaled $89 (2014 - $3). Amortization expense for the year ended 2015 totaled $92 (2014 - $95). Write downs of capital assets for the year ended 2015 totaled nil (2014 - $10).

7. Administration operating expenses:

	2015	2014
Finance, Human Resources and General Operations	$ 2,781	$ 2,526
Information Technology	1,240	498
	$ 4,021	$ 3,024

8. British Columbia Unclaimed Property Society:

(a) A summary of the financial statements of the British Columbia Unclaimed Property Society as at December 31, 2015 and December 31, 2014 for the statement of financial position is as follows:

Statement of Financial Position	2015	2014
Cash	$ 4,952	$ 3,244
Short-term investments	3,016	-
Investments	18,513	24,220
Other receivable	4	4
Prepaid expenses	3	2
Capital assets	8	76
	$ 26,496	$ 27,546
Accounts payable and accrued liabilities	$ 17	$ 42
Old unclaimed property funds (note 8(b))	770	933
New unclaimed property funds	24,513	25,140
Fund balance	1,196	1,431
	$ 26,496	$ 27,546

(Tabular amounts expressed in thousands of dollars)

8. British Columbia Unclaimed Property Society (continued):

(a) (continued):

Statement of Operations	2015	2014
Investment income	$ 535	$ 727
Expenses (note 8(c))	(770)	(618)
Excess (deficiency) of revenue over expenses	(235)	109
Fund balance, beginning of year	1,431	1,322
Fund balance, end of year	$ 1,196	$ 1,431

Statement of Cash Flows	2015	2014
Cash flows from operating activities	$ (902)	$ 1,740
Cash flows related to investing activities	$ 2,609	$ (1,130)

(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 2015, the balance of these unused funds is $770 (2014 - $933).

(c) The Foundation subleases office space to the Society, in respect of which it charged the Society $44 for the year ended 2015 (2014 - $34).

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 2015 was $36 (2014 - $36).

(d) As provided for in the Administration Agreement, in 2014 the Society committed to contribute in 2015, from new unclaimed property funds held by it, $3,728 (2014 - $2,775) to the Foundation for its charitable purposes, all of which was included in unrestricted contributions in 2015.

In 2015, the Board of Directors of the Society approved an additional transfer of $3,728 to the Foundation for its charitable purposes in 2016.

(e) The Society has an outstanding payable to the Foundation of $1 (2014 - $1) as at 2015.

(Tabular amounts expressed in thousands of dollars)

9. Giving in Action Society:

(a) A summary of GIA's financial statements at December 31, 2015 and December 31, 2014 for the statement of financial position is as follows:

Statement of Financial Position	2015	2014
Cash	$ 673	$ 905
Accounts receivable	1	3
	$ 674	$ 908
Accounts payable and accrued liabilities	$ -	$ 8
Related party payables	10	-
Fund balance	664	900
	$ 674	$ 908

Statement of Operations	2015	2014
Contributions from Vancouver Foundation	$ 203	$ 309
Interest income	7	20
Grants	(395)	(2,328)
Expenses	(51)	(197)
Deficiency of revenue over expenses	(236)	(2,196)
Fund balance, beginning of year	900	3,096
Fund balance, end of year	$ 664	$ 900

Statement of Cash Flows	2015	2014
Deficiency of revenue over expense	$ (236)	$ (2,196)
Net changes in non-cash working capital balances:		
Decrease in accounts receivable	2	-
Decrease in related party receivable	-	13
Decrease in accounts payable and accrued liabilities	(8)	(12)
Decrease (increase) in related party payable	10	(25)
Decrease in cash and cash equivalents	(232)	(2,220)
Cash and cash equivalents, beginning of year	905	3,125
Cash and cash equivalents, end of year	$ 673	$ 905

(Tabular amounts expressed in thousands of dollars)

9. Giving in Action Society (continued):

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

	2015	2014
Rent	$ -	$ 15
Management fee	10	50
Staffing services	-	16
Office expenses	-	1
Total	$ 10	$ 82

(c) During the year, the Foundation paid fees of nil to GIA for staffing services (2014 - $18).

(d) The Foundation has an outstanding receivable from GIA of $10 (2014 - nil).

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:

2016	$ 576
2017	591
2018	596
2019	596
2020	149
	$ 2,508

11. Financial risk management:

(a) Overview:

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

- Credit risk;
- Liquidity risk; and
- Market risk.

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 and short term investments. This diversification across various asset classes is designed to decrease the volatility of portfolio returns.

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.

11. Financial risk management (continued):

(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 Investment Policy of the Foundation mandates that the maximum credit 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 2014.

(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 2014.

(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 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.

11. Financial risk management (continued):

(d) Market risk (continued):

(*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.

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 2015 or 2014.

13. Comparative information:

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