

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

VANCOUVER FOUNDATION

And Independent Auditor's Report thereon

Year ended December 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Vancouver Foundation

Opinion

We have audited the non-consolidated financial statements of Vancouver Foundation (the "Foundation"), which comprise:

- the non-consolidated statement of financial position as at December 31, 2023
- the non-consolidated statement of operations and changes in fund balances for the year then ended
- the non-consolidated statement of changes in fund balances for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the non-consolidated financial position of the Foundation as at December 31, 2023, and its non-consolidated results of operations and its non-consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
April 24, 2024

VANCOUVER FOUNDATION

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

December 31, 2023, with comparative information for 2022

	2023			2022		
	Restricted	Operating	Total	Restricted	Operating	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 101,673	\$ 4,033	\$ 105,706	\$ 38,022	\$ 3,338	\$ 41,360
Short term investments	17,000	-	17,000	17,000	-	17,000
Accounts receivable and prepaid expenses	379	1,154	1,533	609	530	1,139
	119,052	5,187	124,239	55,631	3,868	59,499
Investments (note 3)	1,479,312	4,467	1,483,779	1,376,665	8,606	1,385,271
Other assets (note 4)	2,526	-	2,526	2,347	-	2,347
Capital assets (note 5)	-	794	794	-	748	748
Total assets	\$ 1,600,890	\$ 10,448	\$ 1,611,338	\$ 1,434,643	\$ 13,222	\$ 1,447,865
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities (note 11)	\$ 1,477	\$ 920	\$ 2,397	\$ 3,675	\$ 602	\$ 4,277
Grants payable (note 16)	11,623	-	11,623	2,830	-	2,830
Deferred lease inducement	-	43	43	-	78	78
Interfund payable (receivable)	(1,310)	1,310	-	(135)	135	-
	11,790	2,273	14,063	6,370	815	7,185
Non-current grants payable (note 16)	13,952	-	13,952	-	-	-
Fund balances:						
Contributed principal (notes 6(a) and 6(b))	1,061,082	-	1,061,082	1,034,773	-	1,034,773
Retained returns from investments (note 6(b))	514,066	7,381	521,447	393,500	11,659	405,159
Invested in capital assets	-	794	794	-	748	748
Total fund balances	1,575,148	8,175	1,583,323	1,428,273	12,407	1,440,680
Total liabilities and fund balances	\$ 1,600,890	\$ 10,448	\$ 1,611,338	\$ 1,434,643	\$ 13,222	\$ 1,447,865

Commitments (note 13)

See accompanying notes to the non-consolidated financial statements.

Approved on behalf of the Board:


Director


Director

VANCOUVER FOUNDATION

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

Year ended December 31, 2023, with comparative information for 2022

	2023			2022		
	Restricted	Operating	Total	Restricted	Operating	Total
Revenue:						
Contributions (notes 7 and 16)	\$ 141,700	\$ -	\$ 141,700	\$ 99,791	\$ -	\$ 99,791
Investment and interest income (note 8)	165,834	2,854	168,688	(96,894)	1,048	(95,846)
	307,534	2,854	310,388	2,897	1,048	3,945
Expenses:						
Charitable activities:						
Charitable programming (notes 9 and 11)	4,017	-	4,017	3,203	-	3,203
Grants (note 16)	142,612	-	142,612	87,133	-	87,133
	146,629	-	146,629	90,336	-	90,336
Management and administration:						
Administration and other fund expenses (notes 10 and 11)	321	10,723	11,044	225	8,438	8,663
Investment management and custodian fees	10,072	-	10,072	9,688	-	9,688
	10,393	10,723	21,116	9,913	8,438	18,351
Excess (deficiency) of revenue over expenses	150,512	(7,869)	142,643	(97,352)	(7,390)	(104,742)
Fund balance, beginning of year	1,428,273	12,407	1,440,680	1,536,009	9,413	1,545,422
Interfund transfers:						
Administration fee	(8,204)	8,204	-	(8,979)	8,979	-
Other interfund transfers	4,567	(4,567)	-	(1,405)	1,405	-
	(3,637)	3,637	-	(10,384)	10,384	-
Fund balance, end of year	\$ 1,575,148	\$ 8,175	\$ 1,583,323	\$ 1,428,273	\$ 12,407	\$ 1,440,680

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, 2023, with comparative information for 2022

	2023				2022			
	Contributed principal	Retained returns from investments	Invested in capital assets	Total	Contributed principal	Retained returns from investments	Invested in tangible capital assets	Total
Fund balances, beginning of year	\$ 1,034,773	\$ 405,159	\$ 748	\$ 1,440,680	\$ 982,569	\$ 562,202	\$ 651	\$ 1,545,422
Excess (deficiency) of revenue over expenses	29,061	113,907	(325)	142,643	48,795	(153,298)	(239)	(104,742)
Invested in capital assets	-	(371)	371	-	-	(336)	336	-
Transfers from contributed principal to retained returns from investments	(8,378)	8,378	-	-	(7,635)	7,635	-	-
Recapitalized income	5,626	(5,626)	-	-	11,044	(11,044)	-	-
Fund balances, end of year	\$ 1,061,082	\$ 521,447	\$ 794	\$ 1,583,323	\$ 1,034,773	\$ 405,159	\$ 748	\$ 1,440,680

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, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 142,643	\$ (104,742)
Items not affecting cash:		
Unrealized (gain) loss on investments	(114,542)	169,338
Unrealized gain on other assets	(179)	(160)
Amortization	325	239
Amortization of deferred lease inducement	(35)	(35)
	28,212	64,640
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	(394)	1,069
Accounts payable and accrued liabilities	(1,880)	1,990
Grants payable	22,745	(454)
	48,683	67,245
Investing activities:		
Capital asset additions	(371)	(336)
Net sale (purchase) of investments	16,034	(41,116)
Purchase of short term investments	-	(17,000)
	15,663	(58,452)
Increase in cash	64,346	8,793
Cash and cash equivalents, beginning of year	41,360	32,567
Cash and cash equivalents, end of year	\$ 105,706	\$ 41,360

See accompanying notes to the non-consolidated financial statements.

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements

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

Year ended December 31, 2023

1. Organization:

Vancouver Foundation (the "Foundation") was established in 1943 and incorporated through an Act of the Provincial Legislature in 1950. From time to time revisions to the Act are made. The Foundation's is dedicated to creating healthy, vibrant, equitable and inclusive communities across British Columbia with a focus on supporting meaningful and lasting improvements.

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:

These 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 2(h) and 12.

(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 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 include funds that are externally or internally restricted. These endowed funds are generally required to be maintained by the Foundation on a permanent basis. However, certain endowed funds, considered transferable funds, may be subject to complete or partial redemption according to the terms of the deed of gift (note 2(l)). Restricted funds are comprised of resources that are to be used for granting as specified by the fund advisor or the donor. 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, or granted in the year.

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(a) Fund accounting (continued):

(i) Operating Fund:

The Operating Fund is comprised of unrestricted resources available for the Foundation's general operating activities (including management and administration). The cost of these activities is reported in the expenses of the Operating Fund.

(b) Financial instruments:

The Foundation's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable, investments, accounts payable and accrued liabilities, and grants payable.

(i) Cash and short term investments

Cash and cash equivalents include balances held at Canadian financial institutions and for the purpose of meeting short-term cash commitments, generally with maturity dates within three months from date of purchase.

Short term investments include guaranteed investment certificates held at cost with maturity dates within the next fiscal year.

(ii) Investments:

Investments include treasury bills and notes held for re-investments, common shares, convertible securities, bonds, debentures, mortgages, real estate, private equity, private debt and may also include other investment vehicles such as derivative financial instruments. Investments are held in segregated accounts and in pooled funds. Public market investments such as equities and bonds are recorded at their fair values determined, on a trade date basis, on the last trading day of the fiscal period. Private market investments such as real estate funds and private equity are recorded at their fair values based on the most recent valuation by the investment manager using accepted industry valuation methods. Private debt is measured at cost.

For financial instruments carried at cost, the Foundation recognizes an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

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.

For all other financial instruments which are carried at amortized cost, the fair value approximates the carrying value in the financial statements.

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(c) Other assets:

Other assets include the estimated cash surrender value of life insurance policies.

(d) Capital assets:

Capital assets are recorded at cost. Assets in use are amortized over their estimated useful lives on a straight-line basis. Management has estimated the useful lives to be:

Asset	Rate
Computer and office equipment	3 years
Office furniture	10 years
Leasehold improvements	Over the term of the lease
Website costs	5 years

(e) Deferred lease inducement:

Deferred lease inducement includes amounts received as part of the Foundation's lease agreement related to leasehold improvements. Amortization of the deferred lease inducement is recognized over the lease term on a straight-line basis against the related lease expense.

(f) Interfund payable (receivable):

Interfund payable (receivable) includes balances related to interest and administration fees that are transferred between the Restricted Fund and the Operating Fund. The interfund payable (receivable) balance is settled on a quarterly basis.

(g) Employee future benefits:

The Foundation is a participating employer in a multi-employer, defined benefit pension plan. The Foundation accounts for the pension plan as a defined contribution plan as insufficient information is available to identify the Foundation's share of the underlying pension assets and liabilities. Accordingly, contributions to the plan are expensed as incurred.

(h) Controlled entities:

(i) British Columbia Unclaimed Property Society:

The British Columbia Unclaimed Property Society (the "Society") is incorporated under the Societies Act (British Columbia). The purpose of the Society is to act as the administrator under the Unclaimed Property Act (British Columbia) and Unclaimed Property Amendment Act, 2003. The Foundation is the sole member of the Society and is able to control the election of directors and the admission of new members to the Society.

The financial statements of the Society are not consolidated in the Foundation's financial statements. Summary financial statements of the Society are included in note 12.

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements

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

Year ended December 31, 2023

2. Significant accounting policies (continued):

(h) Controlled entities (continued):

(ii) 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 classified as a Section 501(c)(3) public charity under the Internal Revenue Code of the United States. Friends is controlled by the Foundation through its ability to appoint the Board of Directors.

These financial statements of Friends are not consolidated in the financial statements of the Foundation. The Foundation received contributions of \$1,855 from Friends during 2023 (2022 - \$890). Summary financial statements of Friends have not been included in these notes as there are no material assets and liabilities held by Friends.

(i) Revenue recognition:

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.

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 (note 2(a)). Investment and interest income earned on operating funds is recognized as revenue in the Operating Fund.

Realized and unrealized capital gains and losses are recorded in the Non-Consolidated Statement of Operations (note 8).

(j) Grants:

Grants are recorded when paid or payable by the Foundation.

(k) Interfund transfers:

Interfund transfers for administrative fees reflect costs recovered from the Restricted Funds by way of a cost recovery based on the market value of each fund. Other interfund transfers include transfers of investment income and surplus related to operations.

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(l) Transfers from contributed principal to retained returns:

Contributed principal is the contribution to an endowed fund while retained returns includes investment income earned on contributed principal.

Transfers from contributed principal to retained returns consist of the full or partial redemption of a transferable fund (note 6(b)). These transfers are made at the recommendation of fund advisors or as determined by the Foundation. The maximum total annual transfer is 3% of the market value of the Foundation's primary investment portfolios.

(m) Donated services:

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

(n) 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 within investment income.

(o) Management estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Management believes that the estimates utilized in preparing these non-consolidated financial statements are reasonable; however, actual results could differ from these estimates.

(p) 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 note 12.

3. Investments:

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, investment managers, geographies, and investment styles. Investment managers operate within a mandate that establishes the investment approach, investment restrictions and the benchmark applicable to that mandate. Investments in foreign equities, fixed income, real estate, and pooled funds which employ foreign currency derivative instruments are exposed to currency risk due to fluctuations in foreign exchange rates.

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements

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

Year ended December 31, 2023

3. Investments (continued):

The Foundation's investment managers may utilize derivative financial instruments in the management of its foreign currency and market exposure. Details of significant terms and conditions and exposures to credit and market risks on investments are disclosed in note 14. Investments held as at December 31 are comprised of the following:

2023	Restricted	Operating	Total
Common shares and convertible securities	\$ 1,044,476	\$ -	\$ 1,044,476
Bonds and debentures	231,362	4,117	235,479
Mortgages and real estate	195,681	158	195,839
Treasury bills and notes held for-investments	5,159	192	5,351
Private assets	2,634	-	2,634
	\$ 1,479,312	\$ 4,467	\$ 1,483,779

2022	Restricted	Operating	Total
Common shares and convertible securities	\$ 974,961	\$ -	\$ 974,961
Bonds and debentures	213,862	7,356	221,218
Mortgages and real estate	184,484	825	185,309
Treasury bills and notes held for-investments	3,358	425	3,783
	\$ 1,376,665	\$ 8,606	\$ 1,385,271

(a) 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 and geographies, 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 public equity and Canadian 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.

(b) Bonds and debentures:

The Foundation is invested in a pooled bond fund. The pooled bond fund invests predominantly in Canadian federal, provincial, municipal and corporate bonds with a minimum B (low) credit rating at time of purchase. The pooled bond fund also has an allocation to sub-pooled funds that invest in non-Canadian developed and emerging market debt, high yield debt which can be rated CCC at time of purchase, and Canadian commercial mortgages. Bonds are valued using published market quotations. Mortgages are valued by an independent third party using an industry accepted valuation process. Mortgages held within the pooled bond fund are classified as part of bonds and debentures.

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements

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

Year ended December 31, 2023

3. Investments (continued):

(c) 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.

(d) Treasury bills and notes held for re-investment:

The Foundation is invested in treasury bills and notes held prior to the settlement of the purchase of securities or received on completion of a sale of securities. Treasury bills and notes held for re-investment are measured at fair value using underlying market valuations.

(e) Private assets:

The Foundation is invested in private equity, private debt and private real asset funds through its impact investment portfolio only. These funds are generally structured as limited partnerships or in the form of a promissory note. Private equity and private real asset funds are valued using accepted industry valuation methods and private debt funds are measured at cost.

4. Other assets:

The Foundation is the owner and beneficiary of life insurance policies with face values totaling \$16,456 as at December 31, 2023 (2022 - \$16,706). The estimated cash surrender value of these life insurance policies is \$2,526 as at December 31, 2023 (2022 - \$2,347) and 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.

5. Capital assets:

2023	Cost	Accumulated amortization	Net book value
Computer and office equipment	\$ 709	\$ 376	\$ 333
Office furniture	217	167	50
Leasehold improvements	529	373	156
Tangible capital assets	1,455	916	539
Website costs	319	64	255
	\$ 1,774	\$ 980	\$ 794

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements

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

Year ended December 31, 2023

5. Capital assets (continued):

2022	Cost	Accumulated amortization	Net book value
Computer and office equipment	\$ 612	\$ 529	\$ 83
Office furniture	217	153	64
Leasehold improvements	530	248	282
Tangible capital assets	1,359	930	429
Website costs	319	-	319
	\$ 1,678	\$ 930	\$ 748

Additions to capital assets for the year ended December 31, 2023 totaled \$371 (2022 - \$336) including website costs of nil (2022 - \$319). Amortization expense for the year ended December 31, 2023 totaled \$325 (2022 - \$239).

6. Fund balances:

(a) Contributed principal:

	2023	2022
Endowed permanent funds	\$ 803,185	\$ 827,055
Endowed transferable funds (note 6(b))	257,897	207,718
	\$ 1,061,082	\$ 1,034,773

(b) Transferable funds:

Restricted funds consist primarily of endowed funds that are required to be maintained by the Foundation on a permanent basis (note 6(a)). However, certain endowed funds, considered transferable funds, may be subject to full or partial redemption in accordance with the deed of gift (note 2(l)).

As at December 31, 2023, the market value of the fund balances subject to potential redemption was \$317,453 (2022 - \$241,876). The market value of these transferable funds includes the contributed principal (note 6(a)) and the retained returns from investments.

In 2023, at the recommendation of fund advisors or as determined by the Foundation, the Foundation processed full or partial redemptions with a market value of \$9,332 (2022 - \$7,837).

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements

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

Year ended December 31, 2023

6. Fund balances (continued):

(b) Transferable funds (continued):

In accordance with the significant accounting policy disclosed in note 2(l), the maximum total annual amount that can be redeemed is 3% of the market value of the Foundation's primary investment portfolios. As at December 31, 2023, this was \$43,171.

7. Contributions:

A summary of contributions received from various sources at December 31, 2023, with comparative information for 2022 is as follows:

	2023	2022
Individuals	\$ 28,083	\$ 33,823
Organizations	43,766	25,843
Government (Note 16)	69,851	40,125
	<u>\$ 141,700</u>	<u>\$ 99,791</u>

8. Investment and interest income:

	2023	2022
Unrealized gain (loss) on investments	\$ 114,542	\$ (169,338)
Unrealized gain on other assets	179	160
Realized gain on investments	8,476	39,762
Investment income	39,616	32,355
Interest income	5,445	1,025
Other income	430	190
	<u>\$ 168,688</u>	<u>\$ (95,846)</u>

9. Charitable programming:

	2023	2022
Compensation expenses (notes 10 and 11)	\$ 2,372	\$ 1,853
Programming expenses	1,645	1,350
	<u>\$ 4,017</u>	<u>\$ 3,203</u>

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements

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

Year ended December 31, 2023

10. Administration and other fund expenses:

	2023	2022
Compensation expenses (note 11)	\$ 6,163	\$ 5,089
Operating expenses	3,795	2,674
Rent expense	765	675
Other fund expenses	321	225
	<hr/>	<hr/>
	\$ 11,044	\$ 8,663

Compensation expenses related to charitable activities are recorded in charitable programming expenses (note 9). Compensation expenses related to management and administration, including donor services, are recorded in administration and other fund expenses. For the year ended December 31, 2023, the Foundation recorded a total compensation expense of \$8,535 (2022 - \$6,942).

Other fund expenses include expenses directly related to an individual fund, such as life insurance premiums, legal and accounting expenses.

11. Employee future benefits:

Effective October 1, 2020, the Foundation is a participating employer in the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), which is a multi-employer jointly-sponsored defined benefit pension plan for eligible employees of participating employers. All full-time employees and any eligible part-time employees of the Foundation who opt to participate are members of the Plan. As of December 31, 2023, all of the Foundation's employees are members of the Plan.

The most recent actuarial valuation as at the valuation date January 1, 2023 indicated an actuarial surplus of \$4,713,000 (2022 - \$4,369,400) representing 24% (2022 - 24%) of the Plan's actuarial liability. This indicates that \$1.24 has been set aside for every dollar of pension earned by the Plan members. In accordance with the significant accounting policy disclosed in note 2(g), the Foundation does not recognize any share of the Plan's surplus or deficit.

The Foundation and participating employees make contributions to the Plan as set out per the terms of the Plan. Contributions to the Plan made during the year by the Foundation amounted to \$505 (2022 - \$322) and are included in the Non-Consolidated Statement of Operations under charitable programming expense (note 9) and administration and other fund expenses (note 10). As at December 31, 2023, included in accounts payable and accrued liabilities is \$20 (2022 - \$13) representing outstanding remittances.

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Notes to Non-Consolidated Financial Statements

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

Year ended December 31, 2023

12. British Columbia Unclaimed Property Society:

- (a) A summary of the unaudited financial statements of the British Columbia Unclaimed Property Society as at December 31, 2023, with comparative information for 2022 is as follows:

Statement of Financial Position	2023	2022
Cash and cash equivalents	\$ 28,201	\$ 9,316
Accounts receivable	8	10
Prepaid expenses	20	20
Investments	48,510	35,420
Capital assets	96	27
	<u>\$ 76,835</u>	<u>\$ 44,793</u>
Accounts payable and accrued liabilities	\$ 167	\$ 100
Deferred revenue	636	268
Restricted funds:		
Old unclaimed property funds (note 12(b))	255	261
New unclaimed property funds	74,873	45,319
Unrestricted funds	904	(1,155)
Total fund balances	76,032	44,425
	<u>\$ 76,835</u>	<u>\$ 44,793</u>
Statement of Operations and Fund Balances	2023	2022
Receipts of unclaimed property	\$ 34,361	\$ 12,499
Investment income	3,536	(1,471)
Operating expenses (note 12(c))	(1,477)	(1,463)
Distributions to claimants	(3,896)	(1,696)
Transfers to Vancouver Foundation (note 12(d))	(917)	(4,175)
Excess of revenue over expenses	31,607	3,694
Fund balances, beginning of year	44,425	40,731
Fund balances, end of year	<u>\$ 76,032</u>	<u>\$ 44,425</u>

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

Year ended December 31, 2023

12. British Columbia Unclaimed Property Society (continued):

(a) (continued):

Statement of Cash Flows	2023	2022
Excess of revenue over expense	\$ 31,607	\$ 3,694
Items not affecting cash	(949)	2,581
Net changes in non-cash working capital balances	436	9
Cash flows from operating activities	31,094	6,284
Cash flows from investing activities	(12,209)	(3,872)
Increase in cash and cash equivalents	18,885	2,412
Cash and cash equivalents, beginning of year	9,316	6,904
Cash and cash equivalents, end of year	\$ 28,201	\$ 9,316

(b) Pursuant to the Administration Agreement between the British Columbia Unclaimed Property Society (the "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 if the agreement was not renewed. In 2008, the Province renewed the agreement for an indefinite term until either party gives one year's written notice to terminate the agreement. In 2020, the Society signed an amended and restated Administration Agreement for an initial term of five years, with automatic renewal of an indefinite number of five-year terms until either party gives one-year written notice to terminate the agreement. As at December 31, 2023, the balance of these unused funds is \$255 (2022 - \$261).

(c) The Foundation subleases office space to the Society, in respect of which it charged the Society \$59 for the year ended December 31, 2023 (2022 - \$57).

In addition, in 2023, the Society paid management service fees of \$15 (2022 - \$12) to the Foundation for payroll processing and general management support.

(d) As provided for in the Administration Agreement, the Society committed to contribute from new unclaimed property funds held by it of \$917 (2022 - \$4,175) to the Foundation for its charitable purposes. This amount was received in 2023 and recognized in contributions to the Restricted Fund.

The Society is committed, subject to the final approval from Board of Directors of the Society, to transfer an additional \$9,528 to the Foundation for its charitable purposes in 2024.

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements

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Year ended December 31, 2023

13. Commitments:

- (a) 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:

2024	\$	802
2025		201
	\$	1,003

- (b) The Foundation has entered into three contracts with vendors totaling \$444 (2022 - \$530) related to administrative support services and a charitable research project.
- (c) The Foundation has unfunded private asset investment commitments of approximately \$999 (2022 – nil). These amounts may be called on demand.

14. Financial risk management:

The Foundation invests its various funds according to an Investment Policy Statement approved by the Board. 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 amounts allocated to various approved asset classes. This diversification across these 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 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 cash and cash equivalents, guaranteed investment certificates, bonds, debentures and mortgages 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 securities rated CCC+ and below are limited to no more than 5% at time of purchase. Cash and short-term paper up to one year term maturity must have a DBRS credit rating of R-1.

VANCOUVER FOUNDATION

Notes to Non-Consolidated Financial Statements

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

Year ended December 31, 2023

14. Financial risk management (continued):

(a) Credit risk (continued):

The Foundation's credit exposures on its bonds and debentures held in its primary investment portfolios at December 31, 2023, with comparative information for 2022, is as follows:

Credit rating	Percentage of the market value	
	2023	2022
AAA	27.5%	21.5%
AA	28.7%	31.4%
A	17.8%	21.8%
BBB	19.3%	18.4%
Less than BBB	6.7%	7.0%

The Foundation is also exposed to credit and default risk through its investment in mortgages held in its primary investment portfolios with fair values totaling \$35,975 as at December 31, 2023 (2022 - \$33,410). The mortgage priority, loan-to-value ratio and concentration of the mortgage portfolio is regularly reviewed. Certain impact investments, especially those structured as a promissory note or guaranteed investment certificates, also have exposure to credit and default risk.

(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 liquidity exposure of its primary investment portfolios at December 31, 2023, with comparative information for 2022, is as follows:

Liquidity	Percentage of the market value	
	2023	2022
Immediate liquidity (less than 1 month)	79.7%	79.4%
Moderate liquidity (1 to 6 months)	13.9%	14.7%
Illiquid (more than 6 months)	6.4%	5.9%

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Year ended December 31, 2023

14. Financial risk management (continued):

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk. 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 shares and convertible securities, its foreign market bonds and debentures, foreign real estate and its pooled funds which employ foreign currency derivative instruments, 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 an investment manager who is restricted as to the unhedged foreign currency component of the foreign bond investments.

The Foundation's currency exposure of its primary investment portfolios at December 31, 2023, with comparative information for 2022, is as follows:

Currency	Percentage of the market value	
	2023	2022
Canadian Dollar	49.4%	50.8%
US Dollar	28.2%	25.5%
Euro	7.3%	7.5%
Japanese Yen	4.0%	4.0%
Pound Sterling	3.9%	4.0%
Other	7.2%	8.2%

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.

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Notes to Non-Consolidated Financial Statements

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

Year ended December 31, 2023

14. Financial risk management (continued):

(c) 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 fixed income instruments, individual bonds, pooled bond funds, private debt funds, as well as pooled mortgage funds.

Duration is the most common measure of the sensitivity of the price of a fixed income instrument to a change in interest rates. The Foundation's portfolio managers vary the duration of the fixed income holdings in their portfolios to anticipate changes in interest rate. At December 31, 2023, the average duration of Canadian fixed income held in the Foundation's primary investment portfolios was approximately seven years (2022 - seven years).

(iii) Other price risks:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. 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 common shares and convertible securities. 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 indices.

The Foundation's equity risk in its primary investment portfolios, excluding multi-strategy funds, at December 31, 2023, with comparative information for 2022, is diversified across the following geographies and industry sectors:

Geography	Percentage of the market value	
	2023	2022
Canada	37.7%	38.2%
United States of America	27.5%	25.6%
Europe	15.0%	15.1%
United Kingdom	6.9%	7.1%
Japan	6.5%	6.5%
Emerging market	5.0%	4.1%
Other	1.4%	3.4%

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Year ended December 31, 2023

14. Financial risk management (continued):

(c) Market risk (continued):

(iii) Other price risks (continued):

Sector	Percentage of the market value	
	2023	2022
Industrials	20.1%	20.1%
Consumer	18.6%	18.7%
Financials	16.8%	15.3%
Information technology	15.7%	17.4%
Health care	9.7%	8.7%
Materials	7.4%	7.6%
Communication services	6.7%	7.5%
Other	5.0%	4.7%

(iv) Valuation risk:

Valuation risk is specific to appraisal-based assets such as real estate. The Foundation is exposed to valuation risk through its real estate investments in its primary investment portfolios with fair values totalling \$158,903 as at December 31, 2023 (2022 - \$149,415). Properties within these funds are regularly reviewed, at least once a year, by an approved appraiser and valuations are updated accordingly.

15. Endowment management:

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

Prior to 2008, the Act required the market value of endowed funds to remain above contributed principal, in nominal terms, in order to make funds available for granting. In 2008, the Act was revised to introduce a reserve that allowed the Foundation to make distributions of up to 7% of the contributed principal of the fund as at December 31, 2008.

At the discretion of the Board, the reserve allows the Foundation to continue to make funds available for granting should the market value decrease below contributed principal.

In 2023, the definition of the reserve was further revised to remove reference to a fixed year of 2008 and allow the Foundation to make distributions of up to 7% of the contributed principal of the fund as determined as of December 31 of the immediately preceding fiscal year, subject to the Board's approval.

The Foundation's long-term objective is to make available for granting a 5% distribution of the 3-year weighted average market value of its endowed funds. In order to make this amount available, the Foundation monitors a nominal stabilization ratio of market value divided by contributed principal for compliance with the Act. The nominal stabilization ratio must remain above 100%, unless the Board approves the use of the reserve as stipulated in the Act.

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15. Endowment management (continued):

The Foundation further monitors an indexed stabilization ratio of inflation protected contributed principal as compared to market value to guide its management of the endowment. The long-term goal of the Foundation is to achieve an indexed stabilization ratio of 100% or higher to preserve equity among current and future beneficiaries.

There was no use of the reserve in 2023 or 2022.

16. COVID-19 Response and Recovery Funds:

In 2020, the Foundation partnered with Vancity, United Way of the Lower Mainland and Community Foundations of Canada to establish the Community Response Fund and Emergency Community Support Fund (collectively referred to as the "CRF") to support charities across British Columbia impacted by the COVID-19 pandemic. The CRF provided total support of \$20,034 through grants in 2020 and 2021.

In 2022, the Foundation partnered with the Government of BC, United Way BC and New Relationship Trust to establish the Recovery and Resiliency Fund ("R&R") to support organizations in the charitable and non-profit sector across British Columbia, disproportionately impacted by the COVID-19 pandemic, with recovery efforts and long-term planning.

A summary of the R&R Fund activities is as follows:

	2023	2022
R&R Fund balance, beginning of year	\$ 26,811	\$ -
Government contributions revenue	60,000	30,000
Internal allocation from unrestricted resources	2,000	2,000
Interfund transfers from fund advisors	-	4
Interest income	3,211	-
Grants paid	(10,296)	(5,000)
Administration fee expense	(557)	(193)
Interfund transfer to charitable programming	(5,000)	-
R&R balance, before grants payable	\$ 76,169	\$ 26,811
Grants payable:		
Current – payable within 12 months	\$ (11,128)	\$ -
Non-current – payable beyond 12 months	(13,952)	-
	(25,080)	-
R&R Fund balance, end of year	\$ 51,089	\$ 26,811

17. Comparative information:

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