



Financial Statements

Central Okanagan Foundation

August 31, 2019

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Independent Auditor's Report

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To the directors of
Central Okanagan Foundation

Qualified Opinion

We have audited the financial statements of Central Okanagan Foundation (“the Foundation”), which comprise the statement of financial position as at August 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at August 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on other legal and regulatory requirements

As required by the Societies Act of British Columbia, we report that in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2019 and 2018, current assets as at August 31, 2019 and 2018, and net assets as at September 1 and August 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended August 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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 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 qualified opinion.

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

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

We 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.

Kelowna, Canada
November 18, 2019

Grant Thornton LLP

Chartered Professional Accountants

Central Okanagan Foundation Statement of Financial Position

August 31 2019 2018

Assets

Current

Cash and cash equivalents	\$ 256,075	\$ 269,609
Receivables	24,645	5,099
Accrued interest receivable	264,687	173,470
Prepaid expenses	43,153	36,445
	<u>588,560</u>	<u>484,623</u>

Portfolio investments

Cash and cash equivalents	2,647,622	1,954,006
Laddered bond portfolio	9,586,703	8,683,741
Managed accounts at fair value	22,919,239	23,262,391
	<u>35,153,564</u>	<u>33,900,138</u>

Life insurance policies (Note 3)

28,297 27,151

Tangible capital assets (Note 4)

40,246 20,466

35,222,107 33,947,755

\$ 35,810,667 \$ 34,432,378

Liabilities

Current

Payables and accruals	\$ 56,393	\$ 45,236
Undistributed allocations	345,015	282,006
Grants payable (Note 5)	328,000	220,000
Unearned revenue (Note 6)	172,180	182,284
	<u>901,588</u>	<u>729,526</u>

Long-term grants payable (Note 5)

178,000 145,000

Net assets

Restricted to - Endowment funds (Note 7)	29,218,141	27,044,238
- Flow-through funds (Note 8)	1,160,335	1,169,579
- Invested in tangible capital assets	40,246	20,466
- Allocations reserve (Note 9)	2,840,160	2,600,320
Unrestricted - Impact fund	840,496	586,308
- Investment returns and allocations	603,404	2,109,790
	<u>34,702,782</u>	<u>33,530,701</u>

Interest in life insurance policies (Note 3)

28,297 27,151

34,731,079 33,557,852

\$ 35,810,667 \$ 34,432,378

Commitment (Note 13)

On behalf of the Board



Director



Director

Central Okanagan Foundation

Statement of Operations

Year ended August 31

	Restricted				Unrestricted			2019 Total	2018 Total
	Endowment funds	Flow- through funds	Invested in tangible capital assets	Allocations reserve	Impact Fund	Investment returns and allocations	Administration		
Revenue									
Endowment contributions	\$ 2,134,208	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,134,208	\$ 2,203,703
Flow-through donations									
- General	-	1,570,922	-	-	-	-	-	1,570,922	1,108,781
- City of Kelowna grants	-	187,000	-	-	-	-	19,700	206,700	202,578
- District of Peachland grants	-	2,000	-	-	-	-	-	2,000	-
- Bursary and scholarship	-	17,058	-	-	-	-	-	17,058	8,054
Investment returns									
- Interest and dividends	-	-	-	-	-	277,693	-	277,693	239,210
- Realized and unrealized gain on equity portfolio	-	-	-	-	-	846,064	-	846,064	2,586,282
Donations	-	-	-	-	151,440	-	499	151,939	357,258
Special projects (Note 6)									
- Special project revenue	-	-	-	-	-	-	106,731	106,731	117,150
- Sub-project costs	-	-	-	-	-	-	741,034	741,034	723,722
In-kind contributions									
- Annual report	-	-	-	-	-	-	8,000	8,000	8,000
- Insurance premiums	-	-	-	-	-	-	40,237	40,237	40,237
	<u>2,134,208</u>	<u>1,776,980</u>	<u>-</u>	<u>-</u>	<u>151,440</u>	<u>1,123,757</u>	<u>916,201</u>	<u>6,102,586</u>	<u>7,594,975</u>
Expenses									
Administration (Note 10)	-	-	-	-	-	-	653,310	653,310	675,146
Amortization	-	-	11,338	-	-	-	-	11,338	12,355
Distributions	-	-	-	-	68,511	1,528,155	-	1,596,666	962,313
Special project – sub-project costs (Note 6)	-	-	-	-	-	-	741,034	741,034	723,722
Flow-through funds – distributions (Note 11)	-	1,714,464	-	-	-	-	-	1,714,464	1,997,459
Investment management fee	-	-	-	-	-	213,693	-	213,693	209,690
	<u>-</u>	<u>1,714,464</u>	<u>11,338</u>	<u>-</u>	<u>68,511</u>	<u>1,741,848</u>	<u>1,394,344</u>	<u>4,930,505</u>	<u>4,580,685</u>
Excess (deficiency) of revenue over expenses	<u>\$ 2,134,208</u>	<u>\$ 62,516</u>	<u>\$ (11,338)</u>	<u>\$ -</u>	<u>\$ 82,929</u>	<u>\$ (618,091)</u>	<u>\$ (478,143)</u>	<u>\$ 1,172,081</u>	<u>\$ 3,014,290</u>

See accompanying notes to the financial statements

Central Okanagan Foundation

Statement of Changes in Net Assets

Year ended August 31

	Restricted				Unrestricted			2019 Total	2018 Total
	Endowment Funds	Flow- through funds	Invested in tangible capital assets	Allocations reserve	Impact Fund	Investment returns and allocations	Administration		
Net assets, beginning of year	\$ 27,044,238	\$ 1,169,579	\$ 20,466	\$ 2,600,320	\$ 586,308	\$ 2,109,790	\$ -	\$ 33,530,701	\$ 30,516,411
Excess (deficiency) of									
revenue over expenses	2,134,208	62,516	(11,338)	-	82,929	(618,091)	(478,143)	1,172,081	3,014,290
Interfund transfers (Note 12)	<u>39,695</u>	<u>(71,760)</u>	<u>31,118</u>	<u>239,840</u>	<u>171,259</u>	<u>(888,295)</u>	<u>478,143</u>	-	-
Net assets, end of year	<u>\$ 29,218,141</u>	<u>\$ 1,160,335</u>	<u>\$ 40,246</u>	<u>\$ 2,840,160</u>	<u>\$ 840,496</u>	<u>\$ 603,404</u>	<u>\$ -</u>	<u>\$ 34,702,782</u>	<u>\$ 33,530,701</u>

See accompanying notes to the financial statements

Central Okanagan Foundation

Statement of Cash Flows

Year ended August 31

2019

2018

Increase (decrease) in cash and cash equivalents

Operating		
Excess of revenue over expenses	\$ 1,172,081	\$ 3,014,290
Adjustment for non-cash items		
Amortization	<u>11,338</u>	<u>12,355</u>
	1,183,419	3,026,645
Changes in non-cash operating working capital		
Receivables	(19,546)	(81)
Accrued interest receivable	(91,217)	(65,660)
Prepaid expenses	(6,708)	(24,697)
Payables and accruals	11,157	24,668
Undistributed allocations	63,009	(90,282)
Grants payable	141,000	86,634
Unearned revenue	<u>(10,104)</u>	<u>121,270</u>
	1,271,010	3,078,497
Investing		
Purchase of tangible capital assets	(31,118)	-
Investments, net	<u>(1,253,426)</u>	<u>(3,206,549)</u>
	(1,284,544)	(3,206,549)
Decrease in cash and cash equivalents	(13,534)	(128,052)
Cash and cash equivalents, beginning of year	<u>269,609</u>	<u>397,661</u>
Cash and cash equivalents, end of year	<u>\$ 256,075</u>	<u>\$ 269,609</u>

Central Okanagan Foundation

Notes to the Financial Statements

August 31, 2019

1. Nature of organization

The Foundation is a society incorporated under the Society Act of British Columbia whose purpose is to encourage and promote the establishment of endowment funds on behalf of the community to create a permanent source of income to be distributed annually for charitable activities primarily within the Central Okanagan.

The Foundation is a registered charity within the definition of the Income Tax Act and therefore, as long as it complies with the rules and regulations of the Income Tax Act, it is exempt from income taxes and may issue receipts to donors.

2. Summary of significant accounting policies

Basis of presentation

The Foundation has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit-Organizations ("ASNPO").

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

Financial instruments

- **Initial measurement**

The Foundation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. For financial instruments subsequently measured at fair value, transaction costs and financing fees are recognized in operations in the year in which they are incurred.

- **Subsequent measurement**

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Foundation's financial instruments measured at fair value are its managed accounts as they include equities quoted in an active market. All changes in fair value of the Foundation's managed accounts are recorded in the statement of operations. The Foundation uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments subsequently measured at amortized cost are cash and cash equivalents, receivables, accrued interest receivable, laddered bond portfolio, payables and accruals, undistributed allocations and grants payable.

For financial assets measured at cost or amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

(continued)

Central Okanagan Foundation

Notes to the Financial Statements

August 31, 2019

2. Summary of significant accounting policies (continued)

Tangible capital assets and amortization

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution.

Rates of amortization applied on a straight-line basis to write off the cost of tangible capital assets over their estimated lives are as follows:

Computer hardware	5 years
Computer software	5 years
Furniture and equipment	5 years
Leasehold improvements	5 years

Impairment of long-lived assets

Long-lived assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to its fair value. Fair value is determined using an appropriate valuation technique such as a quoted price in an active market or the present value of expected future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Undistributed allocations

Undistributed allocations represent amounts approved by the Board of Directors that have not yet been distributed.

Grants payable

Grants payable are recorded when authorized for payment by the Board. At August 31, 2019, there were a number of grants which had been approved by the Board but not yet paid. Grants, which have been approved by the Board and are not payable until after fiscal year 2020 have been recorded as long-term grants payable.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions.

Restricted contributions are recognized as revenue when received or receivable in the appropriate restricted fund. Restricted contributions for which there is no corresponding restricted fund are accounted for using the deferral method and recognized as revenue in the administration fund when the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the appropriate unrestricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

(continued)

Central Okanagan Foundation

Notes to the Financial Statements

August 31, 2019

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Bequests are recognized as revenue when received.

Flow-through funds received from organizations or donors are distributed annually according to recommendations of the Foundation grant committee or as recommended by the donor. These funds are therefore recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured and as an expense when allocated.

Volunteers and other local businesses contribute significant services and other gifts to assist the Foundation. If determinable, in-kind contributions are recorded at their fair market value when received.

Life insurance policies

Life insurance policies owned by the Foundation and where the Foundation is the sole beneficiary are included in assets to the extent of their cash surrender value.

Outstanding pledges

Various contributors to the Foundation have pledged to contribute specified principal amounts within five years. These outstanding pledges, that total \$14,962 (2018 - \$19,620), are recorded as received as collectability is not reasonably assured.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each year end date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are recorded in the statement of operations in the year they become known. Items subject to significant management estimates include allowance for doubtful accounts, if applicable, and estimated useful life and related amortization rates of tangible capital assets.

3. Life insurance policies

The Foundation has been given life insurance policies under which it is the owner and sole beneficiary. The policies are treated as an investment and shown as an asset to the extent of the cash surrender values. The total coverage provided under the policies owned by the Foundation is approximately \$908,500 (2018 - \$908,500).

	<u>2019</u>	<u>2018</u>
Cash surrender value, beginning of year	\$ 27,151	\$ 26,016
Change in cash surrender value	<u>1,146</u>	<u>1,135</u>
Cash surrender value, end of year	<u>\$ 28,297</u>	<u>\$ 27,151</u>

Premiums paid during the year by the insured donors were \$40,237 (2018 - \$40,237) and are recognized as both revenue and expense in the statement of operations.

Central Okanagan Foundation

Notes to the Financial Statements

August 31, 2019

4. Tangible capital assets

			<u>2019</u>	<u>2018</u>
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 25,245	\$ 21,550	\$ 3,695	\$ 3,295
Computer software	40,563	11,336	29,227	5,817
Furniture and equipment	28,719	21,892	6,827	10,659
Leasehold improvements	993	496	497	695
	<u>\$ 95,520</u>	<u>\$ 55,274</u>	<u>\$ 40,246</u>	<u>\$ 20,466</u>

5. Grants payable

Grants payable consist of the following:

	<u>2019</u>	<u>2018</u>
Total grants payable	\$ 506,000	\$ 365,000
Less: current portion	(328,000)	(220,000)
	<u>\$ 178,000</u>	<u>\$ 145,000</u>

Grants payable are expected to be paid as follows:

2020	\$ 328,000
2021	178,000
	<u>\$ 506,000</u>

6. Unearned revenue

Unearned revenue relates to grants received in the current year that will be used during future years. The unearned revenue for the year is as follows:

	<u>2019</u>	<u>2018</u>
Reaching Home		
Deferred revenue opening balance	\$ 182,284	\$ 61,014
Funding received/receivable	837,661	962,142
Recognized special projects revenue	(106,731)	(117,150)
Sub-project costs	(741,034)	(723,722)
Total unearned revenue	<u>\$ 172,180</u>	<u>\$ 182,284</u>

Effective April 1, 2015, the Foundation partnered with Human Resources and Skills Development Canada through a Homelessness Partnering Strategy (HPS) program which ran from April 1, 2015 to March 31, 2019. As of March 25, 2019, the Foundation obtained a new five year contract, that was renamed the Reach Home (RH) program, that runs from April 1, 2019 to March 31, 2024. The RH promotes strategic partnerships and structures, including housing solutions and supports, to assist homeless persons and those at risk of becoming homeless in moving toward self-sufficiency.

Central Okanagan Foundation

Notes to the Financial Statements

August 31, 2019

7. Endowment funds

The principal contributed by donors is to be held as a permanent endowment in separate funds. Investment returns earned on these endowment funds are allocated, as directed by the fund donor for designated funds or as determined by the Foundation's Directors for discretionary funds, and distributed in amounts determined annually by the Foundation's Directors. For the current fiscal year the allocation rate was set at 6% (2018 – 3.5%).

8. Flow-through funds

The flow-through funds relate to amounts that have not yet been allocated and disbursed. The sources of these funds are as follows:

	<u>2019</u>	<u>2018</u>
Okanagan Rail Trail Initiative	\$ 1,049,972	\$ 1,049,910
Other	110,363	119,669
	<u>\$ 1,160,335</u>	<u>\$ 1,169,579</u>

9. Allocation reserve

In 2012, the Board of Directors established an internally restricted allocations reserve. This reserve is intended to provide funding for allocations in those years where investment returns are less than the 3.5% allocations goal set by the Board. This reserve is not available for unrestricted purposes without approval of the Board of Directors. It is the Foundation's objective to accumulate a balance in the reserve representing an estimate of three years of allocation distributions. As directed by the Board of Directors, contributions to the fund may be made from investment earnings in excess of 3.5% and transfers from other funds. Income earned on the reserve fund will be added to the investment returns and allocations fund.

10. Administration

	HPS			<u>2019</u>	<u>2018</u>
	<u>Designated</u> <u>communities</u>	<u>Aboriginal</u> <u>homelessness</u>	<u>General</u>		
Annual report	\$ -	\$ -	\$ 10,829	\$ 10,829	\$ 8,476
Board and committee meetings	81	17	3,580	3,678	4,529
C.F.C. membership	-	-	9,382	9,382	9,104
Conferences and workshops	2,958	688	12,521	16,167	7,353
In-kind insurance premiums	-	-	40,237	40,237	40,237
Insurance	-	-	2,187	2,187	2,098
Office and printing	1,324	306	18,655	20,285	21,427
Postage	-	-	2,667	2,667	2,188
Professional fees	5,502	1,161	34,352	41,015	46,031
Publicity and promotion	-	-	11,279	11,279	20,241
Rent	7,628	1,725	60,104	69,457	63,148
Salaries and benefits	67,744	15,912	324,021	407,677	431,503
Special projects	-	-	7,893	7,893	8,864
Telephone	1,366	319	8,734	10,419	9,647
Youth in philanthropy (COFFY)	-	-	138	138	300
	<u>\$ 86,603</u>	<u>\$ 20,128</u>	<u>\$ 546,579</u>	<u>\$ 653,310</u>	<u>\$ 675,146</u>

Central Okanagan Foundation

Notes to the Financial Statements

August 31, 2019

11. Flow-through funds – distributions

	<u>2019</u>	<u>2018</u>
A summary of the flow-through funds distributed is as follows:		
General	\$ 1,500,106	\$ 1,797,382
City of Kelowna		
Autism Okanagan Association	7,500	-
Brain Trust Canada Association	-	8,000
Bridge Youth and Family Services Society	20,000	-
Canadian Mental Health Association	7,500	650
Central Okanagan Elizabeth Fry Society	12,000	-
Central Okanagan Regional Nutrition Society	2,500	-
Elevation Outdoor Experimental Program Association	-	15,000
Hands in Service Canada	25,000	25,000
Hope for the Nations	-	17,000
Inn from the Cold	-	842
John Howard Society of the Central and South Okanagan	22,000	-
Karis Support Society	15,000	15,000
Kelowna & District S.H.A.R.E. Society	3,000	-
Living Positive Resource Centre, Okanagan	-	20,000
New Opportunities for Women Canada Society	36,000	31,000
Okanagan Chinese Canadian Association	-	13,500
Okanagan Tree Fruit Project	-	20,500
Pathways Abilities Society	-	(3,122)
Project Literacy Central Okanagan Society	6,500	-
Resurrection Recovery Resource Society	30,000	-
Rotary Centre for the Arts	-	14,500
Seniors Outreach Services Society	-	8,000
	<u>187,000</u>	<u>185,870</u>
Bursaries	27,358	14,207
	\$ 1,714,464	\$ 1,997,459

Central Okanagan Foundation

Notes to the Financial Statements

August 31, 2019

12. Interfund transfers

Interfund transfers between funds are reported on the statement of changes in net assets. For the year ended August 31, 2019, transfers were as follows:

Endowment Funds	Flow-through fund	Invested in tangible capital assets	Allocations reserve	Impact fund	Investment returns and allocations	Administration
\$ -	\$ -	\$ -	\$ -	\$ (100,603)	\$ 100,603	\$ -
-	-	-	-	(34,026)	-	34,026
10,000	(10,000)	-	-	-	-	-
-	-	-	239,840	-	(239,840)	-
-	(61,760)	-	-	61,760	-	-
-	-	-	-	202,820	(202,820)	-
-	-	-	-	-	(369,507)	369,507
-	-	31,118	-	-	(31,118)	-
-	-	-	-	41,308	(41,308)	-
-	-	-	-	-	(74,610)	74,610
29,695	-	-	-	-	(29,695)	-
\$ 39,695	\$ (71,760)	\$ 31,118	\$ 239,840	\$ 171,259	\$ (888,295)	\$ 478,143

A Board approved administration fee of 1.2% (2018 – 1.2%) of the average investment portfolio is used to help defray operating costs. This fee together with the allocations of income from various funds and any applicable grants, donations and fund-raising are recorded as a \$369,507 transfer from the investment returns and allocations fund to the administration account fund.

13. Commitment

The Foundation is party to a lease agreement for its premises until March 1, 2022. Minimum lease payments are \$59,125 per year.

14. Related party transactions

Included in various revenue line items are contributions totalling \$2,485 (2018 - \$2,900) from directors and staff of the Foundation.

Transactions with related parties are recorded at the exchange amount, the amount of consideration agreed to between the related parties.

Central Okanagan Foundation

Notes to the Financial Statements

August 31, 2019

15. Financial instruments risks

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest risk and other price risk. The Foundation is mainly exposed to interest rate and other price risk.

- **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk with respect to investments in bonds.

- **Other price risk**

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 factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk on its managed accounts as these include investments in equities quoted in an active market.

16. British Columbia Societies Act

The British Columbia Societies Act requires disclosure of the amounts of remuneration paid to all directors, the ten highest paid employees, and all contractors who were paid at least \$75,000 annually. The Society had two individuals that fall within this disclosure requirement, the Executive Director, who has an annual base remuneration of approximately \$96,800 (2018 - \$93,800) and the Grants Director, who has an annual base remuneration of approximately \$78,545 (2018 - 76,000) for the year ended August 31, 2019.

17. Comparative Figures

Certain of the comparative figures have been reclassified to conform with current year financial statement presentation.
