



Financial Statements

Central Okanagan Foundation

August 31, 2020

# Contents

	<b>Page</b>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-15

# Independent Auditor's Report

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Grant Thornton LLP  
200-1633 Ellis Street  
Kelowna, BC  
V1Y 2A8  
T +1 250 712 6800  
F +1 250 712 6850

To the directors of  
Central Okanagan Foundation

## Opinion

We have audited the financial statements of Central Okanagan Foundation ("the Foundation"), which comprise the statement of financial position as at August 31, 2020, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at August 31, 2020, 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 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 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 23, 2020

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants

# Central Okanagan Foundation

## Statement of Financial Position

August 31 2020 2019

### Assets

#### Current

Cash and cash equivalents	\$ 489,054	\$ 256,075
Receivables	21,787	24,645
Accrued interest receivable	445,528	264,687
Prepaid expenses	26,911	43,153
	<u>983,280</u>	<u>588,560</u>

#### Portfolio investments

Cash and cash equivalents	2,119,687	2,647,622
Laddered bond portfolio	9,622,662	9,586,703
Managed accounts at fair value	23,509,933	22,919,239
	<u>35,252,282</u>	<u>35,153,564</u>

Life insurance policies (Note 4)

29,489 28,297

Tangible capital assets (Note 5)

26,026 40,246

35,307,797 35,222,107

\$ 36,291,077 \$ 35,810,667

### Liabilities

#### Current

Payables and accruals	\$ 65,961	\$ 56,393
Undistributed allocations	321,934	345,015
Grants payable (Note 6)	272,888	328,000
Unearned revenue (Note 7)	383,557	172,180
	<u>1,044,340</u>	<u>901,588</u>

Long-term grants payable (Note 6)

19,667 178,000

### Net assets

Restricted to - Endowment funds (Note 8)	30,418,175	29,218,141
- Flow-through funds (Note 9)	953,110	1,160,335
- Invested in tangible capital assets	26,026	40,246
- Allocations reserve (Note 10)	2,336,641	2,840,160
Unrestricted - Impact fund	903,651	840,496
- Investment returns and allocations	559,978	603,404
	<u>35,197,581</u>	<u>34,702,782</u>

Interest in life insurance policies (Note 4)

29,489 28,297

35,227,070 34,731,079

\$ 36,291,077 \$ 35,810,667

Commitment (Note 14)

On behalf of the Board

DocuSigned by:

*Brian Sanders*

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Director

DocuSigned by:

*W. B. Simpson*

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Director

# Central Okanagan Foundation

## Statement of Operations

Year ended August 31

	Restricted			Unrestricted					
	Endowment funds	Flow-through funds	Invested in tangible capital assets	Allocations reserve	Impact Fund	Investment returns and allocations	Administration	2020 Total	2019 Total
Revenue									
Endowment contributions	\$ 1,184,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,184,628	\$ 2,134,208
Flow-through donations									
- General	-	866,836	-	-	-	-	-	866,836	1,570,922
- City of Kelowna grants	-	187,000	-	-	-	-	23,000	210,000	206,700
- District of Peachland grants	-	2,000	-	-	-	-	-	2,000	2,000
- Bursary and scholarship	-	16,194	-	-	-	-	-	16,194	17,058
Investment returns									
- Interest and dividends	-	-	-	-	-	301,286	-	301,286	277,693
- Realized and unrealized gain on equity portfolio	-	-	-	-	-	755,941	-	755,941	846,064
Donations	-	-	-	-	142,128	-	29,412	171,540	151,939
Special projects (Note 7)									
- Special project revenue	-	-	-	-	-	-	113,068	113,068	106,731
- Sub-project	-	-	-	-	-	-	1,005,618	1,005,618	741,034
In-kind contributions									
- Annual report	-	-	-	-	-	-	8,000	8,000	8,000
- Insurance premiums	-	-	-	-	-	-	35,067	35,067	40,237
	1,184,628	1,072,030	-	-	142,128	1,057,227	1,214,165	4,670,018	6,102,586
Expenses									
Administration (Note 11)	-	-	-	-	-	-	676,694	676,694	653,310
Amortization	-	-	13,425	-	-	-	-	13,425	11,338
Distributions	-	-	-	-	63,157	855,885	-	919,042	1,596,666
Special project – sub-project costs (Note 7)	-	-	-	-	-	-	1,005,618	1,005,618	741,034
Flow-through funds – distributions (Note 12)	-	1,321,546	-	-	-	-	-	1,321,546	1,714,464
Investment management fee	-	-	-	-	-	218,058	-	218,058	213,693
Loss on assets disposal	-	-	20,996	-	-	-	-	20,996	-
	-	1,321,546	34,421	-	63,157	1,073,943	1,682,312	4,175,379	4,930,505
Excess (deficiency) of revenue over expenses	\$ 1,184,628	\$ (249,516)	\$ (34,421)	\$ -	\$ 78,971	\$ (16,716)	\$ (468,147)	\$ 494,799	\$ 1,172,081

See accompanying notes to the financial statements

# Central Okanagan Foundation

## Statement of Changes in Net Assets

Year ended August 31

	Restricted			Unrestricted			2019 Total
	Endowment Funds	Flow- through funds	Invested in tangible capital assets	Allocations reserve	Impact Fund	Investment returns and allocations	Administration
							2020 Total
Net assets, beginning of year	\$ 29,218,141	\$ 1,160,335	\$ 40,246	\$ 2,840,160	\$ 840,496	\$ 603,404	\$ -
Excess (deficiency) of revenue over expenses	1,184,628	(249,516)	(34,421)	-	78,971	(16,716)	(468,147)
Interfund transfers	15,406	42,291	20,201	(503,519)	(15,816)	(26,710)	468,147
Net assets, end of year	\$ 30,418,175	\$ 953,110	\$ 26,026	\$ 2,336,641	\$ 903,651	\$ 559,978	\$ -
							\$ 34,702,782
							\$ 34,702,782
							\$ 35,197,581
							\$ 34,702,782

# Central Okanagan Foundation

## Statement of Cash Flows

Year ended August 31

2020

2019

Increase (decrease) in cash and cash equivalents

<b>Operating</b>		
Excess of revenue over expenses	\$ 494,799	\$ 1,172,081
Adjustment for non-cash items		
Loss on disposal of tangible capital assets	20,996	-
Amortization	13,425	11,338
	<u>529,220</u>	<u>1,183,419</u>
Changes in non-cash operating working capital		
Receivables	2,856	(19,546)
Accrued interest receivable	(180,841)	(91,217)
Prepaid expenses	16,242	(6,708)
Payables and accruals	9,570	11,157
Undistributed allocations	(23,081)	63,009
Grants payable	(213,445)	141,000
Unearned revenue	211,377	(10,104)
	<u>351,898</u>	<u>1,271,010</u>
<b>Investing</b>		
Purchase of tangible capital assets	(20,201)	(31,118)
Investments, net	(98,718)	(1,253,426)
	<u>(118,919)</u>	<u>(1,284,544)</u>
Increase (decrease) in cash and cash equivalents	232,979	(13,534)
Cash and cash equivalents, beginning of year	<u>256,075</u>	<u>269,609</u>
Cash and cash equivalents, end of year	<u>\$ 489,054</u>	<u>\$ 256,075</u>



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# Central Okanagan Foundation

## Notes to the Financial Statements

August 31, 2020

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### 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.

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### 2. Changes in accounting policy

Effective September 1, 2019, the Foundation adopted Section 4433 - Tangible Capital Assets Held by Not for Profit Organizations. Section 4433 replaced Section 4431 Tangible Capital Assets Held by Not for Profit Organizations and requires the application of Part II of the CPA Handbook - ASPE Section 3061 Property, Plant and Equipment and ASPE Section 3110 Asset Retirement Obligations for tangible capital assets held by NPOs, and provides guidance on contributed assets and write-downs of tangible capital assets. As a result of adopting Section 4433 tangible capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with tangible capital assets are less than their net carrying amounts. This section was adopted prospectively. The Foundation determined that adoption of this section had no impact on the August 31, 2020 financial statements.

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### 3. 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.

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# Central Okanagan Foundation

## Notes to the Financial Statements

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August 31, 2020

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### 3. Summary of significant accounting policies (continued)

#### Financial instruments (continued)

- **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.

#### 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 tangible capital assets

When a tangible capital asset no longer has any long-term service potential to the Foundation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed.

The Foundation tests tangible capital assets, or groups of tangible capital assets, for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of the tangible capital asset or group of tangible capital assets exceeds the asset's fair value or replacement cost.

#### Undistributed allocations

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

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# Central Okanagan Foundation

## Notes to the Financial Statements

August 31, 2020

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### 3. Summary of significant accounting policies (continued)

#### Grants payable

Grants payable are recorded when authorized for payment by the Board. At August 31, 2020, 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 2021 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.

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 \$13,050 (2019 - \$14,962), 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.

# Central Okanagan Foundation

## Notes to the Financial Statements

August 31, 2020

### 4. 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 \$708,500 (2019 - \$908,500).

	<u>2020</u>	<u>2019</u>
Cash surrender value, beginning of year	\$ 28,297	\$ 27,151
Change in cash surrender value	<u>1,192</u>	<u>1,146</u>
Cash surrender value, end of year	<u>\$ 29,489</u>	<u>\$ 28,297</u>

Premiums paid during the year by the insured donors were \$35,067 (2019 - \$40,237) and are recognized as both revenue and expense in the statement of operations.

### 5. Tangible capital assets

			<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Computer hardware	\$ 32,618	\$ 15,813	\$ 16,805	\$ 3,695
Computer software	12,716	9,315	3,401	29,227
Furniture and equipment	23,365	17,846	5,519	6,827
Leasehold improvements	<u>993</u>	<u>692</u>	<u>301</u>	<u>497</u>
	<u>\$ 69,692</u>	<u>\$ 43,666</u>	<u>\$ 26,026</u>	<u>\$ 40,246</u>

### 6. Grants payable

Grants payable consist of the following:	<u>2020</u>	<u>2019</u>
Total grants payable	\$ 292,555	\$ 506,000
Less: current portion	<u>(272,888)</u>	<u>(328,000)</u>
	<u>\$ 19,667</u>	<u>\$ 178,000</u>

Grants payable are expected to be paid as follows:

2021	\$ 272,888
2022	<u>19,667</u>
	<u>\$ 292,555</u>

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# Central Okanagan Foundation

## Notes to the Financial Statements

August 31, 2020

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### 7. 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>2020</u>	<u>2019</u>
<b>Reaching Home</b>		
Deferred revenue opening balance	\$ 172,180	\$ 182,284
Funding received/receivable	1,330,063	837,661
Recognized special projects revenue	(113,068)	(106,731)
Sub-project costs	<u>(1,005,618)</u>	<u>(741,034)</u>
Total unearned revenue	<u>\$ 383,557</u>	<u>\$ 172,180</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 Reaching 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.

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### 8. 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 3.5% (2019 – 6%).

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### 9. 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>2020</u>	<u>2019</u>
Okanagan Rail Trail Initiative	\$ 760,046	\$ 1,049,972
Other	<u>193,064</u>	<u>110,363</u>
	<u>\$ 953,110</u>	<u>\$ 1,160,335</u>

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### 10. 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.

# Central Okanagan Foundation

## Notes to the Financial Statements

August 31, 2020

### 11. Administration

	HPS			2020	2019
	Designated communities	Indigenous homelessness	General	Total	Total
Annual report	\$ -	\$ -	\$ 8,754	\$ 8,754	\$ 10,829
Board and committee meetings	1,574	16	9,101	10,691	3,678
C.F.C. membership	-	-	10,330	10,330	9,382
Conferences and workshops	1,968	414	-	2,382	16,167
In-kind insurance premiums	-	-	35,067	35,067	40,237
Insurance	-	-	2,364	2,364	2,187
Office and printing	4,296	97	18,887	23,280	20,285
Postage	-	-	2,320	2,320	2,667
Professional fees	5,671	1,196	40,352	47,219	41,015
Publicity and promotion	-	-	13,621	13,621	11,279
Rent	11,120	1,641	73,126	85,887	69,457
Salaries and benefits	69,311	13,307	342,188	424,806	407,677
Special projects	-	-	115	115	7,893
Telephone	2,111	344	7,403	9,858	10,419
Youth in philanthropy (COFFY)	-	-	-	-	138
	<u>\$ 96,051</u>	<u>\$ 17,015</u>	<u>\$ 563,628</u>	<u>\$ 676,694</u>	<u>\$ 653,310</u>

### 12. Flow-through funds – distributions

	2020	2019
A summary of the flow-through funds distributed is as follows:		
<b>General</b>	<u>\$ 1,115,222</u>	<u>\$ 1,500,106</u>
<b>City of Kelowna</b>		
Autism Okanagan Association	-	7,500
BC Life Builders Rehabilitation Society	5,000	-
British Columbia Schizophrenia Society	5,000	-
Bridge Youth and Family Services Society	10,000	20,000
Canadian Mental Health Association	7,500	7,500
Central Okanagan Community Food Bank	25,000	-
Central Okanagan Elizabeth Fry Society	22,000	12,000
Central Okanagan Regional Nutrition Society	-	2,500
Childhood Connections Society	7,500	2,500
Elevation Outdoor Experimental Program Association	6,000	-
Hands in Service Canada	12,500	25,000
Hope for the Nations	12,500	-
John Howard Society of the Central and South Okanagan	10,000	22,000
Karis Support Society	10,000	15,000
Kelowna Community Resources Society	10,000	-
Kelowna & District S.H.A.R.E. Society	4,000	3,000
New Opportunities for Women Canada Society	15,000	36,000
Project Literacy Central Okanagan Society	-	6,500
Resurrection Recovery Resource Society	25,000	30,000
	<u>187,000</u>	<u>187,000</u>
<b>Bursaries</b>	<u>19,324</u>	<u>27,358</u>
	<u>\$ 1,321,546</u>	<u>\$ 1,714,464</u>

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# Central Okanagan Foundation

## Notes to the Financial Statements

August 31, 2020

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### 13. Administrative fee

A Board approved administration fee of 1.2% (2019 – 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 \$387,434 transfer from the investment returns and allocations fund to the administration account fund.

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### 14. Commitment

The Foundation is party to a lease agreement for its premises until March 1, 2023. Minimum lease payments are \$59,125 per year.

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### 15. Related party transactions

Included in various revenue line items are contributions totalling \$400 (2019 - \$2,485) 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.

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### 16. 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.

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# Central Okanagan Foundation

## Notes to the Financial Statements

August 31, 2020

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### 17. 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 with a combined annual remuneration of approximately \$177,700 (2019 - \$173,300) for the year ended August 31, 2020.

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### 18. Significant Events

Since August 31, 2020, the spread of COVID-19 has continued to severely impact many local economies around the globe. In many countries, including Canada, businesses were forced to cease operations or have voluntarily ceased or limited operations for an indefinite period of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to business worldwide, resulting in an economic slowdown and global stock markets have experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

During this time, the Foundation has remained fully operational, adapting organizational programming to provide virtual and online options. There has been no interruption to the Foundation's financial data and no layoffs. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences or their impact on the financial position and results of the Foundation for future periods.

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### 19. Comparative Figures

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

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