

The CGOV Foundation

Financial Statements
December 31, 2014



June 15, 2015

Independent Auditor's Report

To the Directors of The CGOV Foundation

We have audited the accompanying financial statements of The CGOV Foundation, which comprise the statement of financial position as at December 31, 2014 and the statements of operations, changes in fund balances and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The CGOV Foundation as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP


Chartered Professional Accountants, Licensed Public Accountants

The CGOV Foundation
Statement of Financial Position
As at December 31, 2014

			2014	2013
	General Funds \$	Donor Advised Funds \$	Total \$	Total \$
Assets				
Cash and cash equivalents	40,730	155,278	196,008	324,383
Investments (note 3)	-	10,383,902	10,383,902	10,147,903
Accounts receivable	6,564	-	6,564	6,504
	<u>47,294</u>	<u>10,539,180</u>	<u>10,586,474</u>	<u>10,478,790</u>
Liabilities				
Accounts payable and accrued liabilities	14,100	6,566	20,666	19,004
Due to CGOV Asset Management	-	25,493	25,493	25,711
	<u>14,100</u>	<u>32,059</u>	<u>46,159</u>	<u>44,715</u>
Fund Balances	<u>33,194</u>	<u>10,507,121</u>	<u>10,540,315</u>	<u>10,434,075</u>
	<u>47,294</u>	<u>10,539,180</u>	<u>10,586,474</u>	<u>10,478,790</u>

Approved by the Board of Directors

 Director

 Director

The accompanying notes are an integral part of these financial statements.

The CGOV Foundation
Statement of Operations
For the year ended December 31, 2014

			2014	2013
	General Funds \$	Donor Advised Funds \$	Total \$	Total \$
Revenues				
Donations (note 3)	357,615	26,500	384,115	1,757,178
Investment revenue	45	418,266	418,311	276,967
Gain on investments	71	414,305	414,376	1,307,851
Donations from fundraising event	-	25,351	25,351	36,016
Administrative fees earned (notes 2 and 3)	26,860	-	26,860	22,435
HST recovery	8,208	-	8,208	5,717
	392,799	884,422	1,277,221	3,406,164
Expenses				
Grants	358,261	660,901	1,019,162	765,845
Audit and operations	20,411	-	20,411	23,516
CGOV management fees (notes 2 and 3)	-	104,548	104,548	94,731
Donor Advised Funds administrative fees (notes 2 and 3)	-	26,860	26,860	22,435
Fundraising	-	-	-	9,444
	378,672	792,309	1,170,981	915,971
Excess of revenues and gains over expenses for the year	14,127	92,113	106,240	2,490,193

The accompanying notes are an integral part of these financial statements.

The CGOV Foundation
Statement of Changes in Fund Balances
For the year ended December 31, 2014

	2014		
	General Funds \$	Donor Advised Funds \$	Total \$
Balance - Beginning of year	19,067	10,415,008	10,434,075
Excess of revenues and gains over expenses for the year	14,127	92,113	106,240
Balance - End of year	33,194	10,507,121	10,540,315
	2013		
	General Funds \$	Donor Advised Funds \$	Total \$
Balance - Beginning of year	35,031	7,908,851	7,943,882
Excess (deficiency) of revenues and gains over expenses for the year	(15,964)	2,506,157	2,490,193
Balance - End of year	19,067	10,415,008	10,434,075

The accompanying notes are an integral part of these financial statements.

The CGOV Foundation
Statement of Cash Flows
For the year ended December 31, 2014

	2014 \$	2013 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues and gains over expenses for the year	106,240	2,490,193
Item not affecting cash		
Gain on investments	(414,376)	(1,307,851)
Changes in non-cash working capital balances		
Increase in accounts receivable	(60)	(885)
(Decrease) increase in amounts due to CGOV Asset Management	(218)	6,998
Increase in accounts payable and accrued liabilities	1,662	1,385
	<u>(306,752)</u>	<u>1,189,840</u>
Investing activities		
Net sale (purchase) of investments in pooled funds	<u>178,377</u>	<u>(1,845,772)</u>
Decrease in cash and cash equivalents during the year	(128,375)	(655,932)
Cash and cash equivalents - Beginning of year	<u>324,383</u>	<u>980,315</u>
Cash and cash equivalents - End of year	<u>196,008</u>	<u>324,383</u>

The accompanying notes are an integral part of these financial statements.

The CGOV Foundation

Notes to Financial Statements

December 31, 2014

1 Nature of operations

The CGOV Foundation (the Foundation) is a not-for-profit organization incorporated under Part II of the Canada Corporations Act whose mandate is to support qualifying charities in Canada by means of creating a philanthropic vehicle that allows for the pooling of resources for the ultimate betterment of our community as a whole. On May 28, 2014, the Foundation was incorporated and continued under Section 211 of the Canada Not-for-profit Corporations Act.

The Foundation is a registered charity and is classified as a public foundation under Section 149.1(1) of the Income Tax Act (Canada) (the Act). As such, it is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain its status as a public foundation registered under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2 Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the Chartered Professional Accountants of Canada (CPA Canada) Handbook using the restricted fund method of accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, all funds received with a restricted purpose are expended for the purpose for which they are provided.

These financial statements include the following funds:

- General Funds

These funds mainly represent donations to the Foundation from which disbursements are made to qualified donees as determined by the Foundation's board of directors, taking into account the recommendation of the donors. The remaining portion of these funds is disbursed at the discretion of the directors based on the needs of the community and for the Foundation's general fundraising and administrative activities.

- Donor Advised Funds

These funds represent donations made to the Foundation that have been segregated into stand-alone funds within the Foundation from which disbursements are made to qualified donees as determined by the Foundation's board of directors, taking into account the recommendations of the donors.

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Notes to Financial Statements

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Cash and cash equivalents

Cash and cash equivalents consist of cash balances with banks and highly liquid short-term investments with original terms to maturity of less than three months.

Financial instruments

The Foundation's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities and due to CGOV Asset Management.

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and due to CGOV Asset Management approximate their carrying value due to their short-term maturity.

The Foundation's funds are invested in pooled funds that hold short-term investments, bonds and Canadian and foreign equities.

The Foundation has elected to adopt Section 3856, Financial Instruments, and measure its investments at fair value with changes in value recorded in the statement of operations. The fair value is based on the quoted market price. Short-term cash and cash equivalents are carried at amortized cost, which approximates fair value.

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Foundation's designation of such instruments. Investments are subsequently classified at fair value through profit and loss.

Financial assets, other than those measured at fair value, are tested for impairment at the end of each reporting period when there are indicators the asset may be impaired.

Revenue recognition

Revenues and expenses are recognized on the accrual basis of accounting, except for donation revenues.

Donations to the Foundation and donations from fundraising events that are recorded in the General Funds or the Donor Advised Funds, as the case may be, are recognized as revenues of the particular fund in the year received.

Revenues from investments represent dividends, interest and net gains. Investment income earned in respect of Donor Advised Funds is recognized as revenue of such funds.

Agreements with CGOV Asset Management

The Foundation has entered into an administrative agreement with CGOV Asset Management (CGOV) to perform administrative duties on its behalf for a fee up to 0.25% per annum of the fair value of the assets. The

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Foundation has also entered into an agreement with CGOV to perform investment management services for the assets invested in the CGOV Fixed Income Fund and the CGOV Dividend Fund.

Agreements with donors

The Foundation has entered into a donation agreement with each donor who established a Donor Advised Fund. Each Donor Advised Fund is billed as per the CGOV Foundation agreement with CGOV at the fair value of each fund. Each Donor Advised Fund is billed as per the CGOV Foundation agreement with CGOV for investment management services based on the fair value of each fund.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned course of action. Actual results could differ from those estimates.

3 Related party transactions

Two of the directors on the board of the Foundation are partners of CGOV. During the year, the Foundation received \$25,000 (2013 - \$59,858) in donations from CGOV. The Foundation paid \$104,548 (2013 - \$94,731) in investment management fees to CGOV.

All investments made by the Foundation, \$10,383,902 (2013 - \$10,147,903), are in pooled funds operated by CGOV. As at December 31, 2014, the Foundation had invested \$3,559,951 (2013 - \$3,003,454) in the CGOV Fixed Income Fund and \$6,823,951 (2013 - \$7,144,449) in the CGOV Dividend Income Fund.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established.

4 Financial instruments

Fair value

The carrying values of cash and cash equivalents, investments, accounts payable and accrued liabilities and due to CGOV approximate their fair values unless otherwise noted. The Foundation is subject to credit risk and price risk with respect to its investments. These risks are managed by establishing a mix of investment types designed to achieve the optimal return within reasonable risk tolerances.

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Concentration of credit risk

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist primarily of cash and cash held in a brokerage account. To reduce the risk, the cash held in a brokerage account is only held at major financial institutions.

Price risk

The Foundation's investments are subject to price risk, which arises from the possibility that changes in market prices will affect the fair value of the investments. The Foundation's price risk is considered to be low.