



BRITISH COLUMBIA UNCLAIMED PROPERTY SOCIETY

ANNUAL REPORT 2018

THE BC UNCLAIMED PROPERTY SOCIETY

The British Columbia Unclaimed Property Society (BCUPS) is a not-for-profit society created in 2003 by the Province of British Columbia and Vancouver Foundation. Our mission is to reunite rightful owners with their forgotten or unclaimed funds sitting in dormant accounts. BCUPS staff assists holders of unclaimed property, which includes financial institutions, companies and organizations, to locate the rightful owners of forgotten accounts as well as helping individuals searching for unclaimed funds. Since its inception, BCUPS has reunited owners with more than \$14 million in unclaimed property from dormant accounts.

The BCUPS database lists over \$159 million in unclaimed funds, with some accounts dating back as far as 1859. BCUPS uses various resources to actively locate owners of unclaimed property, including maintaining an online database of dormant accounts which people can search to see if they have any forgotten funds waiting for them. There is no limitation period to claim funds from BCUPS and no cost for these services.

As part of our social impact business model, BCUPS transfers a portion of unclaimed funds held each year to Vancouver Foundation for charitable purposes. British Columbia is the only jurisdiction in North America that has set up a not-for-profit society to administer its unclaimed property program where a portion of funds are used for philanthropic purposes.

BCUPS is governed by a five-member Board of Directors comprised of representatives from the business sector, not-for-profit, and legal community. Board members include:



JEANETTE MCPHEE

**Chief Financial Officer and Director of Trust Regulation,
Law Society of British Columbia**

Prior to joining the Law Society in 2006, Jeanette McPhee was CFO and secretary treasurer of Cascade Aerospace Inc., Vice-President of Finance at BCTV/CHEK-TV and a chartered accountant at a national CA firm. She has a Chartered Professional Accountant designation and a business degree from Simon Fraser University. She is currently a board member of the Greater Vancouver YMCA, and is a past board member of Simon Fraser University, Surrey Food Bank Society and the Seaton Woodward Foundation.



KEVIN MCCORT

President and CEO, Vancouver Foundation

Kevin McCort was appointed President and CEO of Vancouver Foundation in September 2013. Before joining Vancouver Foundation, he served for six years as President and CEO of CARE Canada in Ottawa, one of Canada's leading development and humanitarian aid organizations and has lived and worked in many countries, including: Mali, Zimbabwe and Zambia.

He is currently a Director of Imagine Canada, serving on the Board since 2009. Imagine Canada is a national charitable organization dedicated to strengthening charities and non-profits. He is also a member of the Young Presidents' Organization.

He graduated in 1989 with a B.Sc. (Specialist/Honours) from the University of Toronto. In 2005, he earned a Master of Business Administration from Queen's University. In February 2013, he was awarded the Queen's Diamond Jubilee medal.



WILLIAM J. HALLETT

Vice President, Finance and Operations, Vancouver Foundation

Bill Hallett joined Vancouver Foundation after serving as CFO of the Vancouver Board of Trade. Prior to joining the Board of Trade, he was the VP, Finance and Accountability for the Rick Hansen Foundation and prior to that held the Senior VP and Chief Operating Officer roles for Sport BC. Bill has also worked extensively in the corporate sector. With an active interest in sports Bill currently serves on the Board of Directors of the Canadian Olympic Committee, Triathlon Canada and Coaches BC.

A Chartered Accountant by profession, Bill holds a Bachelor of Commerce from the University of Windsor and a Bachelor of Science from the University of Toronto



ANNA K. FUNG, Q.C.

Commissioner at the BC Utilities Commission

Anna Fung, QC is a Commissioner at the BC Utilities Commission. An experienced solicitor and litigator with a focus on business law, Anna Fung has acted as in-house counsel for TimberWest, Intrawest and Fortis BC. She was named a Queen's Counsel in 2000 and earned her Certified Canadian Corporate Counsel designation from Rotman School of Business in 2015.

She was a Bencher of the BC Law Society (which governs the BC legal profession) for 10 years and its President in 2007. She also served as President of the Canadian Corporate Counsel Association, Association of Chinese Canadian Professionals (B.C.), BC Autism Association and Chair of the People's Law School. In 2000, she was appointed Queen's Counsel. In 2004, she received the RVA Jones Canadian Corporate Counsel Award for her contributions to the corporate counsel community.

Anna is a recipient of the CBA (BC Branch) Equality and Diversity Award, the Vancouver YWCA Woman of Distinction Award in the Business & Professions category, the BC Community Achievement Award and the UBC Law Alumni Association Award of Distinction. She currently serves on the Boards of the Vancouver Airport Authority, and the Arts Club Theatre Society and served as a Board member of the Vancouver Foundation from 2012 to May 2017.



THE HONOURABLE CHIEF JUSTICE ROBERT J. BAUMAN

Chief Justice of British Columbia, Chief Justice of the Court of Appeal for British Columbia, and Chief Justice of the Court of Appeal of Yukon

The Honourable Robert J. Bauman was appointed as a justice of the Supreme Court of British Columbia in 1996; as a justice of the Court of Appeal for British Columbia in 2008; as Chief Justice of the Supreme Court of British Columbia in 2009; and as Chief Justice of British Columbia in 2013. Prior to becoming a judge, he was in private practice with Bull, Housser & Tupper in Vancouver. He worked largely in the areas of local government and administrative law. While practicing law, he taught administrative law at the University of British Columbia Faculty of Law as an adjunct professor from 1991 to 1996.

In 2012, and again in 2013, Chief Justice Bauman was named by Canadian Lawyer Magazine as one of the “Top 25 Most Influential” in the justice system in Canada. He was also presented with the Queen Elizabeth II Diamond Jubilee Commemorative Medal for contributions to Canada. As well, Chief Justice Bauman is the 2012 recipient of the Anthony P. Pantages, QC Medal for outstanding contributions to the field of justice, presented by The Justice Institute of British Columbia Foundation. Chief Justice Bauman was the recipient of the 2013 TLABC Bench Award by the Trial Lawyers Association of British Columbia. In 2015, he was appointed First Vice-Chair of the Canadian Judicial Council. Chief Justice Bauman is the founding Chair of Access to Justice BC.

REUNITING FORGOTTEN DOLLARS WITH THEIR RIGHTFUL OWNERS

MESSAGE FROM THE PRESIDENT AND EXECUTIVE DIRECTOR

At the BC Unclaimed Property Society (BCUPS) it has always been our goal to reunite British Columbians with their unclaimed funds. We remain committed to providing individuals and organizations with professional, efficient and responsive services as they search for, claim and remit funds.

In 2018 BCUPS completed an external information security audit to proactively identify and mitigate any risks associated with our IT infrastructure. BCUPS has implemented all of the recommendations from this audit and has committed to performing this exercise annually to ensure we are consistent with best practices in this area.

BCUPS commissioned an external privacy audit in 2018 to ensure compliance and best practices under the Freedom of Information and Protection of Privacy Act (FOIPPA). As a result, BCUPS has updated its privacy policies and procedures. We remain committed to protecting personal information under BCUPS' custody and control.

BCUPS received \$6,115,202 from holders of unclaimed property in 2018. A substantial portion of this amount represents funds paid into court throughout British Columbia.

BCUPS returned \$1,720,685 of unclaimed funds to rightful owners in 2018, representing more than 1,200 individual accounts. Properties valued over \$50 or more are searchable in our online database, and individual location efforts are conducted on all properties valued over \$200.

In 2018, BCUPS completed over 7,500 individual search efforts to reunite owners with their forgotten funds. This number represents a four- fold increase from 2017 and is the highest number of search efforts completed by BCUPS within one year since its inception in 2003.

Over the years, we have established strong relationships with a variety of organizations that hold unclaimed funds throughout British Columbia. These organizations regularly express their appreciation for our services and continue to transfer their unclaimed funds to us.

Under the BCUPS mandate, a total of \$2,800,000 was allocated to Vancouver Foundation for charitable purposes in 2018.

We pride ourselves on reuniting rightful owners with their unclaimed property, while simultaneously assisting companies to remit these funds. We look forward to providing this valuable service to British Columbians in 2019.



FLOYD MURPHY
PRESIDENT



ALENA LEVITZ
EXECUTIVE DIRECTOR

2018 SNAPSHOT

	2018	2017
Total money returned to people with unclaimed property	\$1,720,685	\$942,434
Total properties returned to people with unclaimed property	1,221	764
Total money received from companies and organizations	\$6,115,202	\$17,198,314
Total properties received from companies and organizations	4,614	11,657
Total amount donated to Vancouver Foundation	\$2,800,000	\$2,800,000

SUBMISSIONS (\$)

NEW UNCLAIMED PROPERTY FUNDS	2018	2017
Courts	2,960,186	8,270,895
Public Guardian & Trustee	1,266,473	3,881,235
Financial Institutions	1,169,080	535,770
Property Insurance	200,277	255
Insurance (not Property or Life)	110,260	-
Money Order	97,562	105,075
Trust Funds	66,575	24,414
Securities	54,338	5,081
Life Insurance	47,506	56,481
Deposits – not savings	46,794	11,161
Employment Standards	33,885	4,170,408
Debt Collection	26,311	10,635
Local Government Act	22,407	309
Real Estate	9,425	23,514
Residential Tenancy Act	1,841	375
Companies in Liquidation	1,798	2,397
Mineral Rights	484	741
BC Ministries	-	47,529
Closed Pension Plans	-	30,162
Manufactured Home Park Act	-	17,538
Pensions (open)	-	4,245
Profession Insurance	-	94
TOTAL	6,115,202	17,198,314

Funds held by BCUPS which are not distributed, form part of an investment account. Income earned from these funds pay for BCUPS operating expenses.

EDUCATING HOLDERS OF UNCLAIMED PROPERTY

Many companies don't know their legal obligations regarding the unclaimed property on their books. They also don't know the compelling business case for transferring unclaimed property to the BC Unclaimed Property Society.

Under the British Columbia Unclaimed Property Act companies are obliged to try and find the owners of unclaimed property. If they aren't successful, the companies are "required to maintain a database that is available to the public in order to facilitate the return of the unclaimed property to the owner." Companies must deal with inquiries from potential owners and substantiate claims.

This takes time, money and resources. Moreover, unclaimed property sitting on company books is unattractive to potential buyers.

The BC Unclaimed Property Society takes over the legal obligation on behalf of holders of unclaimed property, for free. Our office continues to educate holders about this valuable service.



FINANCIAL STATEMENTS

REUNITING FORGOTTEN
DOLLARS WITH THEIR
RIGHTFUL OWNERS.

British Columbia Unclaimed Property Society

Financial Statements
(Expressed in thousands of dollars)
December 31, 2018

Independent auditor's report

To the Directors of British Columbia Unclaimed Property Society

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of British Columbia Unclaimed Property Society (the organization) as at December 31, 2018 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.

What we have audited

The organization's financial statements comprise:

- the statement of financial position as at December 31, 2018;
 - the statement of operations and fund balances for the year then ended;
 - the statement of changes in fund balances for the year then ended;
 - the statement of cash flows for the year then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
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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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 organization'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 organization'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 organization 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.

Report on other legal and regulatory requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 8, 2019

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British Columbia Unclaimed Property Society

Statement of Financial Position
(Expressed in thousands of dollars)

As at December 31, 2018 with comparative information for 2017

	December 31, 2018		December 31, 2017		Total	Restricted	Unrestricted	Total
	Restricted	Unrestricted	Restricted	Unrestricted				
Assets								
Current assets								
Cash and cash equivalents	\$ 2,515	\$ 607	\$ 3,122	\$ 2,921	\$ 454	\$ 5	\$ 3,375	
Accounts receivable	-	6	6	-	5	-	5	
Prepaid expenses	-	6	6	-	11	-	11	
Investments (note 3)	2,515	619	3,134	2,921	470	-	3,391	
	38,457	183	38,640	36,457	764	-	37,221	
Total assets	\$ 40,972	\$ 802	\$ 41,774	\$ 39,378	\$ 1,234	\$	\$ 40,612	
Liabilities and Fund Balances								
Current liabilities								
Accounts payable and accrued liabilities (note 4(a))	\$ -	\$ 79	\$ 79	\$ -	\$ 84	\$ -	\$ 84	
Fund Balances								
Restricted funds (note 2(a))	449	-	449	600	-	-	600	
Old unclaimed property funds	40,523	-	40,523	38,778	-	-	38,778	
New unclaimed property funds	40,972	-	40,972	39,378	-	-	39,378	
Unrestricted fund (note 2(a))	-	723	723	-	1,150	-	1,150	
Total liabilities and fund balances	\$ 40,972	\$ 802	\$ 41,774	\$ 39,378	\$ 1,150	\$	\$ 40,528	
	\$ 40,972	\$ 802	\$ 41,774	\$ 39,378	\$ 1,234	\$	\$ 40,612	

See accompanying notes to the financial statements.

Approved by the Board of Directors on April 8, 2019



Director



Director

British Columbia Unclaimed Property Society
Statement of Operations and Fund Balances
(Expressed in thousands of dollars)

For the year ended December 31, 2018 with comparative information for 2017

	December 31, 2018		December 31, 2017		Total
	Restricted	Unrestricted	Restricted	Unrestricted	
Revenue					
Receipts of unclaimed property (note 5)	\$ 6,115	\$ -	\$ 6,115	\$ -	\$ 6,115
Investment and interest income (note 3(b))	-	534	534	-	534
	6,115	534	6,649	17,198	18,038
Expenses					
Operating expenses					
Compensation (note 6)	-	438	438	-	342
Office administration	-	198	198	-	144
Information and technology consulting	-	142	142	-	125
Rent (note 4(a))	-	50	50	-	40
Management fees (note 4(a))	-	39	39	-	38
Investment management fees	-	94	94	-	82
Amortization	-	-	-	-	2
	-	961	961	-	773
Distributions to claimants					
Old unclaimed property funds	152	-	152	163	163
New unclaimed property funds	1,569	-	1,569	779	779
Transfers to Vancouver Foundation (note 4(b))	2,800	-	2,800	2,800	2,800
	4,521	961	5,482	3,742	4,515
Excess (deficiency) of revenue over expenses	1,594	(427)	1,167	13,456	67
Fund balances, beginning of year	39,378	1,150	40,528	25,922	1,083
Fund balances, end of year	\$ 40,972	\$ 723	\$ 41,695	\$ 39,378	\$ 1,150
					\$ 40,528

See accompanying notes to the financial statements.

British Columbia Unclaimed Property Society

Statement of Changes in Fund Balances
(Expressed in thousands of dollars)

For the year ended December 31, 2018 with comparative information for 2017

	December 31, 2018			December 31, 2017				
	Restricted - Old unclaimed property funds	Restricted - New unclaimed property funds	Unrestricted fund	Total	Restricted - Old unclaimed property funds	Restricted - New unclaimed property funds	Unrestricted fund	Total
Fund balances, beginning of year	\$ 600	\$ 38,778	\$ 1,150	\$ 40,528	\$ 763	\$ 25,159	\$ 1,083	\$ 27,005
Excess (deficiency) of revenue over expenses	(151)	1,745	(427)	1,167	(163)	13,619	67	13,523
Fund balances, end of year	\$ 449	\$ 40,523	\$ 723	\$ 41,695	\$ 600	\$ 38,778	\$ 1,150	\$ 40,528

See accompanying notes to the financial statements

British Columbia Unclaimed Property Society

Statement of Cash Flows

(Expressed in thousands of dollars)

For the year ended December 31, 2018 with comparative information for 2017

	2018	2017
Cash provided by (used in)		
Operations		
Excess of revenue over expenses	\$ 1,167	\$ 13,523
Items not affecting cash		
Amortization	-	2
Unrealized (gain) loss on investments	572	(31)
	1,739	13,494
Changes in non-cash operating working capital		
Accounts receivable	(1)	1
Prepaid expenses	5	(6)
Accounts payable and accrued liabilities	(5)	34
Net cash from operations	1,738	13,523
Investing		
Disposal of investments	6,220	4,419
Purchase of investments	(8,211)	(17,404)
Net cash used in investing	(1,991)	(12,985)
Increase (decrease) in cash and cash equivalents	(253)	538
Cash and cash equivalents, beginning of year	3,375	2,837
Cash and cash equivalents, end of year	\$ 3,122	\$ 3,375

See accompanying notes to the financial statements.

British Columbia Unclaimed Property Society

Notes to Financial Statements

(Expressed in thousands of dollars)

For the year ended December 31, 2018

1 Nature of operations

British Columbia Unclaimed Property Society (the Society) was incorporated on March 3, 2003 under the Society Act of the Province of British Columbia.

The Society transitioned to the new British Columbia Societies Act on February 27, 2017.

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 Act). The Society receives unclaimed property, attempts to locate rightful owners and distributes property to verified claimants. The Society is classified as a non-profit organization under the Income Tax Act (Canada) and is exempt from income taxes.

The Society entered into an Administration Agreement (the Agreement) with the Province of British Columbia (the Province) and Vancouver Foundation on March 11, 2003 whereby the Province appointed the Society to act as the administrator under the Act. The Agreement commenced April 1, 2003 for an initial term of five years, and in 2008, the Province renewed the Agreement for an indefinite term until either party gives one year written notice to terminate the agreement. The agreement is currently under review between the Society and the Province.

2 Significant accounting policies

The financial statements of the Society have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

a) Fund accounting

The Society follows the restricted fund method of accounting for unclaimed property held by the Society. For financial reporting purposes, the accounts have been classified into the following funds:

i) Restricted Fund:

Old Unclaimed Property Funds:

Pursuant to the Agreement, the Province transferred \$4,000 of unclaimed funds to the Society to satisfy claims prior to April 1, 2003. At the end of the initial term, any unused funds were to be returned to the Province. Subsequently, the Province agreed that the Society should continue to manage these funds until further review by the Province.

The Society recorded the funds received from the Province for the period prior to April 1, 2003 as Restricted - Old Unclaimed Property Funds.

New Unclaimed Property Funds:

Pursuant to the Agreement, funds received after April 1, 2003 are recorded as Restricted - New Unclaimed Funds.

British Columbia Unclaimed Property Society

Notes to Financial Statements

(Expressed in thousands of dollars)

For the year ended December 31, 2018

ii) Unrestricted Fund:

The Agreement allows income generated from the investment of the Old and New Unclaimed Property Funds to be used for the Society's operating expenses. This investment income is reported as unrestricted revenue within the Unrestricted Fund.

b) Financial instruments

The Society's financial instruments consist of cash and cash equivalents, accounts receivable, investments, and accounts payable and accrued liabilities.

i) Cash and cash equivalents

Cash and cash equivalents consist of balances held with Canadian financial institutions for the purposes of meeting short-term cash commitments and deposits in transit.

ii) Investments

Investments consist of guaranteed investment certificates, money market securities, bonds, equities, mortgages and temporary cash held for the purpose of reinvestment. These investments are recorded at their fair values determined, on a trade date basis, on the last business day of the fiscal period. Transaction costs are expensed as incurred.

iii) Other financial instruments

Accounts receivable, and accounts payable and accrued liabilities are measured at amortized cost and the fair value approximates the carrying value. All other financial assets and liabilities are measured at fair value.

c) Related parties

The Society is controlled by Vancouver Foundation which holds all of the shares in the three corporations that are the sole members of the Society.

Transactions with Vancouver Foundation are in the normal course of business and are measured at the amount of consideration established and agreed to by both parties. Details of related party transactions are disclosed in note 4.

The Society is required by the Agreement to set aside a certain portion of the Unclaimed Property Funds it receives to meet any contingent liabilities that might arise in future years. The Agreement permits the Society to transfer a portion of remaining unclaimed balances out of the New Unclaimed Property Funds to Vancouver Foundation for charitable purposes in British Columbia, as detailed in note 4(b).

British Columbia Unclaimed Property Society

Notes to Financial Statements

(Expressed in thousands of dollars)

For the year ended December 31, 2018

d) Revenue recognition

Unclaimed property funds received are recognized as revenue to the Restricted Funds upon receipt.

According to the Act, no interest or other earnings accrue or are payable to a claimant in respect of the period after the funds are transferred to the Society. Income earned on unclaimed funds is therefore accounted for as revenue to the Unrestricted Fund. Investment income is recorded on an accrual basis.

e) Distributions to claimants

Payments are made to claimants once the claim is determined to be valid. Amounts paid to claimants are recognized as distributions from the Restricted Funds. Distributions are recorded when paid by the Society.

f) Management estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing these financial statements are reasonable; however, actual results could differ from these estimates.

3 Investments

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

a) Investment portfolio:

Cash and money market securities:

The Society invests in a money market security mutual fund, holding a diversified portfolio of short-term Canadian money market securities. The Society invests in several mutual funds holding cash as a small proportion of their portfolios.

Guaranteed Investment Certificates:

The Society holds guaranteed investment certificates issued by Canadian banks, trust companies and credit unions domiciled in British Columbia.

British Columbia Unclaimed Property Society

Notes to Financial Statements

(Expressed in thousands of dollars)

For the year ended December 31, 2018

Mortgages:

The Society invests in mutual funds holding Canadian mortgage backed securities.

Bonds:

The Society invests in mutual funds holding short-term fixed income securities issued by Canadian governments and corporations.

Canadian equities:

The Society invests in mutual funds holding equity securities of Canadian companies.

Investments consist of the following, measured at fair value:

	2018	2017
Cash and money market securities	\$ 8,039	\$ 7,628
Guaranteed investment certificates	15,674	14,832
Mortgages	7,207	6,685
Bonds	5,983	6,237
Canadian equities	1,737	1,839
	\$ 38,640	\$ 37,221

b) Investment and interest income:

	2018	2017
Investment income	\$ 1,087	\$ 774
Realized gain on disposal of investments	19	35
Unrealized (loss) gain on investments	(572)	31
	\$ 534	\$ 840

4 Related party transactions

a) General operating transactions

The Society subleases office space from Vancouver Foundation, in respect of which it incurred \$50 (2017 - \$40) for the year ended 2018. In addition, for the year ended 2018 the Society paid management service fees of \$39 (2017 - \$38) to Vancouver Foundation for financial, accounting, general management and other administrative services. At December 31, 2018, the Society had a \$3 (2017 - \$14) balance owing to Vancouver Foundation.

(4)

British Columbia Unclaimed Property Society

Notes to Financial Statements

(Expressed in thousands of dollars)

For the year ended December 31, 2018

b) Transfers to Vancouver Foundation

The Society is permitted by the Agreement to transfer funds to Vancouver Foundation for charitable purposes. The Society transferred \$2,800 (2017 - \$2,800) to Vancouver Foundation in 2018. Cumulatively the Society has transferred \$37,226 (2017 - \$34,426) to Vancouver Foundation since 2004.

5 Receipts of unclaimed property

Receipts of unclaimed property consist of:

	2018		2017	
New unclaimed property funds	\$	6,114	\$	17,198
Old unclaimed property funds		1		-
	\$	6,115	\$	17,198

6 Employee compensation

In accordance with the disclosure requirements of the Societies Act, two employees received compensation in excess of \$75 (2017 - \$75) per individual for the year ended 2018. Their compensation for the year ended 2018 was \$220 (2017 - \$204).

7 Financial risk management

The Society has exposure to the following risks from its use of financial instruments: market risk, credit risk and liquidity risk.

a) Market risk

Market risk is the risk that the fair value of an investment will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. Market risk comprises interest rate risk, foreign currency risk and equity price risk.

i) Interest rate risk

Interest rate risk is the risk that the market value of the Society's interest bearing financial instruments will fluctuate due to changes in the prevailing interest rates. The Society manages its interest rate risk by investing in a diversified portfolio.

British Columbia Unclaimed Property Society

Notes to Financial Statements

(Expressed in thousands of dollars)

For the year ended December 31, 2018

ii) Foreign currency risk

Investments in foreign securities are exposed to currency risk due to fluctuations in foreign exchange rates. The Society has nominal exposure to foreign currency risk as its investments are predominantly held in Canadian funds.

iii) Equity price risk

Equity price risk is the risk that the fair value of equity financial instruments will fluctuate due to changes in market prices. The Society is exposed to equity price risk on its equity securities. The Society reduces this risk by investing in securities with a lower level of volatility.

b) Credit risk

Credit risk is the risk of loss associated with the inability of a counterparty to fulfill its obligations under the terms of a financial instrument. The maximum exposure to credit risk is the carrying value of these investments. Management reduces the Society's exposure to credit risk by holding its cash on deposit at an AA rated Canadian chartered bank, and by investing in bonds with a credit rating primarily of B or above.

c) Liquidity risk

Liquidity risk is the risk the Society cannot meet the demand for cash or fund its obligations as they become due. Management minimizes the Society's exposure to liquidity risk by regularly monitoring cash flow projections and holding a sufficient balance in cash to meet its anticipated obligations.

8 Comparative information

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



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