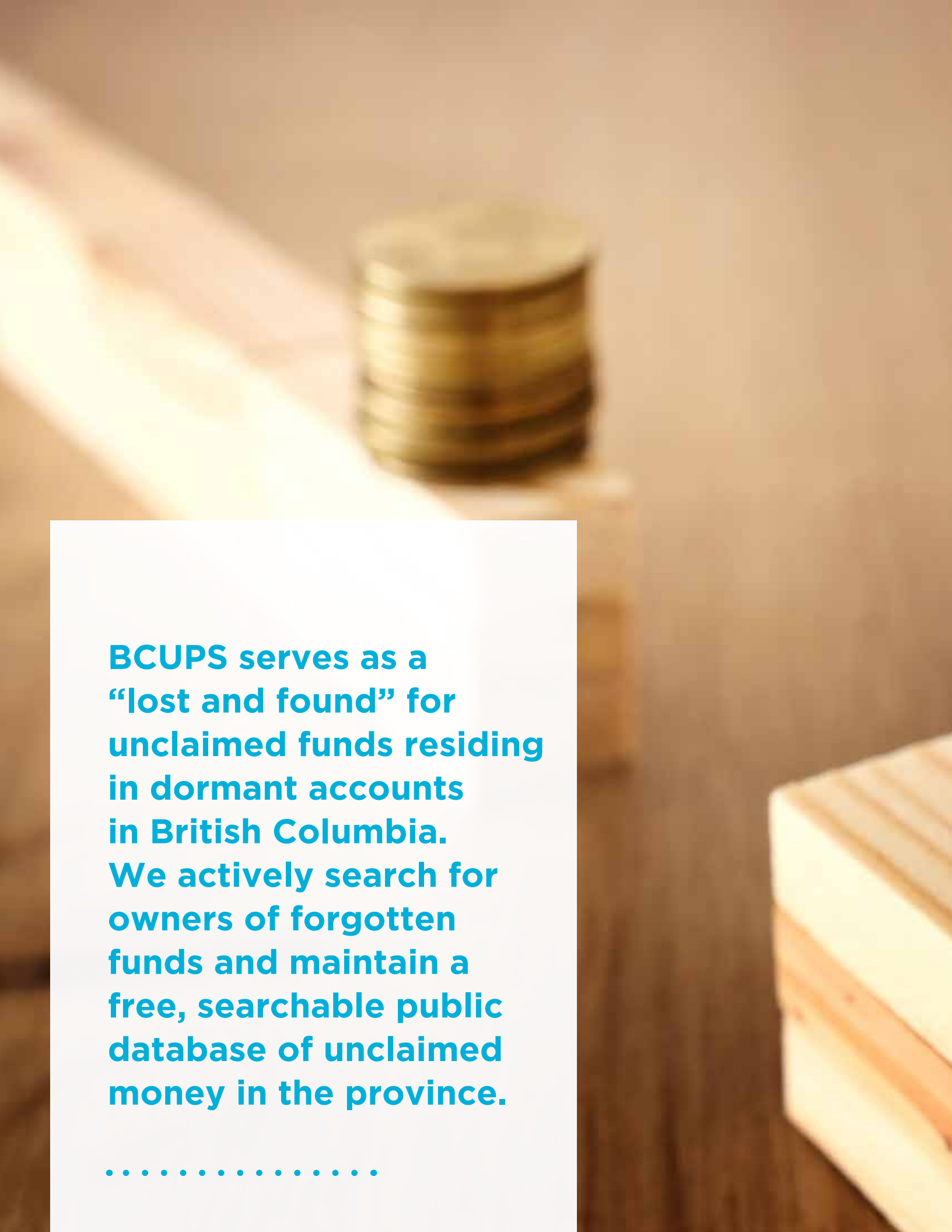




FROM DORMANCY TO **DISTRIBUTION**

**BRITISH COLUMBIA
UNCLAIMED
PROPERTY SOCIETY**

ANNUAL REPORT 2019

A stack of gold coins is centered in the upper half of the image, resting on a wooden surface. The background is a warm, out-of-focus wooden texture. In the bottom right corner, there is a stack of light-colored wooden blocks.

**BCUPS serves as a
“lost and found” for
unclaimed funds residing
in dormant accounts
in British Columbia.
We actively search for
owners of forgotten
funds and maintain a
free, searchable public
database of unclaimed
money in the province.**

.....



.....

About BCUPS

The BC Unclaimed Property Society (BCUPS) is a registered not-for-profit established in 2003 by the Province of British Columbia and Vancouver Foundation to administer British Columbia's unclaimed property program. BCUPS's mission is to reunite British Columbians with their forgotten or unclaimed money held by companies and organizations in dormant accounts.

What We Do

Under the Unclaimed Property Act, BCUPS serves as the legal custodian of unclaimed funds for the rightful owners. In this capacity, we:

- Actively search for owners of unclaimed funds;
- Maintain a public, searchable database of unclaimed property in BC;
- Process claims to reunite rightful owners with their forgotten or unclaimed money;
- Work with companies and organizations to help them get unclaimed assets off their books; and
- Protect the privacy of holders and claimants of unclaimed property.

JOINT MESSAGE FROM THE CHAIR AND EXECUTIVE DIRECTOR

2019 was a year of change and renewal for the BC Unclaimed Property Society.

We took concrete steps to position BCUPS for the future by improving integral business processes and procedures, enhancing efficiencies, and bolstering stakeholder relationships to ensure the Province's dormant asset program continues to be responsive to the needs of British Columbians.

BCUPS strengthened important partnerships by finalizing a new Administration Agreement with the Province of British Columbia and Vancouver Foundation. This agreement updated several business improvement initiatives, including best practices in records management, IT security protocols, and privacy protection while upgrading performance and financial metrics. These notable changes are designed to increase transparency and reinforce public confidence that the funds entrusted to us are well managed. We agreed on a new funding formula to maximize the annual transfer of unclaimed funds to Vancouver Foundation to support social programs that enhance people's lives and make a meaningful difference in communities throughout BC.

Under this mandate, BCUPS transferred \$4.2 million to Vancouver Foundation for charitable purposes in 2019, which the Foundation directed to areas that would have the greatest impact, such as combatting the opioid crisis and addressing homelessness in British Columbia.

Funds allocated each year for philanthropic purposes are based on an actuarial formula that ensures the financial stability of BCUPS and our commitment to fulfil verified claims of forgotten funds in perpetuity.

BCUPS received \$10,949,801 from holders of unclaimed property in 2019. A substantial portion of these remitted funds represents money transferred from the Courts and the Public Guardian and Trustee of British Columbia, comprised primarily of assets from unadministered estates.

We had a stable rate of claims during the year, enabling BCUPS to return \$2,744,595 of unclaimed funds to their rightful owners in 2019, representing 598 individual accounts. Claim payouts in 2019 were approximately \$1 million higher than the previous year. Assets valued at \$50 or more are searchable in our online database, and individual location efforts are conducted on all accounts valued over \$200.

In 2019, we completed 2,325 individual search efforts to reunite owners with their forgotten funds reflecting BCUPS staff's proficiency in identifying and verifying claimants.

Last spring, our Executive Director Alena Levitz along with Kevin McCort, President and CEO of Vancouver Foundation, were invited

to participate in the International Symposium on Utilizing Dormant Accounts for Social Issues in Tokyo, Japan. The event was hosted by the government of Japan, which recently introduced its first dormant asset program. The symposium brought together unclaimed property representatives from Canada, Ireland, and the UK to share best practices in using dormant assets to fund social causes. Delegates and participants greatly appreciated BCUPS's knowledge and expertise in reuniting owners with their funds and using unclaimed assets for social purposes as one of the longest established organizations managing a dormant asset program. We are encouraged that other countries are adopting this business model to fund social programs as an alternative to raising taxes and believe other jurisdictions will soon follow suit.

Turning to our people, we thank those Directors who retired from the BCUPS Board during 2019, specifically our former Chair Floyd Murphy, who chaired BCUPS for the past 8 years and Bill Hallett, Vice President, Finance and Operations, at Vancouver Foundation. We would like to express our sincere appreciation to Floyd and Bill for their insight, guidance, good humour and many contributions to BCUPS during their tenure on the Board. We continued to strengthen the expertise of our Board by welcoming two new Directors, Eugene Lee, Vice President, Investments, at Vancouver Foundation and Jeanette McPhee, Chief Financial Officer and Director of Trust Regulation, Law Society of British Columbia, whose management expertise will be invaluable in these uncertain times.



ANNA K. FUNG, Q.C.
CHAIR

“

We are proud to be associated with an organization that makes such a meaningful difference in people's lives

We would like to thank all our Board members. They are dedicated professionals who are committed to overseeing BCUPS's strategic direction to support our common goal of reuniting rightful owners with their forgotten funds and encouraging holders of dormant assets to remit unclaimed accounts to BCUPS for administration. We also thank all those organizations that have remitted unclaimed funds to us and that continue to do so enabling us to carry out our statutory mandate for the benefit of all British Columbians.

In closing, we are extremely proud to be associated with an organization that provides such a valuable service to British Columbians and makes a meaningful difference in people's lives. As we enter 2020 in the face of increased challenges and an uncertain future, we are confident that BCUPS has the team, strategy, and track record to continue to make a positive contribution to our Province and society. We trust that all of us will stay safe, healthy and positive.



ALENA LEVITZ
EXECUTIVE DIRECTOR

What is Unclaimed Property?

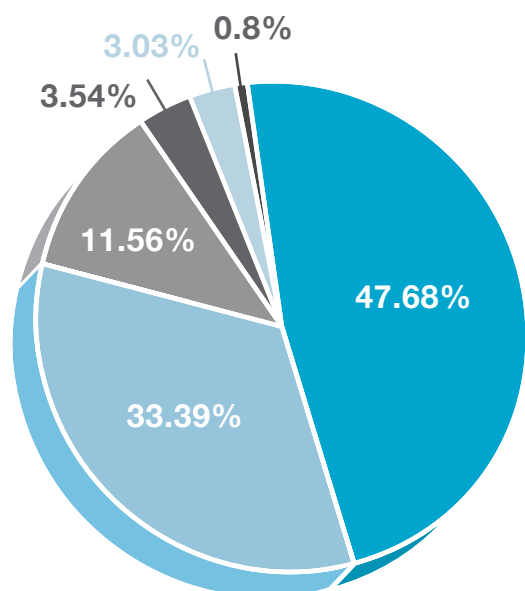
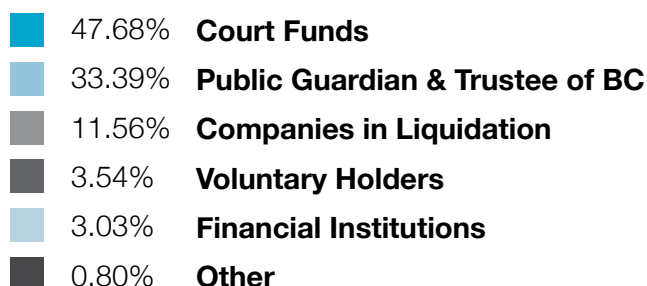
Unclaimed property refers to money held by a company or organization that legally belongs to another person. Funds become unclaimed when the lawful owner takes no action to access his/her account after a specified period, ranging from one to ten years depending on the type of account and the holder.

Dormant accounts under the purview of BCUPS apply only to provincially-regulated financial institutions, companies and organizations. They do not include dormant bank accounts, which fall under the jurisdiction of the Bank of Canada.

IN BC UNCLAIMED PROPERTY INCLUDES:

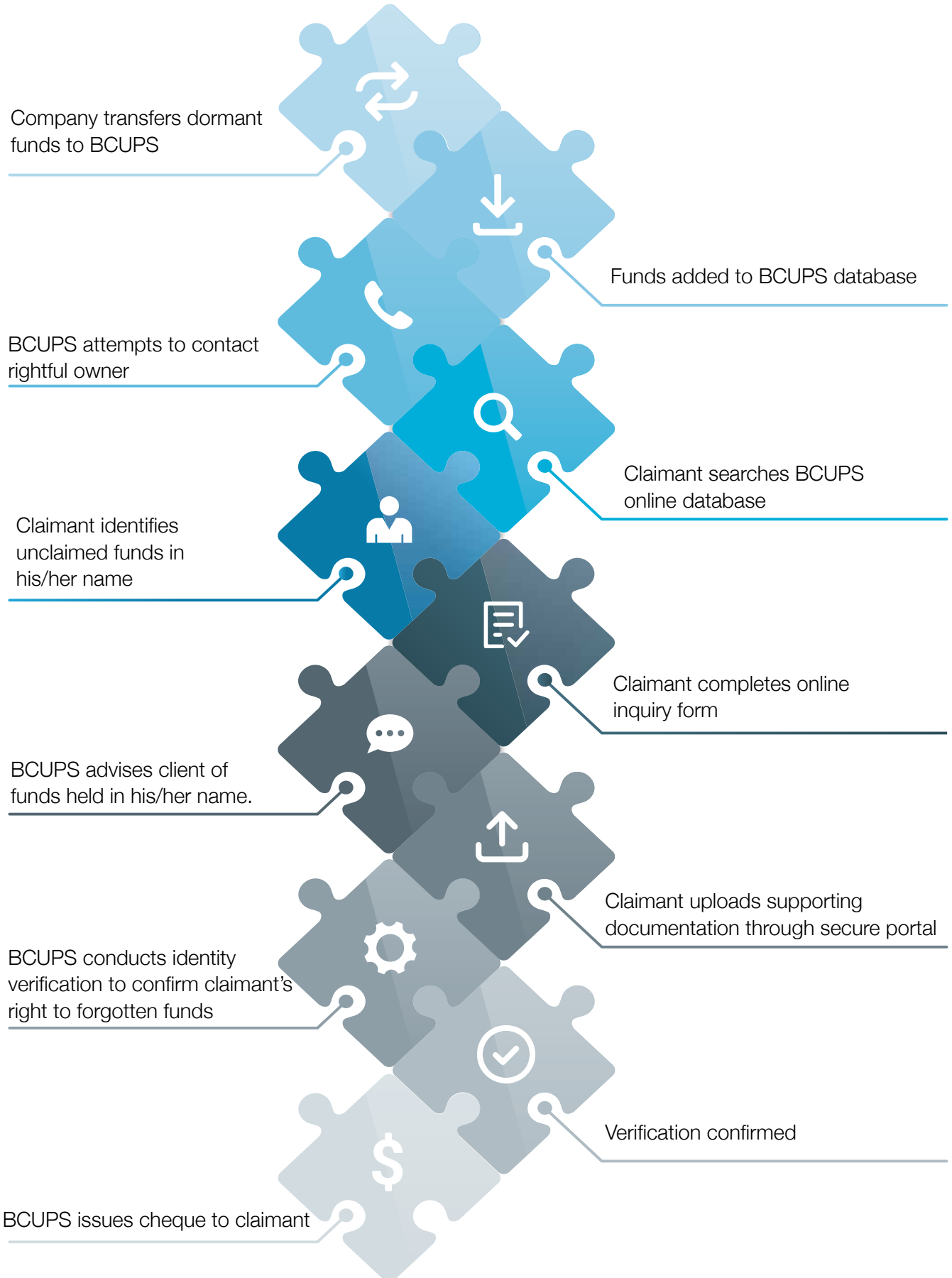
- Dormant credit union accounts;
- Unclaimed wages;
- Insurance payments;
- Court payments;
- Intestate estates (death without a will);
- Overpayments to debt collectors; and
- Outstanding real estate deposits.

Where BC's Unclaimed Assets Came From in 2019



From Dormancy to Distribution

Claiming Forgotten Funds



Unclaimed Property By The Numbers

\$164,919,847

Value of unclaimed funds in BC waiting to be claimed.

\$10,949,801

Amount of unclaimed funds BCUPS received from financial institutions, companies and organizations in 2019.

\$2,744,595

Amount of money returned to verified claimants in 2019.

\$101,115,874

Total amount of money from dormant accounts BCUPS has received since its inception.

\$17,528,171

Approximate amount of money from dormant accounts BCUPS has returned to the rightful owners since its inception.

\$357,262

Largest amount claimed.

\$1.9 million

Largest dormant account in BC waiting to be claimed.





Community Outreach

| | | |
|---------------------------|---|--------------------|
| Media Placements | : | 68 |
| Impressions | : | 1.9 Million |
| Website Visits | : | 86,816 |
| General Inquiries | : | 5,101 |
| Individual Search Efforts | : | 2,325 |

Best Practices for Holders of Dormant Accounts

The BC Unclaimed Property Act requires companies and organizations holding dormant accounts to make a reasonable effort to locate and notify the owners of forgotten funds.

Unclaimed accounts are deemed to be “dormant” if there has been no activity by the owner for a specified period of time ranging from one to 10 years, depending on the type of account involved. If the holders can’t locate the owner, they are required to list unclaimed funds they hold on a publicly searchable database, although not all companies comply.

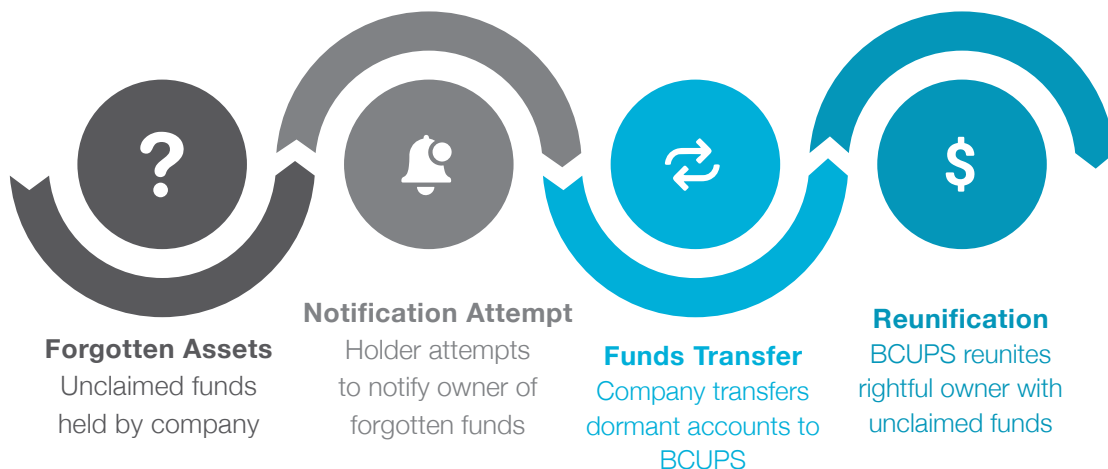
Credit unions, debt collectors, real estate agencies, companies in liquidation, municipal and provincial courts and municipalities are classified as mandatory holders and are thereby required by law to transfer unclaimed funds to BCUPS if the rightful owners cannot be located.

Other organizations holding trust funds, insurance policies, brokerage accounts and closed pension plans are designated as voluntary holders and encouraged to transfer their unclaimed property accounts to BCUPS.

Ignoring dormant accounts can result in an administrative burden for organizations. If a business owner is contemplating selling his/her company, for example, dormant assets on the books may be unattractive to potential buyers.

Transferring unclaimed funds to BCUPS fulfils a company’s legal obligations under the Unclaimed Property Act and releases the business from the onus of managing dormant accounts. BCUPS’s staff actively search for the owners of forgotten funds and are dedicated to reuniting money with the rightful owners. BCUPS also maintains a free online database with the names of unclaimed account holders that individuals can search to see if they have forgotten funds waiting for them.

HOLDERS’ RESPONSIBILITIES UNDER THE UNCLAIMED PROPERTY ACT





Protecting Your Privacy

At BCUPS, keeping your personal information safe and secure is our foremost priority. We continuously upgrade our information technology system to ensure any information that is collected and stored related to an unclaimed account or inquiry is safeguarded. We also routinely enhance security features of our website to provide a safe and secure online experience. To protect consumers, we have also included information on our website on how to spot and guard against common unclaimed property scams.



BCUPS's Philanthropic Business Model

One of the most distinctive aspects of British Columbia's unclaimed property program is its philanthropic component. Every year, a portion of funds held by BCUPS is transferred to Vancouver Foundation for charitable purposes. The amount is determined by the BCUPS Board based on an actuarial calculation that ensures sufficient funds are available to meet future claims.

In 2019, BCUPS transferred \$4.2 million to Vancouver Foundation to support community and social programs. These unclaimed assets are unrestricted funds, which means the Foundation has the flexibility to direct them to areas where the need is the greatest to address pressing social issues.

Vancouver Foundation directs these funds to high-priority projects such as combatting the opioid crisis, reducing homelessness, and helping young adults successfully transition out of foster care by providing necessary community, education, and housing support.



\$41.4 Million

Amount BCUPS has transferred to Vancouver Foundation since its inception.



\$4.2 Million

Funds from dormant accounts BCUPS transferred to Vancouver Foundation in 2019 for charitable purposes.



Addressing BC's Opioid Crisis

Since 2014, Vancouver Foundation has granted nearly \$2 million to address BC's opioid crisis. Financial support is directed towards public engagement, knowledge exchange, drug checking services, clinical trials and addressing frontline agencies.

While most people equate drug addiction with the disadvantaged, 95 percent of the substance-using population consists of working professionals with careers and families. These individuals often can't afford top-quality treatment, but they don't qualify for the public care that the indigent receives. To address this gap in the addiction system of care, Vancouver Foundation and St. Paul's Foundation recently provided grants of more than \$1 million to the British Columbia Centre on Substance Abuse (BCCSU) to develop an inclusive addiction system of care. Funds were used to support drug checking and clinical trials, as well as hiring staff who have first-hand experience with addiction and treatments to engage patients, families and caregivers, and the recovery community. These grants help improve harm reduction, influence drug addiction policies, and change how the medical community responds to substance abuse at all levels.



Vancouver Foundation directs funds provided by BCUPS to high-priority projects such as combatting the opioid crisis, reducing homelessness, and helping young adults transition out of foster care.

West End Free Kitchen Delivers Food, Dignity and Support

Through its Neighbourhood Small Grants program, Vancouver Foundation provides funding to support the West End Free Kitchen, which delivers weekly hot meals and supplies to people living on the street in Vancouver's West End.

The program is simple: stocked with hot food, water and personal supplies volunteers drive through the West End looking for neighbors who may be in need.

Often a person who is living on the street has no safe space to store belongings which can make moving around to find food and get personal needs met challenging. West End Free Kitchen drivers deliver meals to their space, helping grow community and build lasting connections.

Witnessing the West End Free Kitchen in action often causes a ripple effect. People frequently ask volunteers how to help, offer cash donations on the spot or inquire about how to get involved. In addition to providing a welcome meal for the homeless, the West End Free Kitchen provides dignity, love and support to people in need who just need a hand up.

BCUPS Board of Directors

BCUPS is governed by a five-member volunteer Board of Directors comprised of representatives from the business sector, not-for-profit, and legal community. The Board provides direction and oversight of management strategy and financial management policies, as well as ensuring BCUPS has adequate resources to fulfil its mandate. Board members include:



ANNA K. FUNG, Q.C.

DEPUTY CHAIR AT THE BC UTILITIES COMMISSION

Anna Fung, QC, is the Deputy Chair at the BC Utilities Commission. An experienced solicitor and litigator with a focus on business law, Anna 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.

Anna 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 (BC), BC Autism Association and Chair of the People's Law School. 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 is a past Director of the Vancouver Airport Authority and the Arts Club Theatre Society and served as a Board member of the Vancouver Foundation from May 2012 to May 2017.



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.

Kevin 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.



EUGENE LEE

VICE PRESIDENT, INVESTMENTS, VANCOUVER FOUNDATION

Eugene has more than 20 years of experience working with pensions, endowments, foundations and Indigenous settlement trusts. Prior to joining Vancouver Foundation in 2016, Eugene spent three years at PBI Actuarial Consultants as an Investment Consultant and 14 years at RBC Investor and Treasury Services; working closely with various plan sponsors in developing investment policies and governance guidelines as well as manager research, performance monitoring and strategic asset mix analysis.

Eugene is a graduate of the University of British Columbia Sauder School of Business and received his Chartered Financial Analyst (CFA) designation in 2002.



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 also received the Queen Elizabeth II Diamond Jubilee Commemorative Medal for contributions to Canada. As well, Chief Justice Bauman was 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.

FROM **DORMANCY TO** **DISTRIBUTION**



FINANCIAL STATEMENTS



BRITISH COLUMBIA
**UNCLAIMED
PROPERTY**
SOCIETY

British Columbia Unclaimed Property Society

Financial Statements
(Expressed in thousands of dollars)
December 31, 2019



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 Society) as at December 31, 2019 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 Society's financial statements comprise:

- the statement of financial position as at December 31, 2019;
 - 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.
-

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 Society 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.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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
May 12, 2020

British Columbia Unclaimed Property Society

Statement of Financial Position

(Expressed in thousands of dollars)

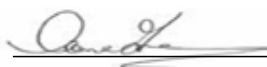
As at December 31, 2019 with comparative information for 2018

| | December 31, 2019 | | | December 31, 2018 | | |
|--|-------------------|-----------------|------------------|-------------------|---------------|------------------|
| | Restricted | Unrestricted | Total | Restricted | Unrestricted | Total |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | \$ 6,535 | \$ 811 | \$ 7,346 | \$ 2,515 | \$ 607 | \$ 3,122 |
| Accounts receivable | - | 7 | 7 | - | 6 | 6 |
| Prepaid expenses | - | 11 | 11 | - | 6 | 6 |
| | 6,535 | 829 | 7,364 | 2,515 | 619 | 3,134 |
| Investments (note 3 (a)) | 39,264 | - | 39,264 | 38,640 | - | 38,640 |
| Interfund investment (payable) receivable | (807) | 807 | - | (183) | 183 | - |
| | 38,457 | 807 | 39,264 | 38,457 | 183 | 38,640 |
| Capital assets (note 4) | - | 6 | 6 | - | - | - |
| Total assets | \$ 44,992 | \$ 1,642 | \$ 46,634 | \$ 40,972 | \$ 802 | \$ 41,774 |
| Liabilities and Fund Balances | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable and accrued liabilities (note 5(a)) | \$ - | \$ 59 | \$ 59 | \$ - | \$ 79 | \$ 79 |
| Fund Balances (note 2(a)) | | | | | | |
| Restricted funds | | | | | | |
| Old unclaimed property funds | 419 | - | 419 | 449 | - | 449 |
| New unclaimed property funds | 44,573 | - | 44,573 | 40,523 | - | 40,523 |
| | 44,992 | - | 44,992 | 40,972 | - | 40,972 |
| Unrestricted fund | | 1,583 | 1,583 | - | 723 | 723 |
| | 44,992 | 1,583 | 46,575 | 40,972 | 723 | 41,695 |
| Total liabilities and fund balances | \$ 44,992 | \$ 1,642 | \$ 46,634 | \$ 40,972 | \$ 802 | \$ 41,774 |

Subsequent event (note 10)

See accompanying notes to the financial statements.

Approved by the Board of Directors on May 8, 2020



Director



Director

British Columbia Unclaimed Property Society

Statement of Operations and Fund Balances

(Expressed in thousands of dollars)

For the year ended December 31, 2019 with comparative information for 2018

| | December 31, 2019 | | | December 31, 2018 | | |
|---|-------------------|--------------|-----------|-------------------|--------------|-----------|
| | Restricted | Unrestricted | Total | Restricted | Unrestricted | Total |
| Revenue | | | | | | |
| Receipts of unclaimed property (note 6) | \$ 10,950 | \$ - | \$ 10,950 | \$ 6,115 | \$ - | \$ 6,115 |
| Investment and interest income (note 3(b)) | - | 1,868 | 1,868 | - | 534 | 534 |
| | 10,950 | 1,868 | 12,818 | 6,115 | 534 | 6,649 |
| Expenses | | | | | | |
| Operating expenses | | | | | | |
| Compensation (note 7) | - | 443 | 443 | - | 438 | 438 |
| Office administration | - | 214 | 214 | - | 198 | 198 |
| Information and technology consulting | - | 159 | 159 | - | 142 | 142 |
| Investment management fees | - | 107 | 107 | - | 94 | 94 |
| Rent (note 5(a)) | - | 50 | 50 | - | 50 | 50 |
| Management fees (note 5(a)) | - | 33 | 33 | - | 39 | 39 |
| Amortization | - | 2 | 2 | - | - | - |
| | - | 1,008 | 1,008 | - | 961 | 961 |
| Distributions to claimants | | | | | | |
| Old unclaimed property funds | 30 | - | 30 | 152 | - | 152 |
| New unclaimed property funds | 2,700 | - | 2,700 | 1,569 | - | 1,569 |
| Transfers to Vancouver Foundation (note 5(b)) | 4,200 | - | 4,200 | 2,800 | - | 2,800 |
| | 6,930 | 1,008 | 7,938 | 4,521 | 961 | 5,482 |
| Excess (deficiency) of revenue over expenses | 4,020 | 860 | 4,880 | 1,594 | (427) | 1,167 |
| Fund balances, beginning of year | 40,972 | 723 | 41,695 | 39,378 | 1,150 | 40,528 |
| Fund balances, end of year | \$ 44,992 | \$ 1,583 | \$ 46,575 | \$ 40,972 | \$ 723 | \$ 41,695 |

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, 2019 with comparative information for 2018

| | December 31, 2019 | | | | December 31, 2018 | | | |
|--|---|---|----------------------|-----------|---|---|----------------------|-----------|
| | 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 | \$ 449 | \$ 40,523 | \$ 723 | \$ 41,695 | \$ 600 | \$ 38,778 | \$ 1,150 | \$ 40,528 |
| Excess (deficiency) of revenue over expenses | (30) | 4,050 | 860 | 4,880 | (151) | 1,745 | (427) | 1,167 |
| Fund balances, end of year | \$ 419 | \$ 44,573 | \$ 1,583 | \$ 46,575 | \$ 449 | \$ 40,523 | \$ 723 | \$ 41,695 |

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, 2019 with comparative information for 2018

| | 2019 | 2018 |
|--|----------|----------|
| Cash provided by (used in) | | |
| Operations | | |
| Excess of revenue over expenses | \$ 4,880 | \$ 1,167 |
| Items not affecting cash | | |
| Amortization | 2 | - |
| Unrealized (gain) loss on investments | (1,112) | 572 |
| Realized loss (gain) on investments | 253 | (19) |
| | 4,023 | 1,720 |
| Changes in non-cash operating working capital | | |
| Accounts receivable | (1) | (1) |
| Prepaid expenses | (5) | 5 |
| Accounts payable and accrued liabilities | (20) | (5) |
| Net cash from operations | 3,997 | 1,719 |
| Investing | | |
| Disposal of investments | 18,701 | 6,239 |
| Purchase of investments | (18,466) | (8,211) |
| Capital asset additions | (8) | - |
| Net cash from (used in) investing | 227 | (1,972) |
| Increase (decrease) in cash and cash equivalents | 4,224 | (253) |
| Cash and cash equivalents, beginning of year | 3,122 | 3,375 |
| Cash and cash equivalents, end of year | \$ 7,346 | \$ 3,122 |

British Columbia Unclaimed Property Society

Notes to Financial Statements

(Expressed in thousands of dollars)

For the year ended December 31, 2019

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 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 Society signed an Amended and Restated administration Agreement (the Amended Agreement) with the Province and the Vancouver Foundation on December 6, 2019. The Amended Agreement is effective January 1, 2020 for an initial term of five years, with automatic renewal of an indefinite number of five-year terms until either party gives one-year written notice to terminate the Agreement.

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.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT NOT TO
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(1)

British Columbia Unclaimed Property Society

Notes to Financial Statements

(Expressed in thousands of dollars)

For the year ended December 31, 2019

New Unclaimed Property Funds:

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

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, equities, bonds 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) Capital assets

Capital assets are recorded at cost. Assets in use are amortized over their estimated useful lives. Management has estimated the useful lives to be:

| <u>Asset</u> | <u>Rate and Basis</u> |
|--------------------|-----------------------|
| Computer equipment | 3 years straight-line |

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(2)

British Columbia Unclaimed Property Society

Notes to Financial Statements

(Expressed in thousands of dollars)

For the year ended December 31, 2019

d) 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 5.

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 5(b).

e) 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 will be accrued 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.

f) 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.

g) 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.

h) Newly adopted accounting standard

The Society has applied the following new standard for the first time for its annual reporting period commencing January 1, 2019:

- Section 4433, Tangible Capital Assets Held by Not-for-Profit Organizations; and
- Section 4434, Intangible Assets Held by Not-for-Profit Organizations.

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(3)

British Columbia Unclaimed Property Society**Notes to Financial Statements**

(Expressed in thousands of dollars)

For the year ended December 31, 2019

Sections 4433 and 4434 replace Section 4431, Tangible Capital Assets Held by Not-for-Profit Organizations and Section 4432, Intangible Assets Held by Not-for-Profit Organizations in Part III of the Handbook, respectively. These standards have been adopted on January 1, 2019, in accordance with the transition provisions set out in the standards. As a result, the standards have been applied prospectively from January 1, 2019. The determination of cost has not changed as a result of adopting the new guidance. The cost of a contributed capital asset is deemed to be its fair value at the date of contribution plus all costs directly attributable to its acquisition.

The Society is now following guidance included in Section 3061 on amortization and componentization. The amount of amortization that is recognized as an expense in the Statement of Operations and Fund Balances is the greater of (1) the cost less salvage value over the useful life of the asset and (2) the cost less residual value over the useful life of the asset. The cost of a capital asset is made up of significant separable components parts allocated to the component parts where practicable and when estimates can be made of the lives of the separate components.

3 Investments

The Society's investments are carried at fair value in accordance with the significant accounting policy disclosed in note 2(b). During the year, the Society had made a couple of adjustments to its investment assets mix based on its updated investment policy.

a) Investment portfolio:

The Society has investments in various mutual funds as disclosed below. Mortgages reflect those funds held in Canadian mortgage backed securities; bonds reflect those held in short term fixed income securities issued by Canadian governments and corporations; Canadian equities reflect those held in funds holding Canadian equity securities; and global equities reflect those funds held in global equities. Investments consist of the following, measured at fair value:

| | 2019 | 2018 |
|------------------------------------|-----------|-----------|
| Cash and money market securities | \$ 5,749 | \$ 8,039 |
| Guaranteed investment certificates | 15,681 | 15,674 |
| Mortgages | 11,392 | 7,207 |
| Bonds and debentures | 87 | 5,983 |
| Canadian equities | - | 1,737 |
| Global equities | 6,355 | - |
| | \$ 39,264 | \$ 38,640 |

b) Investment and interest income:

| | 2019 | 2018 |
|---|--------|----------|
| Investment income | \$ 872 | \$ 1,014 |
| Bank interest | 137 | 73 |
| Realized (loss) gain on disposal of investments | (253) | 19 |

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BE FURTHER COMMUNICATED**

(4)

British Columbia Unclaimed Property Society**Notes to Financial Statements**

(Expressed in thousands of dollars)

For the year ended December 31, 2019

| | | |
|---------------------------------------|----------|--------|
| Unrealized gain (loss) on investments | 1,112 | (572) |
| | \$ 1,868 | \$ 534 |

4 Capital assets

| December 31, | 2019 | 2018 |
|--------------------------|-------|-------|
| Cost | \$ 26 | \$ 18 |
| Accumulated amortization | (20) | (18) |
| Net book value | \$ 6 | \$ - |

Capital assets consist of computer equipment. Additions to capital assets for the year ended December 31, 2019 totalled \$8 (2018 - \$nil). Amortization expense for the year ended December 31, 2019 totalled \$2 (2018 - \$nil). There were no writedowns for the year.

5 Related party transactions**a) General operating transactions**

The Society rents office space from Vancouver Foundation, in respect of which it incurred \$50 (2018 - \$50) for the year ended 2019. In addition, for the year ended December 31, 2019 the Society paid management service fees of \$33 (2018 - \$39) to Vancouver Foundation for financial, general management and other administrative services. At December 31, 2019, the Society had \$nil (2018 - \$3) balance owing to Vancouver Foundation.

b) Transfers to Vancouver Foundation

The Society is permitted by the Agreement to transfer funds to Vancouver Foundation for charitable purposes. The Society transferred \$4,200 (2018 - \$2,800) to Vancouver Foundation in 2019. Cumulatively the Society has transferred \$41,426 (2018 - \$37,226) to Vancouver Foundation since 2004.

The Society is committed to transfer \$6,978 to Vancouver Foundation in 2020 by following the Agreement.

6 Receipts of unclaimed property

Receipts of unclaimed property includes:

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British Columbia Unclaimed Property Society

Notes to Financial Statements

(Expressed in thousands of dollars)

For the year ended December 31, 2019

| | 2019 | 2018 |
|------------------------------|-----------|----------|
| New unclaimed property funds | \$ 10,950 | \$ 6,114 |
| Old unclaimed property funds | - | 1 |
| | \$ 10,950 | \$ 6,115 |

7 Employee compensation

In accordance with the disclosure requirements of the Societies Act, two employees received compensation in excess of \$75 (2018 - \$75) per individual for the year ended December 31, 2019. Their compensation for the year ended December 31, 2019 was \$233 (2018 - \$220).

8 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.

ii) Foreign currency risk

Investments in foreign securities are exposed to currency risk due to fluctuations in foreign exchange rates. The Society is exposed to currency risk on its foreign market common stock, its Foreign market bonds and debentures, foreign real estate and its multi-strategy funds, as the prices denominated in foreign currencies are converted to Canadian dollars in determining fair value.

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.

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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 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.

9 Comparative information

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

10 Subsequent event

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The impacts to the economy are expected to be far reaching. The Canadian not-for-profit sector is expected to be impacted due to the economic environment and related uncertainty, which may cause a potential decrease in contributions and market values of investments.

The Society has assessed this to be a non-adjusting subsequent event. The impacts to the Society are not determinable at the date of issuance of these financial statements and have not be quantified in these financial statements.



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