



BRITISH COLUMBIA UNCLAIMED PROPERTY SOCIETY

ANNUAL REPORT 2015



BRITISH COLUMBIA
UNCLAIMED
PROPERTY
SOCIETY

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 December of 2014, BCUPS launched a media awareness campaign which was widely distributed by local news and print outlets. This campaign was timed to coincide with the winter holidays and served to inform British Columbians about unclaimed property held by BCUPS. The success of this campaign resulted in an overwhelming number of general enquiries to BCUPS from members of the public. In 2015 BCUPS staff processed over 12,000 general enquiries. This figure sets a historical record for the amount of general enquiries processed by BCUPS in a single year since its inception, and represents a two-fold increase from the previous year.

In 2015 BCUPS initiated an education campaign to increase knowledge about legal responsibilities under the *Unclaimed Property Act of British Columbia* among the credit union community. We provided tailored education sessions to major credit unions which raised awareness about BCUPS and encouraged compliance. As a result, BCUPS received over \$800,000 in unclaimed property submissions from BC credit unions as well as increased submissions of unclaimed money orders held by credit unions.

BCUPS received 5,497 individual unclaimed properties from holders in 2015, representing a slight increase from the previous year. Over 800 individual properties were returned to British Columbians in 2015, representing \$978,229 of unclaimed funds. Each property valued over \$50.00 is entered into our online searchable database.

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 \$3,728,000 was allocated to Vancouver Foundation for charitable purposes.

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 2016.

Floyd Murphy

President

Alena Levitz

Executive Director

2015 Snapshot

	2015	2014
Total money returned to people with unclaimed property	\$978,229	\$1,893,957
Total properties returned to people with unclaimed property	806	939
Total money received from companies and organizations	\$3,915,730	\$6,225,267
Total properties received from companies and organizations	5,497	4,895
Total amount donated to Vancouver Foundation	\$3,728,000	\$2,775,000

Submissions (\$)

	2015	2014
New Unclaimed Property Funds		
Public Guardian & Trustee	1,901,518	2,433,825
Financial Institutions	815,328	339,296
Companies in Liquidation	346,464	433,173
Money order	221,276	118,896
Deposits - not savings	189,448	555,138
Real Estate	127,797	32,440
Local Government - Taxes	47,470	43,384
Trust Funds	32,466	41,625
Debt Overpayment	30,203	19,810
Un-administered Estates	27,934	15,094
Securities	15,408	1,853,603
Courts	14,737	-
Manufactured Home Park Act	1,562	-
Mineral Rights	724	45
Life Insurance	234	14,626
Property Insurance	122	2,631
Employment Standards	-	314,867
Residential Tenancy Act	-	6,814
Old Unclaimed Property Funds		
Additional Interest	143,039	-
Total	3,915,730	6,225,267

Funds held by BCUPS which are not distributed, form part of an investment account. Income earned from these funds pays 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 have to 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.

**British Columbia
Unclaimed Property
Society**

Financial Statements
December 31, 2015



April 12, 2016

Independent Auditor's Report

To the Directors of British Columbia Unclaimed Property Society

We have audited the accompanying financial statements of British Columbia Unclaimed Property Society, which comprise the statement of financial position as at December 31, 2015 and the statements of operations and fund balance, changes in net assets 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 the 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 British Columbia Unclaimed Property Society as at December 31, 2015 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

British Columbia Unclaimed Property Society

Statement of Financial Position

As at December 31, 2015

	2015 \$	2014 \$
Assets		
Current assets		
Cash and cash equivalents	4,951,608	3,244,189
Investments (note 3)	21,528,830	24,219,932
Other receivables	3,870	4,286
Prepaid expenses	2,971	2,356
	<u>26,487,279</u>	<u>27,470,763</u>
Capital assets (note 4)	<u>8,172</u>	<u>75,735</u>
	<u>26,495,451</u>	<u>27,546,498</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	<u>16,741</u>	<u>42,067</u>
Unclaimed Funds and Net Assets		
Restricted funds		
Old Unclaimed Property Funds	769,882	933,510
New Unclaimed Property Funds	<u>24,512,818</u>	<u>25,139,689</u>
	25,282,700	26,073,199
Unrestricted fund	<u>1,196,010</u>	<u>1,431,232</u>
	<u>26,478,710</u>	<u>27,504,431</u>
Net assets	<u>26,495,451</u>	<u>27,546,498</u>

Approved by the Board of Directors



Director



Director

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

British Columbia Unclaimed Property Society

Statement of Operations and Fund Balance

For the year ended December 31, 2015

	2015	2014
	\$	\$
Revenue		
Investment income (note 3)	<u>534,878</u>	<u>726,720</u>
Expenses		
Compensation and benefits	367,772	325,734
Office administration	135,026	131,340
Information technology	120,841	19,124
Amortization	67,563	73,112
Rent (note 5)	42,998	32,928
Management fees (note 5)	<u>35,900</u>	<u>35,725</u>
	<u>770,100</u>	<u>617,963</u>
(Deficiency) excess of revenue over expenses for the year	(235,222)	108,757
Fund balance - Beginning of year	<u>1,431,232</u>	<u>1,322,475</u>
Fund balance - End of year	<u>1,196,010</u>	<u>1,431,232</u>

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

British Columbia Unclaimed Property Society

Statement of Changes in Net Assests

For the year ended December 31, 2015

	Restricted - Old Unclaimed Property Funds \$	Restricted - New Unclaimed Property Funds \$	Unrestricted fund \$	Total \$
Net assets - December 31, 2013	1,050,472	23,466,417	1,322,475	25,839,364
Funds received during the year	-	6,225,267	-	6,225,267
Payments to claimants during the year	(116,962)	(1,776,995)	-	(1,893,957)
Transfer to Vancouver Foundation	-	(2,775,000)	-	(2,775,000)
Excess of revenue over expenses for the year	-	-	108,757	108,757
Net assets - December 31, 2014	933,510	25,139,689	1,431,232	27,504,431
Funds received during the year	143,039	3,772,691	-	3,915,730
Payments to claimants	(306,667)	(671,562)	-	(978,229)
Transfer to Vancouver Foundation	-	(3,728,000)	-	(3,728,000)
Deficiency of revenue over expenses for the year	-	-	(235,222)	(235,222)
Net assets - December 31, 2015	769,882	24,512,818	1,196,010	26,478,710

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

British Columbia Unclaimed Property Society

Statement of Cash Flows

For the year ended December 31, 2015

	2015 \$	2014 \$
Cash flows from operating activities		
(Deficiency) excess of revenue over expenses for the year	(235,222)	108,757
Adjustments for non-cash items		
Amortization	67,563	73,112
Realized (gain) loss on disposal of investments	116,963	98,441
Unrealized loss (gain) on investments	(34,861)	(94,662)
	(85,557)	185,648
Net changes in non-cash working capital balances		
Other receivables	417	57
Prepaid expenses	(615)	2,146
Accounts payable and accrued liabilities	(25,327)	(4,005)
Receipt of old unclaimed funds	143,039	-
Receipt of new unclaimed funds	3,772,691	6,225,267
Payments of old unclaimed funds	(306,667)	(116,962)
Payments of new unclaimed funds	(671,562)	(1,776,995)
Transfer to Vancouver Foundation (note 6)	(3,728,000)	(2,775,000)
	(901,581)	1,740,156
Cash flows from investing activities		
Purchase of capital assets	-	(130,456)
Proceeds from disposal of investments	8,912,000	3,950,000
Purchases of investments	(6,300,949)	(4,950,000)
Investment income receivable	(2,051)	-
	2,609,000	(1,130,456)
Increase in cash and cash equivalents	1,707,419	609,700
Cash and cash equivalents - Beginning of year	3,244,189	2,634,489
Cash and cash equivalents - End of year	4,951,608	3,244,189

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

British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2015

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 entered into an Administration 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 written notice to terminate the agreement with one year's notice. The Society is controlled by Vancouver Foundation through Vancouver Foundation's ability to appoint the directors of the Society.

The Administration Agreement has the following components:

a) Old Unclaimed Property Funds

Pursuant to the Administration Agreement, the Province transferred \$4,000,000 of unclaimed money held by the Province to the Society to allow the Society to satisfy claims for pre-April 1, 2003 unclaimed funds. At the end of the initial term, any unused funds were to be returned to the Province. Subsequently, the Province has agreed that the Society should continue to hold these funds and continue its effort to locate the owners of these funds until further review by the Province.

b) New Unclaimed Property Funds

Pursuant to the Administration Agreement, the Society manages unclaimed money deposits received after April 1, 2003 under the Act. This management includes making reasonable efforts to locate and notify the owner of the funds and maintaining a database of all unclaimed money (note 2(b)).

2 Significant accounting policies

Unclaimed funds

a) Old Unclaimed Property Funds

The Society recorded the money received from the Province for the period prior to April 1, 2003 as Old Unclaimed Property Funds and distributes money for claims against these funds when the claim is established to be valid.

British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2015

b) New Unclaimed Property Funds

The Society records unclaimed money deposits when received from the previous holders and holds them in the New Unclaimed Property Funds. The Society distributes funds from the New Unclaimed Property Funds for a claim when the claim is established as valid.

The Society is required by the Administration Agreement to set aside a certain portion of the New Unclaimed Property Funds it receives to meet any contingent liabilities that might arise in future years. As permitted by the Administration Agreement, the Society may then transfer a prudent portion of remaining unclaimed balances out of the Unclaimed Property Funds to Vancouver Foundation for charitable purposes in British Columbia.

Cash and cash equivalents

Cash and cash equivalents consist of balances held with banks with maturities of 90 days or less.

Investments

Investments consist of federal and provincial government and government guaranteed bonds and debentures. These investments are recorded at year end at fair value, being the quoted bid price. These investments are classified as current as they are capable of reasonably prompt liquidation.

Investment income includes interest income, and realized and unrealized gains and losses.

Capital assets

The Society capitalizes the cost of major capital additions and amortizes the cost of these assets over their estimated useful lives. Management has determined the estimated useful lives to be:

Computer and office equipment	3 to 5 years straight-line
Furniture and fixtures	10 years straight-line
Computer software	2 years straight-line

Revenue recognition

According to the Act, no interest or other earnings accrue or are payable to a claimant in respect of the period after money becomes an unclaimed money deposit and is transferred to the Society. Income earned on unclaimed funds is therefore unrestricted and is earned by the Society. Income from bonds includes amortization of discounts or premiums arising from purchases other than at face value.

British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2015

Financial instruments

The Society has designated other receivables, accounts payable and accrued liabilities are measured at amortized cost using the effective interest rate method. All other financial assets and liabilities are to be measured at fair value.

3 Investments

	Fair value	
	2015	2014
	\$	\$
Balance - Beginning of year	24,219,932	23,223,710
Purchases of investments	8,912,000	4,950,000
Disposal of investments (net of realized gain (loss) of \$116,963 and 2014 - (\$98,441))	(9,028,963)	(4,048,440)
Unrealized gain	34,861	94,662
Investment income receivable	2,051	-
Balance - End of year	24,139,881	24,219,932
Amount classified as cash and cash equivalents	(2,611,051)	-
Investment balance - End of year	<u>21,528,830</u>	<u>24,219,932</u>

The book value of investments as at year-end is \$23,768,562 (2014 - \$23,878,466).

Investment income consists of the following:

	2015	2014
	\$	\$
Interest income	616,980	730,499
Realized loss on disposal of investments	(116,963)	(98,441)
Unrealized gain on investments	34,861	94,662
	<u>534,878</u>	<u>726,720</u>

Investments comprise Canadian federal and provincial government and government guaranteed fixed-interest bonds and debentures, with a weighted average term to maturity of 1.84 years (2014 - 2.34 years). The weighted average yield to maturity on these bonds and debentures is 1.06% (2014 - 1.35%).

The investments of the Society are in the custody of RBC Dominion Securities Inc.

British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2015

4 Capital assets

	2015		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	\$
Computer equipment	17,949	9,777	8,172
Computer software	371,672	371,672	-
	<u>389,621</u>	<u>381,449</u>	<u>8,172</u>
	2014		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	\$
Computer equipment	66,681	54,423	12,258
Computer software	371,672	312,032	59,640
Office equipment	6,802	6,065	737
Furniture and fixtures	9,022	5,922	3,100
	<u>454,177</u>	<u>378,442</u>	<u>75,735</u>

5 Related party transactions and balances

During the year, the Society incurred the following charges from Vancouver Foundation in the normal course of operations which are measured at the exchange amount:

- rent of \$42,998 (2014 - \$32,928)
- management fees for information technology, accounting, legal, financial and administrative support of \$35,900 (2014 - \$35,725)

At December 31, 2015, the Society had a \$1,167 (2014 - \$nil) balance owing to Vancouver Foundation.

6 Transfer to Vancouver Foundation

As permitted by the Administration Agreement, the Society transferred \$3,728,000 (2014 - \$2,775,000) to Vancouver Foundation for charitable purposes in 2015. Cumulatively, to date, the Society has transferred \$27,897,830 (2014 - \$24,169,830) to Vancouver Foundation.

British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2015

7 Risks arising from financial instruments

Financial instrument risks

The Society's financial instruments consist of cash and cash equivalents, investments, other receivables, and accounts payable and accrued liabilities. The Society is largely exposed to financial instrument risk on its cash and cash equivalents and investments. These risks may be categorized as market, credit and liquidity risk as detailed below.

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 price risk.

a) 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 is exposed to significant interest rate risk as its investments are all fixed income bonds and debentures.

b) Foreign currency and price risk

The Society is not exposed to foreign currency and price risk as it has no investments denominated in a foreign currency and no equity investments.

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 cash and cash equivalents and investments. Management minimizes the Society's exposure to credit risk by holding its cash on deposit at an AA rated Canadian chartered bank, and investments are Canadian federal and provincial government and government guaranteed fixed interest bonds and debentures.

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 significant balance in cash.

8 Comparative information

The comparative information has been reclassified where applicable to confirm with the financial statement presentation used in the current year.