
The Banff Community Foundation

Financial Statements

March 31, 2015



Kenway Mack Slusarchuk Stewart LLP
CHARTERED ACCOUNTANTS

Independent Auditors' Report

To: The Members of **The Banff Community Foundation**

We have audited the accompanying financial statements of The Banff Community Foundation, which comprise the statements of financial position as at March 31, 2015 and the statements of operations and change in fund balances and cash flows for the year then ended, and 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 controls. 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, The Banff Community Foundation derives revenue from events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to assets, revenues, deficiency of revenues over expenses and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion, the financial statements present fairly, in all material respects, the financial position of The Banff Community Foundation as at March 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.

June 9, 2015
Calgary, Alberta

Kenway Mack Slusarchuk Stewart LLP

Chartered Accountants

**THE BANFF COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION**

As at March 31,	Now Fund	The Banff Centre Fund	Community Fund	2015	Total 2014
ASSETS					
CURRENT					
Cash	\$ 64,496	\$ 52,750	\$ 6,711	\$ 123,957	\$ 106,444
Accounts receivable	1,560	913	249	2,722	2,627
Prepaid expenses	2,739	-	-	2,739	3,275
Interfund receivable	4,127	-	8,059	12,186	16,358
	<u>72,922</u>	<u>53,663</u>	<u>15,019</u>	<u>141,604</u>	<u>128,704</u>
PORTFOLIO INVESTMENTS (Note 4)	-	11,066,564	1,660,057	12,726,621	11,239,322
CAPITAL ASSETS (Note 5)	<u>7,979</u>	<u>-</u>	<u>-</u>	<u>7,979</u>	<u>1,883</u>
	<u>\$ 80,901</u>	<u>\$ 11,120,227</u>	<u>\$ 1,675,076</u>	<u>\$ 12,876,204</u>	<u>\$ 11,369,909</u>

LIABILITIES AND FUND BALANCES

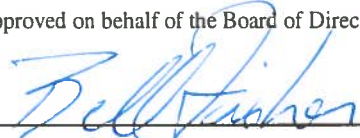
CURRENT

Accounts payable and accrued liabilities	\$ 26,468	\$ 1,216	\$ 2,347	\$ 30,031	\$ 24,849
Deferred contributions (Note 6)	45,000	-	-	45,000	21,448
Interfund payable	-	12,186	-	12,186	16,358
	<u>71,468</u>	<u>13,402</u>	<u>2,347</u>	<u>87,217</u>	<u>62,655</u>

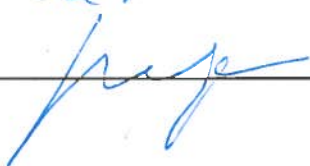
FUND BALANCES

Invested in capital assets	7,979	-	-	7,979	1,883
Restricted for fund purposes	-	11,106,825	1,672,729	12,779,554	11,245,015
Unrestricted fund assets (Note 7)	1,454	-	-	1,454	60,356
	<u>9,433</u>	<u>11,106,825</u>	<u>1,672,729</u>	<u>12,788,987</u>	<u>11,307,254</u>
	<u>\$ 80,901</u>	<u>\$ 11,120,227</u>	<u>\$ 1,675,076</u>	<u>\$ 12,876,204</u>	<u>\$ 11,369,909</u>

Approved on behalf of the Board of Directors:



Director



Director

(See accompanying notes to the financial statements)

THE BANFF COMMUNITY FOUNDATION
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCES

For year ended March 31,	Now Fund	The Banff Centre Fund	Community Fund	Total 2015	Total 2014
REVENUE					
Donations and grants					
Restricted	\$ 128,294	\$ -	\$ 404,178	\$ 532,472	\$ 236,871
Unrestricted	53,941	-	10,000	63,941	57,626
	<u>182,235</u>	<u>-</u>	<u>414,178</u>	<u>596,413</u>	<u>294,497</u>
Event income	5,300	-	-	5,300	99,488
Investment income	514	371,544	110,055	482,113	369,079
Realized investment gain	-	372,242	5,976	378,218	251,804
Foreign exchange gain	-	465,298	-	465,298	192,194
Unrealized investment gain	-	235,529	93,372	328,901	876,545
Management fees recovered <i>(Note 8)</i>	79,640	-	-	79,640	71,840
	<u>267,689</u>	<u>1,444,613</u>	<u>623,581</u>	<u>2,335,883</u>	<u>2,155,447</u>
EXPENSES					
Grants and distributions	158,400	376,465	5,531	540,396	526,940
Investment broker and bank fees	176	38,685	8,334	47,195	42,185
Management fees paid <i>(Note 8)</i>	-	59,151	20,489	79,640	71,840
General administration <i>(Note 9)</i>	75,973	-	-	75,973	80,949
Foundation services	31,800	-	-	31,800	27,395
Education and awareness	53,578	-	-	53,578	45,181
Direct fundraising costs	23,372	-	-	23,372	24,062
Events	2,196	-	-	2,196	13,414
	<u>345,495</u>	<u>474,301</u>	<u>34,354</u>	<u>854,150</u>	<u>831,966</u>
EXCESS OF REVENUE OVER EXPENSES	<u>(77,806)</u>	<u>970,312</u>	<u>589,227</u>	<u>1,481,733</u>	<u>1,323,481</u>
FUND BALANCE, beginning of year	62,239	10,136,513	1,108,502	11,307,254	9,983,773
INTERFUND TRANSFERS FOR GRANTING	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 9,433</u>	<u>\$ 11,106,825</u>	<u>\$ 1,672,729</u>	<u>\$ 12,788,987</u>	<u>\$ 11,307,254</u>

(See accompanying notes to the financial statements)

THE BANFF COMMUNITY FOUNDATION
STATEMENT OF CASH FLOW

For year ended March 31,	Now Fund	The Banff Centre Fund	Community Fund	Total 2015	Total 2014
CASH FROM OPERATIONS					
Excess of revenue over expenses	\$ (77,806)	\$ 970,312	\$ 589,227	\$ 1,481,733	\$ 1,323,481
Non-cash items:					
Amortization	1,847	-	-	1,847	1,507
Non-cash donations	-	-	(46,346)	(46,346)	(31,365)
Realized investment gain	-	(372,242)	(5,976)	(378,218)	(251,804)
Foreign exchange gain	-	(465,298)	-	(465,298)	(192,194)
Unrealized investment gain	-	(235,529)	(93,372)	(328,901)	(876,545)
	<u>(75,959)</u>	<u>(102,757)</u>	<u>443,533</u>	<u>264,817</u>	<u>(26,920)</u>
Net change in non-cash working capital balances:					
Accounts receivable	48	(38)	(105)	(95)	394
Interfund receivable (payable)	12,231	(369)	(11,862)	-	-
Prepaid expenses	536	-	-	536	181
Accounts payable and accrued liabilities	4,445	19	718	5,182	2,446
Distribution payable to The Banff Centre	-	-	-	-	(50,000)
Deferred contributions	23,552	-	-	23,552	21,448
	<u>(35,147)</u>	<u>(103,145)</u>	<u>432,284</u>	<u>293,992</u>	<u>(52,451)</u>
INVESTING ACTIVITIES					
Purchase of capital assets	(7,943)	-	-	(7,943)	-
Proceeds from sale of investments	-	3,407,615	100,730	3,508,345	2,581,802
Purchase of investments	-	(3,269,450)	(507,431)	(3,776,881)	(2,499,962)
	<u>(7,943)</u>	<u>138,165</u>	<u>(406,701)</u>	<u>(276,479)</u>	<u>81,840</u>
INTERFUND TRANSFERS					
	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN CASH					
	(18,090)	35,020	583	17,513	29,389
CASH, beginning of year					
	<u>82,586</u>	<u>17,730</u>	<u>6,128</u>	<u>106,444</u>	<u>77,055</u>
CASH, end of year					
	<u>\$ 64,496</u>	<u>\$ 52,750</u>	<u>\$ 6,711</u>	<u>\$ 123,957</u>	<u>\$ 106,444</u>
CASH IS COMPRISED OF:					
Cash, unrestricted	\$ 64,496	\$ -	\$ -	\$ 64,496	\$ 82,586
Cash, restricted for fund purposes	-	52,750	6,711	59,461	23,858
	<u>\$ 64,496</u>	<u>\$ 52,750</u>	<u>\$ 6,711</u>	<u>\$ 123,957</u>	<u>\$ 106,444</u>

(See accompanying notes to the financial statements)

THE BANFF COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

1. PURPOSE AND NATURE OF THE FOUNDATION

The Banff Community Foundation (the "Foundation") was incorporated under the Alberta Societies Act in 2001. Its mission is "Engaging hearts and minds to build a stronger community." Its three goals relate to community investment: To demonstrate leadership by creating a culture of giving that is thoughtful, planned and strategic; To connect donors, projects, people and causes by awarding grants and scholarships; To build sustainability with financial stewardship that creates an enduring legacy.

The Foundation is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from paying corporate income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically Canadian accounting standards for non-for-profit organizations ("ASNFP").

Fund accounting

These financial statements include the assets, liabilities and net assets of funds owned, controlled and administered directly by the Foundation. The Foundation follows the restricted fund method of accounting for contributions. Restricted fund accounting requires separate disclosure of net assets subject to internal or external restrictions.

Now Fund

The Now fund is a general fund and its purpose is to receive specified and unspecified donations for community programs and administration costs. The Foundation distributes funds for community programs annually through its community granting program as directed by the board or as directed by the donor.

The Banff Centre Endowment Fund

The Banff Centre Endowment Fund is a restricted fund and accumulates funds and investment income restricted for the sole benefit of The Banff Centre, which uses its funds for its scholarship programs. The Banff Centre can request an earnings distribution from the funds held by The Banff Community Foundation which is calculated at 3.5% of the average market value of funds held over the 24 month period preceding the current fiscal year, calculated quarterly.

Community Fund

The Community Fund is a restricted fund and consists of specified and non-specified endowment donations pooled for investment purposes. The income generated by the fund is used for general charitable purposes or as directed by the donor.

Revenue recognition

Unrestricted contributions are recognized as revenue of the Now fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions related to the Now fund are deferred and recognized as revenue of the Now fund in the year in which the related expenses are incurred.

Restricted contributions related to the restricted and endowment funds are recognized as revenue of the related fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

THE BANFF COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment income, event income, and management fees recovered are recognized as revenue when earned.

Gains and losses on disposition of investments, dividend income, and interest income from portfolio investments are recorded in investment income in the appropriate fund.

Financial instruments

The Foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for portfolio investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable and interfund receivable.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities and interfund payable.

Financial assets measured at fair value include portfolio investments, i.e. quoted prices.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not have been recognized previously. The amount of the reversal is recognized in the statement of operations.

Capital assets

The Foundation capitalizes purchases in excess of \$1,000 that have a useful life of more than one year. Capital assets are recorded at cost and amortized on a straight line basis over their estimated useful life as follows:

Computer software	2 years
Computers	3 years
Furniture and fixtures	5 years
Leasehold improvements	5 years

Contributed services

The Foundation is dependent on and thankful for the voluntary services of many individuals and organizations. Because of the difficulty of determining the fair value, contributed volunteer services are not recognized in these financial statements.

Related parties

Related parties include management, the board of directors and their families, and companies related to management and the board of directors.

**THE BANFF COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date. Revenues and expenses arising from foreign currency transactions are translated at the exchange rate in effect at the date of the transaction. Realized and unrealized exchange gains or losses are included in the statement of operation.

3. FINANCIAL INSTRUMENTS

The Foundation's use of financial instruments and its exposure to risks associated with such instruments arises out of its normal course of operations and investing activities. Banking and certain investing activities are undertaken with Canadian financial institutions. The portfolio investing activities are undertaken through a private investment firm registered with the Investment Industry Regulatory Organization of Canada.

Market risk

The Foundation is exposed to the risk that the fair value of its investments that bear interest at a fixed rate will fluctuate because of changes in market rate of interest. The Foundation is exposed to the risk that the fair value of its investments in securities will fluctuate because of price changes on public markets and foreign currency markets.

Financial assets

The Foundation has financial assets measured at amortized cost of \$138,865 (March 31, 2014 - \$ 125,429) and at fair value of \$12,726,621 (March 31, 2014 - \$11,239,322).

4. PORTFOLIO INVESTMENTS

The Foundation has invested fund balances within The Banff Centre Endowment Fund and the Community Endowment Fund with a fund manager in accordance with the fund agreements. Quoted market values for these portfolio investments are as follows:

As at March 31

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
The Banff Centre Endowment Fund	\$ 8,986,355	\$ 11,066,564	\$ 8,286,972	\$ 10,131,660
Community Endowment Fund	1,420,835	1,660,057	961,811	1,107,662
	<u>\$ 10,407,190</u>	<u>\$ 12,726,621</u>	<u>\$ 9,248,783</u>	<u>\$ 11,239,322</u>

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2015</u>	<u>Net 2014</u>
	Computer software	\$ 2,266	\$ 567	\$ 1,699
Computers	8,007	7,404	603	1,807
Furniture and fixtures	1,514	1,514	-	76
Leasehold improvements	5,677	-	5,677	-
	<u>\$ 17,464</u>	<u>\$ 9,485</u>	<u>\$ 7,979</u>	<u>\$ 1,883</u>

THE BANFF COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

5. CAPITAL ASSETS (continued)

The Foundation has recorded costs to leasehold improvements for the renovation of newly leased offices. Costs will not be subject to amortization until the Foundation has completed renovations on the office space.

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent donations that were externally restricted for future programs. The details of the deferred contributions are as follows:

	<u>Opening Balance</u>	<u>Received</u>	<u>Utilized or Distributed</u>	<u>Ending Balance</u>
After the Flood Program	\$ 21,448	\$ -	\$ 21,448	\$ -
2014 Alberta Winter Games	-	68,000	58,000	10,000
Elevate 150 Young Adult Workshop	-	35,000	-	35,000
	<u>\$ 21,448</u>	<u>\$ 103,000</u>	<u>\$ 79,448</u>	<u>\$ 45,000</u>

7. UNRESTRICTED FUND ASSETS

Unrestricted fund assets can be used at the discretion of the Foundation's management, under the direction of the board of directors.

8. MANAGEMENT FEES

The Foundation is entitled to charge administrative management fees based on the preceding quarterly average market valuation of The Banff Centre Fund and Community Fund according to the agreements. The Foundation's administrative fees less related expenses may be drawn by the Foundation from the relevant fund, and transferred to the Now Fund to be used for Foundation purposes.

According to the agreements, The Banff Centre Fund and the Community Endowment Fund are authorized to pay investment management fees to an external investment counsel and to the external fund custodian which is directly recovered from the relevant fund.

9. GENERAL ADMINISTRATION

Below is a schedule of the general administration expenses:

	<u>2015</u>	<u>2014</u>
Contractor fees and payroll	\$ 41,048	\$ 40,877
Professional fees	10,686	9,520
Rent	9,365	9,649
Memberships	3,293	3,593
Amortization	1,847	1,507
Travel	1,785	6,116
Telecommunications	1,580	1,511
Office supplies and equipment	3,346	2,817
Insurance	1,350	1,341
Conference	962	3,640
Professional development	711	378
	<u>\$ 75,973</u>	<u>\$ 80,949</u>

THE BANFF COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

10. ALLOCATION OF SALARIES, CONTRACTOR FEES AND OTHER EXPENSES ON A FUNCTION BASIS

Expenses, including salaries and contractor fees are allocated on a function basis. The allocation of salaries and contractor expense allocated to each category is based on an estimated percentage allocation of time spent on each activity. The total expenses allocated on this basis are \$149,798 (2014 - \$137,515) and are allocated as follows:

<u>2015</u>	<u>General</u> <u>Administrative</u>	<u>Foundation</u> <u>Services</u>	<u>Education</u> <u>and</u> <u>Awareness</u>	<u>Direct</u> <u>Fundraising</u> <u>Costs</u>	<u>TOTAL</u>
Contractor - accountant	\$ 8,982	\$ -	\$ -	\$ -	\$ 8,982
Payroll fees	550	-	-	-	550
Contractor - Fund development	-	-	11,740	-	11,740
Salaries and Wages	31,516	31,800	34,299	21,015	118,630
Promotion expenses	-	-	7,539	-	7,539
Other expenses	-	-	-	2,357	2,357
	<u>\$ 41,048</u>	<u>\$ 31,800</u>	<u>\$ 53,578</u>	<u>\$ 23,372</u>	<u>\$ 149,798</u>

<u>2014</u>	<u>General</u> <u>Administrative</u>	<u>Foundation</u> <u>Services</u>	<u>Education</u> <u>and</u> <u>Awareness</u>	<u>Direct</u> <u>Fundraising</u> <u>Costs</u>	<u>TOTAL</u>
Contractor - accountant	\$ 10,697	\$ -	\$ -	\$ -	\$ 10,697
Payroll fees	511	-	-	-	511
Contractor - Fund development	-	-	9,143	-	9,143
Salaries and Wages	29,669	27,395	30,429	20,015	107,508
Promotion expenses	-	-	5,609	-	5,609
Other expenses	-	-	-	4,047	4,047
	<u>\$ 40,877</u>	<u>\$ 27,395</u>	<u>\$ 45,181</u>	<u>\$ 24,062</u>	<u>\$ 137,515</u>

11. RELATED PARTY TRANSACTION

The Foundation paid \$nil (2014 - \$1,421) to a company related to a member of management of the Foundation.

The prior year transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.