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**Banff Canmore Community Foundation**

**Financial Statements**

**March 31, 2016**

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## Independent Auditors' Report

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

We have audited the accompanying financial statements of Banff Canmore Community Foundation, which comprise the statements of financial position as at March 31, 2016 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, Banff Canmore 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 Banff Canmore Community Foundation as at March 31, 2016, 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 3, 2016

Calgary, Alberta

*Kenway Mack Slusarchuk Stewart LLP*

Chartered Accountants

Chartered Professional Accountants

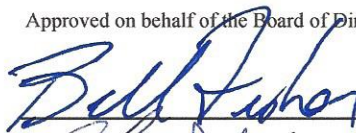
**BANFF CANMORE COMMUNITY FOUNDATION  
STATEMENT OF FINANCIAL POSITION**


As at March 31,	Now Fund	The Banff Centre Fund	Community Fund	2016	Total 2015
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash	\$ 45,081	\$ 9,501	\$ 27,972	\$ 82,554	\$ 123,957
Accounts receivable (Note 4)	5,026	1,122	114,330	120,478	2,722
Prepaid expenses	4,267	-	-	4,267	2,739
Interfund receivable	-	-	15,128	15,128	12,186
	<u>54,374</u>	<u>10,623</u>	<u>157,430</u>	<u>222,427</u>	<u>141,604</u>
<b>PORTFOLIO INVESTMENTS (Note 5)</b>	-	10,705,216	2,060,141	12,765,357	12,726,621
<b>CAPITAL ASSETS (Note 6)</b>	<u>122,912</u>	<u>-</u>	<u>-</u>	<u>122,912</u>	<u>7,979</u>
	<u>\$ 177,286</u>	<u>\$ 10,715,839</u>	<u>\$ 2,217,571</u>	<u>\$ 13,110,696</u>	<u>\$ 12,876,204</u>

**LIABILITIES AND FUND BALANCES**

<b>CURRENT</b>					
Accounts payable and accrued liabilities	\$ 26,191	\$ 12,856	\$ 2,693	\$ 41,740	\$ 30,031
Deferred contributions (Note 7)	59,500	-	-	59,500	45,000
Interfund payable	14,204	924	-	15,128	12,186
	<u>99,895</u>	<u>13,780</u>	<u>2,693</u>	<u>116,368</u>	<u>87,217</u>
<b>DEFERRED CAPITAL CONTRIBUTIONS (Note 7)</b>	<u>112,337</u>	<u>-</u>	<u>-</u>	<u>112,337</u>	<u>-</u>
	<u>212,232</u>	<u>13,780</u>	<u>2,693</u>	<u>228,705</u>	<u>87,217</u>
<b>FUND BALANCES</b>					
Invested in capital assets	10,575	-	-	10,575	7,979
Restricted for fund purposes	-	10,702,059	2,214,878	12,916,937	12,779,554
Unrestricted (Note 8)	(45,521)	-	-	(45,521)	1,454
	<u>(34,946)</u>	<u>10,702,059</u>	<u>2,214,878</u>	<u>12,881,991</u>	<u>12,788,987</u>
	<u>\$ 177,286</u>	<u>\$ 10,715,839</u>	<u>\$ 2,217,571</u>	<u>\$ 13,110,696</u>	<u>\$ 12,876,204</u>

Approved on behalf of the Board of Directors:

 \_\_\_\_\_ Director

 \_\_\_\_\_ Director

**BANFF CANMORE COMMUNITY FOUNDATION**  
**STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCES**

For year ended March 31,	Now Fund	The Banff Centre Fund	Community Fund	2016	Total 2015
<b>REVENUE</b>					
Donations and grants					
Restricted	\$ 126,898	\$ -	\$ 648,446	\$ 775,344	\$ 532,472
Unrestricted	83,989	-	-	83,989	63,941
	<u>210,887</u>	<u>-</u>	<u>648,446</u>	<u>859,333</u>	<u>596,413</u>
Event income	18,205	-	-	18,205	5,300
Investment income	278	443,105	135,108	578,491	482,113
Realized investment gain	-	351,713	10,552	362,265	378,218
Foreign exchange gain	-	95,105	-	95,105	465,298
Unrealized investment gain (loss)	-	(770,392)	(142,094)	(912,486)	328,901
Management fees recovered ( <i>Note 9</i> )	77,403	-	-	77,403	79,640
	<u>306,773</u>	<u>119,531</u>	<u>652,012</u>	<u>1,078,316</u>	<u>2,335,883</u>
<b>EXPENSES</b>					
Grants and distributions	117,820	426,078	34,059	577,957	540,396
Investment broker and bank fees	920	47,261	9,659	57,840	47,195
Management fees paid ( <i>Note 9</i> )	-	50,958	26,445	77,403	79,640
General administration ( <i>Note 10</i> )	93,712	-	-	93,712	75,973
Foundation services ( <i>Note 11</i> )	91,813	-	-	91,813	33,996
Education and awareness ( <i>Note 11</i> )	58,548	-	-	58,548	53,578
Direct fundraising costs ( <i>Note 11</i> )	28,039	-	-	28,039	23,372
	<u>390,852</u>	<u>524,297</u>	<u>70,163</u>	<u>985,312</u>	<u>854,150</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>(84,079)</u>	<u>(404,766)</u>	<u>581,849</u>	<u>93,004</u>	<u>1,481,733</u>
<b>FUND BALANCE, beginning of year</b>	9,433	11,106,825	1,672,729	12,788,987	11,307,254
<b>INTERFUND TRANSFERS FOR GRANTING</b>	<u>39,700</u>	<u>-</u>	<u>(39,700)</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ (34,946)</u>	<u>\$ 10,702,059</u>	<u>\$ 2,214,878</u>	<u>\$ 12,881,991</u>	<u>\$ 12,788,987</u>

*(See accompanying notes to the financial statements)*

**BANFF CANMORE COMMUNITY FOUNDATION  
STATEMENT OF CASH FLOW**

<b>For year ended March 31,</b>	<b>Now Fund</b>	<b>The Banff Centre Fund</b>	<b>Community Fund</b>	<b>Total 2016</b>	<b>Total 2015</b>
<b>CASH FROM OPERATIONS</b>					
Excess (deficiency) of revenue over expenses	\$ (84,079)	\$ (404,766)	\$ 581,849	\$ 93,004	\$ 1,481,733
Non-cash items:					
Amortization	16,151	-	-	16,151	1,847
Capital contributions recognized	(16,613)	-	-	(16,613)	-
Non-cash donations	-	-	(46,344)	(46,344)	(46,346)
Realized investment gain	-	(351,713)	(10,552)	(362,265)	(378,218)
Unrealized foreign exchange gain	-	(144,108)	-	(144,108)	(465,298)
Unrealized investment gain (loss)	-	770,392	142,094	912,486	(328,901)
	<u>(84,541)</u>	<u>(130,195)</u>	<u>667,047</u>	<u>452,311</u>	<u>264,817</u>
Net change in non-cash working capital balances:					
Accounts receivable	(3,466)	(209)	(114,081)	(117,756)	(95)
Interfund receivable (payable)	18,331	(11,262)	(7,069)	-	-
Prepaid expenses	(1,528)	-	-	(1,528)	536
Accounts payable and accrued liabilities	(277)	11,640	346	11,709	5,182
Deferred contributions	14,500	-	-	14,500	23,552
	<u>(56,981)</u>	<u>(130,026)</u>	<u>546,243</u>	<u>359,236</u>	<u>293,992</u>
<b>INVESTING ACTIVITIES</b>					
Capital contributions received	128,950	-	-	128,950	-
Purchase of capital assets	(131,084)	-	-	(131,084)	(7,943)
Proceeds from sale of investments	-	2,812,598	191,773	3,004,371	3,508,345
Purchase of investments	-	(2,725,821)	(677,055)	(3,402,876)	(3,776,881)
	<u>(2,134)</u>	<u>86,777</u>	<u>(485,282)</u>	<u>(400,639)</u>	<u>(276,479)</u>
<b>INTERFUND TRANSFERS</b>					
	<u>39,700</u>	<u>-</u>	<u>(39,700)</u>	<u>-</u>	<u>-</u>
<b>INCREASE (DECREASE) IN CASH</b>					
	(19,415)	(43,249)	21,261	(41,403)	17,513
<b>CASH, beginning of year</b>					
	<u>64,496</u>	<u>52,750</u>	<u>6,711</u>	<u>123,957</u>	<u>106,444</u>
<b>CASH, end of year</b>					
	<u>\$ 45,081</u>	<u>\$ 9,501</u>	<u>\$ 27,972</u>	<u>\$ 82,554</u>	<u>\$ 123,957</u>
<b>CASH IS COMPRISED OF:</b>					
Cash, unrestricted	\$ 45,081	\$ -	\$ -	\$ 45,081	\$ 64,496
Cash, restricted for fund purposes	-	9,501	27,972	37,473	59,461
	<u>\$ 45,081</u>	<u>\$ 9,501</u>	<u>\$ 27,972</u>	<u>\$ 82,554</u>	<u>\$ 123,957</u>

*(See accompanying notes to the financial statements)*

**BANFF CANMORE COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**1. PURPOSE AND NATURE OF THE FOUNDATION**

The Banff Community Foundation (the "Foundation") was incorporated under the Alberta Societies Act in 2001. On July 6, 2015 the Foundation changed its name from The Banff Community Foundation to Banff Canmore Community Foundation to better identify which communities the Foundation serves. 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 ("ASNFPO").

**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 and requests earnings distributions to fund its scholarship programs.

***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 for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

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.

**BANFF CANMORE COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**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, distribution payable to The Banff Centre 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 operation. 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 operation.

**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.

**BANFF CANMORE COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**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 statement of financial position 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 operations.

**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 in securities will fluctuate because of price changes on public markets and foreign currency markets.

*Financial assets*

Financial assets measured at amortized cost are \$218,386 (March 31, 2015 - \$ 138,865). Financial assets measured at fair value are \$12,765,357 (March 31, 2015 - \$12,726,621).

**4. ACCOUNTS RECEIVABLE**

Accounts receivable is comprised of the following:

**As at March 31**

		<b>2016</b>			
	<b>Now Fund</b>	<b>The Banff Centre Fund</b>	<b>Community Fund</b>	<b>Total</b>	
GST Rebate Receivable	\$ 5,026	\$ 1,122	\$ 234	\$ 6,382	
Edmonton Community Foundation	-	-	114,096	114,096	
	\$ 5,026	\$ 1,122	\$ 114,330	\$ 120,478	

The receivable from the Edmonton Community Foundation was received and deposited in early April 2016.

**5. PORTFOLIO INVESTMENTS**

The Foundation has invested fund balances within The Banff Centre Endowment Fund and the Community 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**

	<b>2016</b>		<b>2015</b>	
	<b>Cost</b>	<b>Market</b>	<b>Cost</b>	<b>Market</b>
The Banff Centre Endowment	\$ 9,395,396	\$ 10,705,216	\$ 8,986,355	\$ 11,066,564
Community Fund	1,962,995	2,060,141	1,420,835	1,660,057
	\$ 11,358,391	\$ 12,765,357	\$ 10,407,190	\$ 12,726,621



**BANFF CANMORE COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**6. CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2016</u>	<u>Net 2015</u>
Computer software	\$ 3,410	\$ 1,986	\$ 1,424	\$ 1,699
Computers	8,007	8,007	-	603
Furniture and fixtures	15,142	2,875	12,267	-
Leasehold improvements	121,988	12,767	109,221	5,677
	<u>\$ 148,547</u>	<u>\$ 25,635</u>	<u>\$ 122,912</u>	<u>\$ 7,979</u>

**7. 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>
2014 Alberta Winter Games Legacy Fund	\$ 10,500	\$ 60,000	\$ 41,000	\$ 29,500
Elevate 150 Young Adult Workshop	35,000	-	33,000	2,000
Women In Philanthropy	-	10,000	-	10,000
Shine	-	2,000	-	2,000
True Sport	-	6,000	1,000	5,000
Canada 150	-	11,000	-	11,000
	<u>\$ 45,500</u>	<u>\$ 89,000</u>	<u>\$ 75,000</u>	<u>\$ 59,500</u>

Deferred capital contributions represent the unamortized portion of externally restricted contributions for expenditures on the Foundation's capital assets. The details of the deferred capital contributions are as follows:

	<u>Opening Balance</u>	<u>Received</u>	<u>Utilized</u>	<u>Ending Balance</u>
Renovation Campaign	\$ -	\$ 128,950	\$ 16,613	\$ 112,337

**8. 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.

**9. 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.

**BANFF CANMORE COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**10. GENERAL ADMINISTRATION**

Below is a schedule of the general administration expenses:

	<u>2016</u>	<u>2015</u>
Contractor fees and payroll	\$ 44,061	\$ 41,048
Professional fees	9,411	10,686
Rent	3,624	9,365
Memberships	3,991	3,293
Amortization	16,151	1,847
Travel	2,855	1,785
Telecommunications	1,717	1,580
Office supplies and equipment	5,617	3,346
Insurance	1,375	1,350
Conference	4,591	962
Professional development	318	711
	<u>\$ 93,712</u>	<u>\$ 75,973</u>

**11. 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 \$222,461 (2015 - \$151,994) and are allocated as follows:

	<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>
<b>2016</b>					
Contractor - accountant	\$ 8,188	\$ -	\$ -	\$ -	\$ 8,188
Payroll fees	472	-	-	-	472
Contractor - Foundation Services	-	17,772	-	-	17,772
Contractor - Education/awareness	-	-	11,535	-	11,535
Salaries and Wages	35,401	36,241	39,538	22,643	133,823
Promotion expenses	-	-	7,475	-	7,475
Foundation events	-	37,800	-	5,396	43,196
	<u>\$ 44,061</u>	<u>\$ 91,813</u>	<u>\$ 58,548</u>	<u>\$ 28,039</u>	<u>\$ 222,461</u>
<b>2015</b>					
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	-	2,196	-	2,357	4,553
	<u>\$ 41,048</u>	<u>\$ 33,996</u>	<u>\$ 53,578</u>	<u>\$ 23,372</u>	<u>\$ 151,994</u>

**BANFF CANMORE COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**12. RELATED PARTY TRANSACTION**

The Foundation paid \$3,019 (2015 - \$nil) to a company related to a member of management of the Foundation.

The 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.

**13. COMPARATIVE FIGURES**

The financial statements for the prior year have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

**14. SUBSEQUENT EVENTS**

On April 8, 2016 The Banff Centre requested a distribution from the Foundation for the amount \$1,350,000. This was approved by the Board on April 28, 2016.