

**Cranbrook and District Community Foundation**  
**Financial Statements**  
December 31, 2015

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**Contents**

<b>Independent Auditor's Report</b>	2 - 3
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Operations and Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

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## Independent Auditor's Report

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### To the Members of the Board of Cranbrook and District Community Foundation

We have audited the accompanying financial statements of the Cranbrook and District Community Foundation, which comprise the statement of financial position as at December 31, 2015, and the statement of operations and changes in net assets and cash flows for the year ended December 31, 2015, 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 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 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 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.



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## Independent Auditor's Report (continued)

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### Basis for Qualified Opinion

In common with other non-profit organizations, the Foundation derives revenue from donations or donations in kind, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of donation revenue 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 donations, excess of revenues over expenses and net assets.

### Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Cranbrook and District Community Foundation 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.

*BDO Canada LLP*

Chartered Professional Accountants

Cranbrook, BC  
June 24, 2016

## Cranbrook and District Community Foundation Statement of Financial Position

December 31	2015	2014
<b>Assets</b>		
<b>Current</b>		
Cash and short-term deposits (Note 2)	\$ 436,606	\$ 366,278
Accounts receivable and accrued interest	20,778	14,775
	457,384	381,053
<b>Investments</b> , at market (Note 3)	1,572,907	1,475,999
	\$ 2,030,291	\$ 1,857,052

### Liabilities and Net Assets

<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 34,189	\$ 8,424
<b>Net assets</b>		
Operating fund	(5,053)	12,723
Projects fund	245,380	208,544
Endowment fund	1,755,775	1,627,361
	1,996,102	1,848,628
	\$ 2,030,291	\$ 1,857,052

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Cranbrook and District Community Foundation Statement of Operations and Changes in Net Assets

<b>For the year ended December 31</b>				<b>2015</b>	<b>2014</b>
	<u>Operating</u>	<u>Projects</u>	<u>Endowment</u>	<u>Total</u>	<u>Total</u>
<b>Revenues</b>					
Donations (Note 5)	\$ -	\$ 96,600	\$ 46,068	\$ 142,668	\$ 61,305
Other grants and fundraising	60,000	15,578	-	75,578	50,343
Miscellaneous	7,164	-	-	7,164	334
Realized investment income (loss)	4,961	(1,679)	54,587	57,869	58,079
Unrealized gain on investments	-	-	75,509	75,509	56,267
	<u>72,125</u>	<u>110,499</u>	<u>176,164</u>	<u>358,788</u>	<u>226,328</u>
<b>Expenses</b>					
Grants (Note 6)	-	-	41,204	41,204	35,335
Insurance	2,059	-	-	2,059	2,191
Meetings, travel and conferences	9,004	-	-	9,004	2,286
Office and miscellaneous	9,953	-	-	9,953	8,502
Professional fees	6,186	-	-	6,186	5,988
Projects and fundraising	-	56,003	-	56,003	23,420
Promotion	8,640	-	-	8,640	5,706
Wages and benefits	78,265	-	-	78,265	58,340
	<u>114,107</u>	<u>56,003</u>	<u>41,204</u>	<u>211,314</u>	<u>141,768</u>
<b>Excess of revenues over expenses</b>	<b>(41,982)</b>	<b>54,496</b>	<b>134,960</b>	<b>147,474</b>	<b>84,560</b>
<b>Transfers for administration</b>	<b>25,055</b>	<b>(12,061)</b>	<b>(12,994)</b>	<b>-</b>	<b>-</b>
<b>Transfers for projects</b>	<b>(849)</b>	<b>849</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers for endowment</b>	<b>-</b>	<b>(6,448)</b>	<b>6,448</b>	<b>-</b>	<b>-</b>
<b>Net assets, beginning of year</b>	<b>12,723</b>	<b>208,544</b>	<b>1,627,361</b>	<b>1,848,628</b>	<b>1,764,068</b>
<b>Net assets, end of year</b>	<b>\$ (5,053)</b>	<b>\$ 245,380</b>	<b>\$ 1,755,775</b>	<b>\$ 1,996,102</b>	<b>\$ 1,848,628</b>

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

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## Cranbrook and District Community Foundation Statement of Cash Flows

For the year ended December 31	2015	2014
<b>Cash flows from operating activities</b>		
Cash receipts from donors and others	\$ 218,793	\$ 78,268
Cash paid to employees, suppliers and others	(185,548)	(139,616)
	<b>33,245</b>	<b>(61,348)</b>
 <b>Cash flows from investing activities</b>		
Cash receipts on investments	58,482	57,246
Purchase of investments	(21,399)	(50,443)
	<b>37,083</b>	<b>6,803</b>
 <b>Net increase in cash during the year</b>	 <b>70,328</b>	 <b>(54,545)</b>
<b>Cash and short-term deposits, beginning of year</b>	<b>366,278</b>	<b>420,823</b>
<b>Cash and short-term deposits, end of year</b>	<b>\$ 436,606</b>	<b>\$ 366,278</b>

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# Cranbrook and District Community Foundation

## Notes to Financial Statements

December 31, 2015

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### 1. Summary of Significant Accounting Policies

<b>Nature of Organization</b>	The Foundation was incorporated as a non-profit Society with charitable status under the Canada Corporations Act on March 31, 2003 and is a not-for-profit organization under the Income Tax Act. The purpose of the Foundation is to benefit the whole community. It was mandated to serve Cranbrook and the surrounding districts including communities such as Fort Steele, Wasa, Wardner, Jaffray, Moyie and Yahk.
<b>Basis of Accounting</b>	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
<b>Fund Accounting</b>	<p>The organization follows the restricted fund method of accounting for contributions. Accordingly, resources are classified for accounting and financial reporting purposes into funds. These funds are held in accordance with either the objectives specified by the donors or with directives issued by the Board of Directors.</p> <p>The <i>Operating Fund</i> reports resources available for the foundation's general operating and administrative activities.</p> <p>The <i>Project Fund</i> reports amounts restricted or designated for specific projects that are not operating or endowment in nature.</p> <p>The <i>Endowment Fund</i> reports the net assets, revenues and expenses related to donations and bequests in which the principal is restricted and to be maintained by the foundation on a permanent basis.</p>
<b>Investments and Investment Income</b>	Investments are recorded at year-end market values. Investment income includes dividend, interest, realized gains (losses), and the net change in unrealized gains (losses) for the year.
<b>Revenue Recognition</b>	Donations, grants and other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted amounts received for operating purposes in advance of revenue recognition are treated as deferred revenue.

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# Cranbrook and District Community Foundation Notes to Financial Statements

**December 31, 2015**

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## 1. Summary of Significant Accounting Policies (continued)

### **Contributed Materials and Services**

Gifts in kind are reported at fair market value, when fair market value can be reasonably estimated. Gifts in kind are recorded at nominal values when fair value cannot be reasonably estimated. Volunteers contribute services to assist the Foundation in carrying out various activities. Because of the difficulty of determining their fair value, volunteer services are not recognized in the financial statements.

### **Financial Instruments**

Financial Instruments are measured at fair value or amortized cost. Financial instruments that are quoted in an active market are recorded at fair value when acquired or issued. In subsequent periods, these financial instruments are remeasured at fair value, with any unrealized gains and losses reported in operations. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred. All other financial instruments held by the Foundation are measured at cost or amortized cost.

### **Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimate as additional information becomes available in the future and the impact will be recorded in the period when the difference becomes known.

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## 2. Cash and Short-term Deposits

Included in cash and short-term deposits is \$169,156 (2014 - \$138,717) of funds held and restricted for future endowment purposes and \$244,934 (2014 - \$208,072) of funds held and restricted for projects.



## Cranbrook and District Community Foundation Notes to Financial Statements

**December 31, 2015**

### 3. Investments, at Market

The Foundation holds the following investments, carried at fair value:

	<u>2015</u>	<u>2014</u>
Vancouver Foundation		
Operational Endowment Fund	\$ 59,327	\$ 56,441
General Endowment Fund	166,887	158,769
Children First Fund	60,127	57,202
Casey and Corrine Hanemayer Fund	793,177	754,593
Casey and Corrine Hanemayer Health Fund	51,754	49,236
Casey and Corrine Hanemayer Symphony Fund	77,441	73,674
Joyce Metcalfe Fund	16,282	15,490
Friends of Fort Steele Fund	147,808	140,618
Winter Games Legacy - Arts Fund	16,028	15,248
Winter Games Legacy - Sports Fund	46,996	44,710
Knights of Pythius Fund	30,658	29,167
Environmental Fund	20,824	19,811
Niedermayer Family Fund	49,273	37,445
Mark Mahovlic Memorial Scholarship Fund	25,312	23,595
Hough Ingalls Animal Welfare Fund	11,014	-
	<u>\$ 1,572,908</u>	<u>\$ 1,475,999</u>

Under deed of gift agreements with the Vancouver Foundation, a General Endowment Fund and a Children First Fund, managed by the Vancouver Foundation, were established in 2004, an Operational Endowment Fund was established in 2005, the Casey and Corrine Hanemayer Fund and Casey and Corrine Hanemayer Health Fund were established in 2006, the Casey and Corrine Hanemayer Symphony Fund and Joyce Metcalfe Fund were established in 2008, The Friends of Fort Steele Fund, Winter Games Legacy - Arts and Winter Games Legacy - Sports were established in 2009, the Knights of Pythius Fund was established in 2010, the Environmental Endowment Fund was established in 2011, the Niedermayer Family Fund was established in 2012, the Mark Mahovlic Memorial Scholarship Fund was established in 2014, and the Hough Ingalls Animal Welfare Fund was established in 2015. The principal portion of the above investments are permanently invested in the Vancouver Foundation's pooled investment balanced fund and can not be withdrawn by the Cranbrook and District Community Foundation. Also, under the terms of the deed of gift agreement, all income earned on the principal invested, net of administration fees, must be paid to the Cranbrook and District Community Foundation.

Market risk is the risk that changes in market prices will affect the Foundation's income. Accordingly the Foundation is exposed to market risk due to the effects of market fluctuations. The Foundation exercises market risk management of which the objective is to control market risk exposures within acceptable parameters while optimizing return on the investment.

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## Cranbrook and District Community Foundation Notes to Financial Statements

**December 31, 2015**

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### 3. Investments, at Market, (continued)

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income investments.

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### 4. Accounts Payable and Accrued Expenses

Included in the balance of accounts payable and accrued liabilities are government remittances payable of \$Nil (2014 - \$1,439).

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### 5. Donations-in-kind

Included in donation revenue is \$36,857 of contributed marketable securities. The fair value of the donations-in-kind was determined based on the market rate of the securities at the time of the receipt of the securities.

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### 6. Grants

During the year the Foundation paid the following grants:

Abreast in the Rockies	\$ 700
BCSPCA East Kootenay	2,000
Community Connections Society of Southeast BC	3,107
Cranbrook Bugle Band	300
Cranbrook Community Theatre	530
Cranbrook History Centre	15,000
Disabled Skiers Association of BC	900
East Kootenay Foundation for Health	298
Friends of Children East Kootenay	2,850
Friends of the Fort Steele Society	11,322
Habitat for Humanity	500
Scholarship	1,000
Symphony of the Kootenays	1,978
The Salvation Army	219
Trails Society of BC	500
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	<b>\$ 41,204</b>

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## **Cranbrook and District Community Foundation Notes to Financial Statements**

**December 31, 2015**

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### **7. Commitments and Contingencies**

There is a potential lawsuit pending in which the Foundation is involved. It is considered by management that the potential claim against the Foundation resulting from such litigation, if any, would not materially affect the financial statements of the Foundation. These amounts, if any, will be expensed when the claim is settled.