

Cranbrook and District Community Foundation
Financial Statements
December 31, 2016

Contents

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



Independent Auditor's Report

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, 2016, and the statement of operations and changes in net assets and cash flows for the year ended December 31, 2016, 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.



Independent Auditor's Report (continued)

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, 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.

BDO Canada LLP

Chartered Professional Accountants

Cranbrook, BC
May 10, 2017

Cranbrook and District Community Foundation Statement of Financial Position

December 31	2016	2015
Assets		
Current		
Cash (Note 2)	\$ 64,280	\$ 436,606
Loan receivable (Note 3)	258,251	-
Accounts receivable and accrued interest	18,171	20,778
	340,702	457,384
Investments , at market (Note 4)	1,875,636	1,572,907
	\$ 2,216,338	\$ 2,030,291

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued liabilities	\$ 7,587	\$ 34,189
Net assets		
Operating fund	(58,704)	(5,053)
Projects fund	258,251	245,380
Endowment fund (Note 5)	2,009,204	1,755,775
	2,208,751	1,996,102
	\$ 2,216,338	\$ 2,030,291

On behalf of the Board:

_____ Director

_____ Director

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

For the year ended December 31				2016	2015
	Operating	Projects	Endowment	Total	Total
Revenues					
Donations	\$ 1,945	\$ 12,426	\$ 147,022	\$ 161,393	\$ 142,668
Other grants and fundraising	18,687	2,689	-	21,376	75,578
Miscellaneous	2,840	-	-	2,840	7,164
Realized investment income	1,428	2,887	60,179	64,494	57,869
Unrealized gain on investments	-	-	74,501	74,501	75,509
	24,900	18,002	281,702	324,604	358,788
Expenses					
Grants (Note 6)	-	-	12,645	12,645	41,204
Insurance	2,204	-	-	2,204	2,059
Meetings, travel and conferences	2,908	-	-	2,908	9,004
Office and miscellaneous	8,850	-	-	8,850	9,953
Professional fees	15,650	-	-	15,650	6,186
Projects and fundraising	-	5,027	-	5,027	56,003
Promotion	6,172	-	-	6,172	8,640
Wages and benefits	58,499	-	-	58,499	78,265
	94,283	5,027	12,645	111,955	211,314
Excess of revenues over expenses	(69,383)	12,975	269,057	212,649	147,474
Transfers for administration	20,476	(5,073)	(15,403)	-	-
Transfers for projects	(4,744)	4,969	(225)	-	-
Net assets, beginning of year	(5,053)	245,380	1,755,775	1,996,102	1,848,628
Net assets, end of year	\$ (58,704)	\$ 258,251	\$ 2,009,204	\$ 2,208,751	\$ 1,996,102

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

Cranbrook and District Community Foundation Statement of Cash Flows

For the year ended December 31	2016	2015
Cash flows from operating activities		
Cash receipts from donors and others	\$ 190,366	\$ 218,793
Cash paid to employees, suppliers and others	(138,457)	(185,548)
	51,909	33,245
 Cash flows from investing activities		
Cash receipts on investments	62,244	58,482
Issuance of loan receivable	(258,251)	-
Purchase of investments	(228,228)	(21,399)
	(424,235)	37,083
 Net (decrease) in cash during the year	 (372,326)	 70,328
Cash, beginning of year	436,606	366,278
Cash, end of year	\$ 64,280	\$ 436,606

Cranbrook and District Community Foundation

Notes to Financial Statements

December 31, 2016

1. Summary of Significant Accounting Policies

Nature of Organization 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 Fernie, Sparwood, Fort Steele, Wasa, Wardner, Jaffray, Moyie and Yahk.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Fund Accounting 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.

The *Operating Fund* reports resources available for the foundation's general operating and administrative activities.

The *Project Fund* reports amounts restricted or designated for specific projects that are not operating or endowment in nature.

The *Endowment Fund* 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.

Revenue Recognition 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.

Investment income includes dividend, interest, realized gains (losses), and the net change in unrealized gains (losses) for the year.

Cranbrook and District Community Foundation Notes to Financial Statements

December 31, 2016

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 recorded at fair value on initial recognition. The Foundation subsequently measures all of its financial instruments at cost or amortized cost, except for investments in equity instruments that are quoted in an active market. Equity instruments that are quoted in an active market are recorded at their fair value. Changes in fair value are recorded in the statement of operations in the period incurred. Transaction costs that are directly attributable to the acquisition of these investments are recognized in the statement of operations in the period incurred.

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.

2. Cash

Funds that should be held and restricted for future endowment purposes as at December 31, 2016 are \$117,604 of which the Foundation is at a shortfall of \$53,324.

Cranbrook and District Community Foundation Notes to Financial Statements

December 31, 2016

3. Loan Receivable

Funds restricted for specific projects are held in a loan due from CBT Commercial Finance Corp. ("CBT"). The loan receivable bears interest at 5% per annum, payable at the end of each fiscal quarter, and is due on demand. The Foundation is exposed to credit risk resulting from the possibility that CBT defaults on their financial obligation, which would have a material impact on the Foundation. 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 denominated investments. Management is of the opinion that the risk is not significant.

4. Investments, at Market

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

	<u>2016</u>	<u>2015</u>
Vancouver Foundation		
Operational Endowment Fund	\$ 64,032	\$ 59,327
Community Endowment Fund	129,864	166,887
Children First Fund	62,794	60,127
Seniors Fund	62,221	-
East Kootenay Community Credit Union Fund	22,984	-
Casey and Corrine Hanemayer Fund	828,360	793,176
Casey and Corrine Hanemayer Health Fund	33,205	31,795
East Kootenay Foundation for Health	20,844	19,959
Symphony of the Kootenays Fund	80,876	77,441
Joyce Metcalfe Fund	17,004	16,282
Friends of Fort Steele Fund	166,758	147,808
Winter Games Legacy - Arts Fund	16,739	16,028
Winter Games Legacy - Sports Fund	49,081	46,996
Knights of Pythius Fund	32,018	30,658
Environmental Fund	21,748	20,824
Niedermayer Family Fund	51,459	49,273
Mark Mahovlic Memorial Scholarship Fund	26,869	25,312
Hough Ingalls Fund for Animal Welfare	11,502	11,014
Melodie Hull Fund for Mental Health	17,306	-
Cranbrook Public Library Fund	20,796	-
Cranbrook History Centre Fund	26,196	-
Fernie Community Endowment Fund	66,627	-
Sparwood Community Endowment Fund	35,241	-
Northern BC Friends of Children Fund	11,112	-
	<u>\$ 1,875,636</u>	<u>\$ 1,572,907</u>

Cranbrook and District Community Foundation Notes to Financial Statements

December 31, 2016

4. Investments, at Market, (continued)

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 Symphony of the East Kootenays 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 and East Kootenay Foundation for Health were established in 2011, the Niedermayer Family Fund was established in 2012, the Mark Mahovlic Memorial Scholarship Fund was established in 2014, the Hough Ingalls Animal Welfare Fund was established in 2015, and the Melodie Hull Fund for Mental Health, Cranbrook Public Library Fund, Cranbrook History Centre Fund, Fernie Community Endowment Fund, Sparwood Community Endowment Fund, Northern BC Friends of Children Fund were established in 2016. In 2016, the Seniors Fund and East Kootenay Community Credit Union Fund were separated from the General Endowment Fund. 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. 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.

5. Endowment Funds

	2016	2015
Principal amounts held in perpetuity	\$ 1,695,013	\$ 1,547,993
Cumulative unrealized gains	241,579	167,075
Income realized and available for distribution	72,612	40,707
	\$ 2,009,204	\$ 1,755,775

Cranbrook and District Community Foundation Notes to Financial Statements

December 31, 2016

6. Grants

During the year the Foundation paid the following grants:

Big Brothers Big Sisters Cranbrook	\$ 500
Community Connections Society of Southeast BC	2,322
Cranbrook Boys and Girls Club	1,000
Cranbrook Bugle Band	316
East Kootenay Foundation for Health	667
Friends of the Fort Steele Society	2,867
Summit Community Services Society	2,156
Symphony of the Kootenays	2,586
The Salvation Army	231
	<hr/>
	\$ 12,645

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.