

Cranbrook and District Community Foundation
Financial Statements
December 31, 2017

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



Tel: 250-426-4285
Fax: 250-426-8886
Toll-Free: 800-993-3313
www.bdo.ca

BDO Canada LLP
35 10th Avenue South
Cranbrook BC V1C 2M9 Canada

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, 2017, and the statement of operations and changes in net assets and cash flows for the year ended December 31, 2017, 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, 2017 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
April 26, 2018

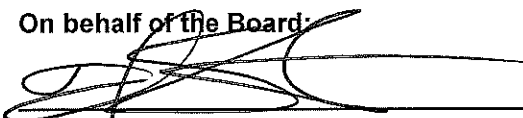
**Cranbrook and District Community Foundation
Statement of Financial Position**

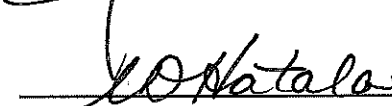
December 31	2017	2016
Assets		
Current		
Cash (Note 3)	\$ 176,686	\$ 64,280
Loan receivable (Note 2)	249,298	258,251
Accounts receivable and accrued interest	21,804	18,171
	447,788	340,702
Investments, at market (Note 4)	2,129,915	1,875,636
	\$ 2,577,703	\$ 2,216,338

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued liabilities	\$ 9,503	\$ 7,587
Net assets		
Operating fund	41,749	(20,549)
Projects fund	283,379	258,251
Endowment fund (Note 5)	2,243,072	1,971,049
	2,568,200	2,208,751
	\$ 2,577,703	\$ 2,216,338

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				2017	2016
	<i>Operating</i>	<i>Projects</i>	<i>Endowment</i>	Total	Total
Revenues					
Donations	\$ 79,179	\$ 54,843	\$ 173,989	\$ 308,011	\$ 161,393
Other grants and fundraising	-	-	-	-	21,376
Miscellaneous	320	-	-	320	2,840
Realized investment income	14,188	-	83,333	97,521	64,494
Unrealized gain on investments	-	-	70,021	70,021	74,501
	93,687	54,843	327,343	475,873	324,604
Expenses					
Bad debts	1,000	-	-	1,000	-
Grants (Note 6)	-	-	48,645	48,645	12,645
Insurance	2,075	-	-	2,075	2,204
Meetings, travel and conferences	2,904	-	-	2,904	2,908
Office and miscellaneous	10,208	-	-	10,208	8,850
Professional fees	10,516	-	-	10,516	15,650
Projects and fundraising	-	-	-	-	5,027
Promotion	470	-	-	470	6,172
Wages and benefits	40,606	-	-	40,606	58,499
	67,779	-	48,645	116,424	111,955
Excess of revenues over expenses	25,908	54,843	278,698	359,449	212,649
Transfers for administration	36,947	(11,889)	(25,058)	-	-
Transfers between funds	(557)	(17,826)	18,383	-	-
Net assets, beginning of year as restated (Note 8)	(20,549)	258,251	1,971,049	2,208,751	1,996,102
Net assets, end of year	\$ 41,749	\$ 283,379	\$ 2,243,072	\$ 2,568,200	\$ 2,208,751

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	2017	2016
Cash flows from operating activities		
Cash receipts from donors and others	\$ 302,159	\$ 190,366
Cash paid to employees, suppliers and others	(113,502)	(138,457)
	<u>188,657</u>	<u>51,909</u>
Cash flows from investing activities		
Cash receipts on investments	91,854	62,244
Repayment of (investment in) loan receivable	8,953	(258,251)
Purchase of investments	(177,058)	(228,228)
	<u>(76,251)</u>	<u>(424,235)</u>
Net increase in cash during the year	112,406	(372,326)
Cash, beginning of year	64,280	436,606
Cash, end of year	\$ 176,686	\$ 64,280

Cranbrook and District Community Foundation Notes to Financial Statements

December 31, 2017

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, Wardner, Jaffray, Moyie and South Country.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Fund Accounting	<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>
Revenue Recognition	<p>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.</p> <p>Investment income includes dividend, interest, realized gains (losses), and the net change in unrealized gains (losses) for the year.</p>

Cranbrook and District Community Foundation Notes to Financial Statements

December 31, 2017

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. 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.

Cranbrook and District Community Foundation Notes to Financial Statements

December 31, 2017

3. Cash

Funds included in cash that are held and restricted for future endowment purposes as at December 31, 2017 are \$97,397 which includes \$50,000 held in perpetuity for the Fernie Community Endowment Fund. Funds also included in cash that are held and restricted for projects are \$34,080.

4. Investments, at Market

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

	<u>2017</u>	<u>2016</u>
Vancouver Foundation		
Casey and Corrine Hanemayer Fund	\$ 860,947	\$ 828,360
Friends of Fort Steele Fund	189,013	166,758
Community Endowment Fund	134,972	129,864
Symphony of the Kootenays Fund	87,050	80,876
Fernie Community Endowment Fund	79,744	66,627
Sparwood Community Endowment Fund	68,681	35,241
Children First Fund	66,588	62,794
Operational Endowment Fund	66,438	64,032
Seniors Fund	64,669	62,221
Niedermayer Family Fund	59,568	51,459
Winter Games Legacy - Sports Fund	51,012	49,081
Cranbrook History Centre Fund	38,837	26,196
Casey and Corrine Hanemayer Health Fund	34,512	33,205
Knights of Pythias Fund	33,278	32,018
East Kootenay Foundation for Health	33,002	20,844
East Kootenay Community Credit Union Fund	28,005	22,984
Mark Mahovlic Memorial Scholarship Fund	27,926	26,869
Cranbrook Public Library Fund	26,074	20,796
Outdoor Recreation Fund	25,000	-
Environmental Fund	22,603	21,748
Melodie Hull Fund for Mental Health	19,260	17,306
Key City Gymnastics Fund	18,000	-
Joyce Metcalfe Fund	17,673	17,004
Winter Games Legacy - Arts Fund	17,397	16,739
Hough Ingalls Fund for Animal Welfare	13,049	11,502
Arts, Culture and Heritage Fund	12,475	-
Cranbrook Boys and Girls Club Fund	12,250	-
Northern BC Friends of Children Fund	11,652	11,112
EKFH Roy and Annabel Maundrell Fund	10,240	-
	<u>\$ 2,129,915</u>	<u>\$ 1,875,636</u>

Cranbrook and District Community Foundation Notes to Financial Statements

December 31, 2017

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 Pythias 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 Mahovic Memorial Scholarship Fund was established in 2014, the Hough Ingalls Animal Welfare Fund was established in 2015, 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, and the Cranbrook Boys and Girls Club Fund, EKFH Roy and Annabel Maundrell Fund, Arts, Culture and Heritage Fund, Outdoor Recreation Fund and Key City Gymnastics Fund were established in 2017. 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

	2017	2016
Principal amounts held in perpetuity	\$ 1,868,320	\$ 1,656,858
Cumulative unrealized gains	311,596	241,579
Income realized and available for distribution	63,156	72,612
	\$ 2,243,072	\$ 1,971,049

Cranbrook and District Community Foundation Notes to Financial Statements

December 31, 2017

6. Grants

During the year the Foundation paid the following grants:

British Columbia Society for the Prevention and Cruelty to Animals	\$ 4,000
Canadian Cancer Society	6,000
Community Connections Society of Southeast BC	1,850
Cranbrook Bugle Band	350
East Kootenay Foundation for Health	428
Fernie and District Historical Society	4,600
Ginger's Legacy - Animal Welfare Society	300
Heart and Stroke Foundation of Canada	6,000
Holy Family Church	400
Mount Baker Individual Scholarship	1,000
Sparwood and District Arts and Heritage Council	2,000
Symphony of the Kootenays Association	1,663
The Canadian Red Cross Society	6,000
The Corporation of the City of Cranbrook	2,000
The Cranbrook Archives Museum and Landmark Foundation	9,000
The Salvation Army Kootenay Valley Community Church	380
Trails Society of BC	1,500
United Way East Kootenay	500
West Kootenay Boundary Aids Outreach & Support Society	274
Wildsight	400
	<hr/>
	\$ 48,645

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.

8. Net Assets, Restated

It was determined by management upon a thorough review and analysis from inception of the Endowment Funds that there was an overstatement of the fund balance by \$38,155 and an offsetting understatement in the Operating Fund of \$38,155. The opening Net Asset balances have been restated to reflect this allocation adjustment and has resulted in no adjustment on Net Assets in total.