

Community Foundation of the Kootenay Rockies
(formerly - Cranbrook and District Community Foundation)
Financial Statements
December 31, 2018

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



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Independent Auditor's Report

To the Members of the Board of Community Foundation of the Kootenay Rockies

Qualified Opinion

We have audited the financial statements of Community Foundation of the Kootenay Rockies, which comprise the statement of financial position as at December 31, 2018, and the statements of operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 Community Foundation of the Kootenay Rockies as at December 31, 2018 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.

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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent Auditor's Report (Continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Cranbrook, BC
June 4, 2019


Community Foundation of the Kootenay Rockies
(formerly - Cranbrook and District Community Foundation)
Statement of Financial Position

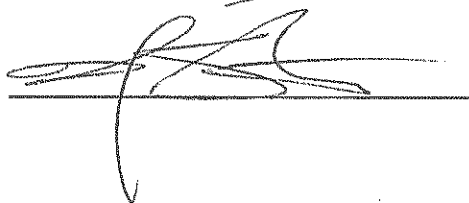
December 31	2018	2017
Assets		
Current		
Cash (Note 2)	\$ 435,992	\$ 176,686
Loans receivable	-	249,298
Accounts receivable and accrued interest	25,223	21,804
	461,215	447,788
Loans receivable (Note 3)	150,500	-
Investments, at market (Note 4)	2,286,767	2,129,915
	\$ 2,898,482	\$ 2,577,703

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued liabilities	\$ 8,556	\$ 9,503
Net assets		
Operating fund	60,950	41,749
Projects fund	308,337	283,379
Endowment fund (Note 5)	2,520,639	2,243,072
	2,889,926	2,568,200
	\$ 2,898,482	\$ 2,577,703

On behalf of the Board:


 _____ Director


 _____ Director

Community Foundation of the Kootenay Rockies
(formerly - Cranbrook and District Community Foundation)
Statement of Operations and Changes in Net Assets

For the year ended December 31					2018	2017
	<i>Operating</i>	<i>Projects</i>	<i>Endowment</i>	Total	Total	
Revenues						
Contributions and donations	\$ 76,514	\$ 24,016	\$ 350,983	\$ 451,513	\$ 308,011	
Miscellaneous	3,615	-	-	3,615	320	
Realized investment income	5,454	-	100,169	105,623	97,521	
Unrealized gain on investments	-	-	(113,249)	(113,249)	70,021	
	<u>85,583</u>	<u>24,016</u>	<u>337,903</u>	<u>447,502</u>	<u>475,873</u>	
Expenses						
Bad debts	-	-	-	-	1,000	
Grants (Note 6)	-	7,914	20,292	28,206	48,645	
Insurance	2,116	-	-	2,116	2,075	
Meetings, travel and conferences	4,453	-	-	4,453	2,904	
Office and miscellaneous	10,411	-	-	10,411	10,208	
Professional fees	10,131	-	-	10,131	10,516	
Promotion	6,431	-	-	6,431	470	
Wages and benefits	64,028	-	-	64,028	40,606	
	<u>97,570</u>	<u>7,914</u>	<u>20,292</u>	<u>125,776</u>	<u>116,424</u>	
Excess of revenues over expenses	(11,987)	16,102	317,611	321,726	359,449	
Transfers for administration	31,188	(1,144)	(30,044)	-	-	
Transfers between funds	-	10,000	(10,000)	-	-	
Net assets, beginning of year	41,749	283,379	2,243,072	2,568,200	2,208,751	
Net assets, end of year	\$ 60,950	\$ 308,337	\$ 2,520,639	\$ 2,889,926	\$ 2,568,200	

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

Community Foundation of the Kootenay Rockies
(formerly - Cranbrook and District Community Foundation)
Statement of Cash Flows

For the year ended December 31	2018	2017
Cash flows from operating activities		
Cash receipts from donors and others	\$ 454,979	\$ 309,359
Cash paid to employees, suppliers and others	(126,779)	(113,502)
	<u>328,200</u>	<u>195,857</u>
Cash flows from investing activities		
Cash receipts on investments	102,409	91,854
Issuance (collection) of loans receivable	98,798	8,953
Purchase of investments	(270,101)	(184,258)
	<u>(68,894)</u>	<u>(83,451)</u>
Net increase in cash during the year	259,306	112,406
Cash, beginning of year	176,686	64,280
Cash, end of year	\$ 435,992	\$ 176,686

Community Foundation of the Kootenay Rockies
(formerly - Cranbrook and District Community Foundation)
Notes to Financial Statements

December 31, 2018

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 the geographic area of City of Cranbrook, City of Fernie, District of Sparwood, District of Elkford, Tobacco Plains Indian Band, ?Aq'am Community, and Regional District of East Kootenay Electoral Area A, Area B and Area C.

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.

Community Foundation of the Kootenay Rockies
(formerly - Cranbrook and District Community Foundation)
Notes to Financial Statements

December 31, 2018

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 included in cash that are held and restricted for future endowment purposes as at December 31, 2018 are \$79,959, and funds held and restricted for projects are \$308,337.

Community Foundation of the Kootenay Rockies
(formerly - Cranbrook and District Community Foundation)
Notes to Financial Statements

December 31, 2018

3. Loans Receivable

The Foundation has invested a portion of its permanently endowed funds with the Columbia Basin Trust Commercial Finance Corp. (CBT), via loans from the Foundation to CBT; these monies make up a portion of each of the following funds:

	Established	2018	2017
Fernie Community Fund	2018	\$ 50,000	\$ -
Sparwood Community Fund	2018	50,000	-
Elkford Community Fund	2018	50,000	-
Operations Fund	2018	500	-
		\$ 150,500	\$ -

The loans 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.

Community Foundation of the Kootenay Rockies
(formerly - Cranbrook and District Community Foundation)
Notes to Financial Statements

December 31, 2018

4. Investments, at Market

Under deed of gift agreements, the Vancouver Foundation holds the following permanently endowed investment funds, carried at fair value:

	Established	2018	2017
Casey and Corrine Hanemayer Fund	2006 \$	821,128 \$	860,948
Friends of Fort Steele Fund	2009	189,850	189,013
Cranbrook Endowment Fund	2004	128,730	134,972
Fernie Community Endowment Fund	2016	88,641	79,744
Symphony of the Kootenays Fund	2008	83,023	87,049
Sparwood Community Endowment Fund	2016	80,551	68,681
Operational Endowment Fund	2005	64,449	66,438
Children First Fund	2004	63,508	66,588
Elkford Community Fund	2018	63,275	-
Seniors Fund	2016	61,774	64,669
Niedermayer Family Fund	2012	60,133	59,568
Greg Fisher Community Fund	2018	50,000	-
Winter Games Legacy - Sports Fund	2009	48,653	51,012
East Family Scholarship Fund	2018	47,797	-
Cranbrook History Centre Fund	2016	42,783	38,837
East Kootenay Foundation for Health	2011	36,653	33,002
Outdoor Recreation Fund	2017	33,844	25,000
East Kootenay Community Credit Union Fund	2016	33,500	28,005
Casey and Corrine Hanemayer Health Fund	2006	32,915	34,512
Knights of Pythias Fund	2010	31,739	33,278
Cranbrook Public Library Fund	2016	26,960	26,074
Mark Mahovic Memorial Scholarship Fund	2014	26,674	27,926
Environmental Fund	2011	21,558	22,603
Janice Regnier Fund	2018	20,000	-
Melodie Hull Fund for Mental Health	2016	18,369	19,260
Key City Gymnastics Fund	2017	17,167	18,000
Joyce Metcalfe Fund	2008	16,856	17,673
Winter Games Legacy - Arts Fund	2009	16,592	17,397
Hough Ingalls Fund for Animal Welfare	2015	14,703	13,049
Cranbrook Boys and Girls Club Fund	2017	11,903	12,250
Arts, Culture and Heritage Fund	2017	11,898	12,475
Northern BC Friends of Children Fund	2016	11,375	11,652
EKFH Roy and Annabel Maundrell Fund	2017	9,766	10,240
		\$ 2,286,767	\$ 2,129,915

Community Foundation of the Kootenay Rockies
(formerly - Cranbrook and District Community Foundation)
Notes to Financial Statements

December 31, 2018

4. Investments, at Market, (continued)

The principal portion of the above investments are permanently invested in the Vancouver Foundation's pooled investment balanced fund and cannot be withdrawn by the Community Foundation of the Kootenay Rockies. 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 Community Foundation of the Kootenay Rockies.

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

	<u>2018</u>	<u>2017</u>
Principal amounts held in perpetuity	\$ 2,252,260	\$ 1,868,320
Cumulative unrealized gains	198,346	311,596
Income realized and available for distribution or reinvestment	56,185	52,909
Investment rebates designated for reinvestment	3,673	-
Other	10,175	10,247
	<u>\$ 2,520,639</u>	<u>\$ 2,243,072</u>

Community Foundation of the Kootenay Rockies
(formerly - Cranbrook and District Community Foundation)
Notes to Financial Statements

December 31, 2018

6. Grants

During the year the Foundation paid the following grants:

Big Brothers Big Sisters Cranbrook	\$	950
Canadian Mental Health Association		991
Community Connections Society of Southeast BC		2,390
Cranbrook and District Arts Council		1,000
Cranbrook Boys and Girls Club		1,180
Cranbrook Bugle Band		418
District of Sparwood		460
East Kootenay Climbing Association		929
East Kootenay Foundation for Health		730
East Kootenay SPCA		2,811
Fernie Pet Society		545
Fernie Women's Resource Centre		545
Ginger's Legacy - Animal Welfare Society		1,000
Key City Gymnastics		6,986
Ktunaxa Nation Council Society		429
Lethbridge College		1,000
Salvation Army		500
Sparwood and District Arts and Heritage Council		500
Symphony of the Kootenays		1,997
The Board of Education School District No.5		1,000
Tobacco Plains Indian Band		545
Wildsight		1,300
		<hr/>
	\$	28,206