

**Community Foundation of the Kootenay Rockies**  
**Financial Statements**  
December 31, 2020

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## Independent Auditor's Report

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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, 2020, 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, 2020 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.

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## Independent Auditor's Report (Continued)

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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.



Chartered Professional Accountants

Cranbrook, BC  
May 26, 2021

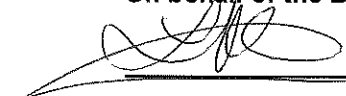
**Community Foundation of the Kootenay Rockies  
Statement of Financial Position**


December 31	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 437,829	\$ 928,597
Accounts receivable and accrued interest	35,825	26,867
	<u>473,654</u>	<u>955,464</u>
Loans receivable (Note 3)	285,890	200,390
Investments, at market (Note 4)	3,290,144	2,615,516
	<u>\$ 4,049,688</u>	<u>\$ 3,771,370</u>

**Liabilities and Net Assets**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 10,383	\$ 8,933
Long-term debt (Note 5)	30,000	-
	<u>40,383</u>	<u>8,933</u>
<b>Net assets</b>		
Operating fund	90,731	62,632
Project and restricted fund	224,486	314,051
Endowment fund (Note 6)	3,694,088	3,385,754
	<u>4,009,305</u>	<u>3,762,437</u>
	<u>\$ 4,049,688</u>	<u>\$ 3,771,370</u>

On behalf of the Board:

 Lisa Barnes Director

 Michele Bates Director

## Community Foundation of the Kootenay Rockies Statement of Operations and Changes in Net Assets

For the year ended December 31				2020	2019
	Operating fund	Project and restricted fund	Endowment fund	Total	Total
<b>Revenues</b>					
Contributions and donations (Note 5)	\$ 27,620	\$ 114,873	\$ 71,432	\$ 213,925	\$ 719,635
Miscellaneous	1,595	-	-	1,595	1,630
Realized investment income	13,550	-	140,961	154,511	123,706
Unrealized gain on investments	-	-	185,841	185,841	166,588
	<u>42,765</u>	<u>114,873</u>	<u>398,234</u>	<u>555,872</u>	<u>1,011,559</u>
<b>Expenses</b>					
Grants (Note 7)	-	199,143	30,010	229,153	52,902
Insurance	2,414	-	-	2,414	2,228
Meetings, travel and conferences	-	-	-	-	4,981
Office and miscellaneous	11,628	21	-	11,649	12,815
Professional fees	11,052	-	-	11,052	9,664
Promotion	3,479	-	-	3,479	3,181
Wages and benefits (Note 5)	51,257	-	-	51,257	53,277
	<u>79,830</u>	<u>199,164</u>	<u>30,010</u>	<u>309,004</u>	<u>139,048</u>
<b>Excess (shortfall) of revenues over expenses</b>	<b>(37,065)</b>	<b>(84,291)</b>	<b>368,224</b>	<b>246,868</b>	<b>872,511</b>
<b>Transfers for administration</b>	<b>65,164</b>	<b>(5,274)</b>	<b>(59,890)</b>	<b>-</b>	<b>-</b>
<b>Net assets, beginning of year</b>	<b>62,632</b>	<b>314,051</b>	<b>3,385,754</b>	<b>3,762,437</b>	<b>2,889,926</b>
<b>Net assets, end of year</b>	<b>\$ 90,731</b>	<b>\$ 224,486</b>	<b>\$ 3,694,088</b>	<b>\$ 4,009,305</b>	<b>\$ 3,762,437</b>

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

## Community Foundation of the Kootenay Rockies Statement of Cash Flows

For the year ended December 31	2020	2019
<b>Cash flows from operating activities</b>		
Cash receipts from donors and others	\$ 212,574	\$ 721,877
Cash paid to employees, suppliers and others	<b>(307,055)</b>	(139,169)
	<b>(94,481)</b>	582,708
<b>Cash flows from investing activities</b>		
Cash receipts on investments	<b>148,000</b>	121,948
Investment in loans receivable	<b>(85,500)</b>	(49,890)
Purchase of investments	<b>(488,787)</b>	(162,161)
	<b>(426,287)</b>	(90,103)
<b>Cash flows from financing activities</b>		
Proceeds from long-term debt	<b>30,000</b>	-
<b>Net increase (decrease) in cash during the year</b>	<b>(490,768)</b>	492,605
<b>Cash, beginning of year</b>	<b>928,597</b>	435,992
<b>Cash, end of year</b>	<b>\$ 437,829</b>	\$ 928,597

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

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# Community Foundation of the Kootenay Rockies

## Notes to Financial Statements

**December 31, 2020**

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### 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 is mandated to serve the geographic area of City of Cranbrook, City of Fernie, District of Sparwood, District of Elkford, Yaq?it ?a-knuq?i 'it (Tobacco Plains Indian Band), ?Aq'am Community, and Regional District of East Kootenay Electoral Area A, Area B and Area C. The Community Foundation of the Kootenay Rockies respectfully acknowledges that they operate within ?amak?is Ktunaxa, the traditional and unceded territory of the Ktunaxa Nation.

**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 and Restricted Fund* reports amounts restricted or designated for specific projects or purposes 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.

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# Community Foundation of the Kootenay Rockies

## Notes to Financial Statements

**December 31, 2020**

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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 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.

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### 2. Cash

Funds included in cash that are held and restricted for future endowment purposes as at December 31, 2020 are \$84,943 (2019 - \$543,248), and funds held and restricted for projects are \$224,486 (2019 - \$314,051). The funds are held in Credit Union accounts earning interest at a rate of 2.75% as at December 31, 2020.



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## Community Foundation of the Kootenay Rockies Notes to Financial Statements

**December 31, 2020**

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### 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	2020	2019
Fernie Community Fund	2018	\$ 55,000	\$ 55,000
Sparwood Community Fund	2018	89,890	89,890
Elkford Community Fund	2018	55,000	55,000
Operations Fund	2018	86,000	500
		\$ 285,890	\$ 200,390

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 Notes to Financial Statements

**December 31, 2020**

### 4. Investments, at Market

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

	Established	2020	2019
Casey and Corrine Hanemayer Fund	2006	\$ 925,743	\$ 883,219
Cranbrook Endowment Fund	2004	381,623	138,800
Friends of Fort Steele Fund	2009	236,846	213,386
East Kootenay Community Credit Union Fund	2016	152,026	40,675
Columbia Outdoor Blue Lake Fund	2019	117,564	11,338
Symphony of the Kootenays Fund	2008	105,242	89,347
Fernie Community Endowment Fund	2016	101,864	96,967
Sparwood Community Endowment Fund	2016	94,568	89,717
Seniors Fund	2016	78,198	74,834
Elkford Community Fund	2018	77,190	72,887
Operational Endowment Fund	2005	74,408	70,258
Children First Fund	2004	71,163	68,192
Niedermayer Family Fund	2012	70,370	67,432
Cranbrook History Centre Fund	2016	61,061	51,589
Outdoor Recreation Fund	2017	60,360	47,246
Greg Fisher Community Fund	2018	55,940	53,605
Winter Games Legacy - Sports Fund	2009	54,830	52,541
East Family Scholarship Fund	2018	53,677	51,243
East Kootenay Foundation for Health	2011	52,000	44,073
Pidoca Construction Memorial Scholarship Fund	2019	42,885	30,552
Casey and Corrine Hanemayer Health Fund	2006	37,720	35,405
Knights of Pythias Fund	2010	35,564	34,080
Cranbrook Public Library Fund	2016	31,653	29,543
Mark Mahovic Memorial Scholarship Fund	2014	29,942	28,692
Environmental Fund	2011	24,156	23,148
Cranbrook Community Theatre Fund	2019	24,000	11,760
Janice Regnier Fund	2018	22,476	21,442
Key City Gymnastics Fund	2017	22,323	20,369
Melodie Hull Fund for Mental Health	2016	21,180	19,724
Joyce Metcalfe Fund	2008	19,342	18,099
Winter Games Legacy - Arts Fund	2009	18,592	17,816
Hough Ingalls Fund for Animal Welfare	2015	18,025	15,935
East Kootenay SPCA Fund	2019	15,296	10,146
Community Matters Legacy Fund	2020	14,263	10,000
Cranbrook Boys and Girls Club Fund	2017	13,956	13,063
Northern BC Friends of Children Fund	2016	13,615	12,736
Arts, Culture and Heritage Fund	2017	13,333	12,776
Cranbrook Chamber of Commerce Education Fund	2019	12,237	11,159
Cranbrook Past & Present Teachers' Legacy Fund	2019	12,159	11,234
Key City Theatre Legacy Fund	2020	11,811	-
EKFH Roy and Annabel Maundrell Fund	2017	10,943	10,487
		<b>\$ 3,290,144</b>	<b>\$ 2,615,516</b>

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## Community Foundation of the Kootenay Rockies Notes to Financial Statements

**December 31, 2020**

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#### **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. Based on the income earned on the endowed principal, the Vancouver Foundation applies its cost-recovery fees, with the Community Foundation of the Kootenay Rockies receiving the net income as per the Vancouver Foundation's annual distribution rate (i.e., percent of market value), and the Vancouver Foundation re-investing any remaining income in the principal of each fund.

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.

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#### **5. Government Grant**

The Foundation applied for and received funds from the following federal government support programs introduced in response to the global pandemic:

##### Temporary Wage Subsidy (TWS)

During the year, the Foundation received the 10% Temporary Wage Subsidy. The wage subsidy was a 3-month measure that allows employers to reduce the amount of payroll deductions they need to remit to Canada Revenue Agency. The subsidy was equal to 10% of the remuneration paid from March 18 to June 19, 2020, up to \$1,375 per employee. The total subsidy received by the Foundation during the period was \$1,239 and has been recorded as a reduction of wage expense.

##### Canadian Emergency Business Account (CEBA)

During the year, the Foundation received the Canada Emergency Business Account loan. At the time of receiving the interest free loan, management concluded that it is likely the Foundation will repay 75% of the outstanding balance prior to December 31, 2022 to qualify for the forgiveness of 25% of the loan balance, which has been recorded in revenue contributions. In the event that the Foundation does not repay the \$30,000 by the end of 2022, the entire \$40,000 would become due, repayable monthly including interest at 5%, maturing December 2025.

## Community Foundation of the Kootenay Rockies Notes to Financial Statements

**December 31, 2020**

### 6. Endowment Funds

	2020	2019
Principal amounts held in perpetuity	\$ 3,045,101	\$ 2,939,579
Cumulative unrealized gains	550,775	364,934
Income realized and available for distribution or reinvestment	88,037	71,066
Other	10,175	10,175
	\$ 3,694,088	\$ 3,385,754

### 7. Grants

During the year the Foundation paid the following grants:

British Columbia SPCA	\$ 1,522
Columbia Basin Alliance for Literacy	2,188
Community Connections Society of Southeast BC	9,306
Cranbrook Boys and Girls Club	847
Cranbrook Community Theatre Society	500
Cranbrook Food Bank Society	9,702
Cranbrook Kimberley Hospice Society	836
District of Elkford	1,937
East Kootenay Foundation for Health	1,201
Elk Valley Seniors Housing Society	600
Elk Valley Congregational Church	1,000
Elkford Women's Task Force Society	3,000
Fernie Trails Alliance	1,367
Fernie Family Housing Society	350
Fernie Women's Resource and Drop-in Centre	1,600
Ground Floor Coworking Space	500
Ktunaxa Nation Council Society	4,750
RDEK	1,168
Rocky Mountain Village Auxiliary Society	1,000
Senior Citizens Club of Fernie and District	1,000
Sparwood & District Arts and Heritage Council	980
Sparwood Food Bank	3,000
Symphony of the Kootenays	3,095
The Board of Education School District No.5	3,968
The Salvation Army Kootenay Valley Community Church	11,961
Wildsight	535
KEYSA Indoor Sports Facility	161,240
	\$ 229,153

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## **Community Foundation of the Kootenay Rockies Notes to Financial Statements**

**December 31, 2020**

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### **8. Global Pandemic Uncertainty**

The impact of COVID-19 in Canada and on the global economy continues to exist. There is uncertainty as to the full potential impact to the Foundation. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Foundation will continue to manage and monitor expenditures, cash flows, financial projections and available funds.