

Community Foundation of the Kootenay Rockies
Financial Statements
December 31, 2021

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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, 2021, and the statements of operations and changes in net assets, 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, 2021 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.



Chartered Professional Accountants

Cranbrook, BC
May 25, 2022


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

<u>December 31</u>	<u>2021</u>	<u>2020</u>
Assets		
Current		
Cash (Note 2)	\$ 286,068	\$ 437,829
Accounts receivable and accrued interest	35,253	35,825
	<u>321,321</u>	<u>473,654</u>
Loans receivable (Note 3)	303,890	285,890
Investments, at market (Note 4)	3,920,460	3,290,144
	<u>\$ 4,545,671</u>	<u>\$ 4,049,688</u>

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 11,967	\$ 10,383
Long-term debt (Note 5)	40,000	30,000
	<u>51,967</u>	<u>40,383</u>
Net assets		
Operating fund	96,071	90,731
Project and restricted fund	13,948	224,486
Endowment fund (Note 6)	4,383,685	3,694,088
	<u>4,493,704</u>	<u>4,009,305</u>
	<u>\$ 4,545,671</u>	<u>\$ 4,049,688</u>

On behalf of the Board:

 _____ Director

 _____ Director

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

For the year ended December 31 2021 2020

	<i>Operating fund</i>	<i>Project and restricted fund</i>	<i>Endowment fund</i>	Total	Total
Revenues					
Contributions and donations (Note 5)	\$ 17,145	\$ 86,640	\$ 161,817	\$ 265,602	\$ 213,925
Miscellaneous	605	-	-	605	1,595
Realized investment income	13,651	-	151,772	165,423	154,511
Unrealized gain on investments	-	-	263,146	263,146	185,841
	31,401	86,640	576,735	694,776	555,872
Expenses					
Grants (Note 7)	-	68,075	46,907	114,982	229,153
Insurance	2,583	-	-	2,583	2,414
Meetings, travel and conferences	1,620	-	-	1,620	-
Office and miscellaneous	13,652	-	-	13,652	11,649
Professional fees	19,717	-	-	19,717	11,052
Promotion	3,390	-	-	3,390	3,479
Wages and benefits	54,433	-	-	54,433	51,257
	95,395	68,075	46,907	210,377	309,004
Excess (shortfall) of revenues over expenses	(63,994)	18,565	529,828	484,399	246,868
Transfers for administration	69,334	(4,332)	(65,002)	-	-
Transfers between funds	-	(224,771)	224,771	-	-
Net assets, beginning of year	90,731	224,486	3,694,088	4,009,305	3,762,437
Net assets, end of year	\$ 96,071	\$ 13,948	\$ 4,383,685	\$ 4,493,704	\$ 4,009,305

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	2021	2020
Cash flows from operating activities		
Cash receipts from donors and others	\$ 263,511	\$ 212,574
Cash paid to employees, suppliers and others	(203,929)	(307,055)
	59,582	(94,481)
Cash flows from investing activities		
Cash receipts on investments	163,827	148,000
Investment in loans receivable	(18,000)	(85,500)
Purchase of investments	(367,170)	(488,787)
	(221,343)	(426,287)
Cash flows from financing activities		
Proceeds from long-term debt	10,000	30,000
Net decrease in cash during the year	(151,761)	(490,768)
Cash, beginning of year	437,829	928,597
Cash, end of year	\$ 286,068	\$ 437,829

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

Community Foundation of the Kootenay Rockies

Notes to Financial Statements

December 31, 2021

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. In the spirit of reconciliation, the Community Foundation of the Kootenay Rockies respectfully acknowledges that we are on ?amak?is Ktunaxa, the traditional and unceded homelands 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 Foundation 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.

Community Foundation of the Kootenay Rockies

Notes to Financial Statements

December 31, 2021

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, 2021 are \$124,628 (2020 - \$84,943), and funds held and restricted for projects are \$13,948 (2020 - \$224,486). The funds are held in Credit Union accounts earning interest at a rate of 2.75% as at December 31, 2021.

Community Foundation of the Kootenay Rockies Notes to Financial Statements

December 31, 2021

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	2021	2020
Fernie Community Fund	2018	\$ 55,000	\$ 55,000
Sparwood Community Fund	2018	107,890	89,890
Elkford Community Fund	2018	55,000	55,000
Operations Fund	2018	86,000	86,000
		\$ 303,890	\$ 285,890

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, 2021

4. Investments, at Market

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

	Established	2021	2020
Casey and Corrine Hanemayer Fund	2006	\$ 1,006,569	\$ 925,743
Cranbrook Endowment Fund	2004	411,863	381,623
Friends of Fort Steele Fund	2009	266,387	236,846
Addressing Homelessness Fund	2021	224,771	-
East Kootenay Community Credit Union Fund	2016	175,232	152,026
Columbia Outdoor Blue Lake Fund	2019	126,920	117,564
Symphony of the Kootenays Fund	2008	116,923	105,242
Fernie Community Endowment Fund	2016	113,293	101,864
Sparwood Community Endowment Fund	2016	103,423	94,568
Elkford Community Fund	2018	84,523	77,190
Seniors Fund	2016	84,389	78,198
Operational Endowment Fund	2005	80,732	74,408
Niedermayer Family Fund	2012	77,635	70,370
Children First Fund	2004	76,798	71,163
Cranbrook History Centre Fund	2016	71,207	61,061
Outdoor Recreation Fund	2017	65,568	60,360
East Kootenay Foundation for Health	2011	61,728	52,000
Greg Fisher Community Fund	2018	60,900	55,940
Winter Games Legacy - Sports Fund	2009	59,171	54,830
East Family Scholarship Fund	2018	58,184	53,677
Pidoca Construction Memorial Scholarship Fund	2019	56,586	42,884
Neil and Patricia Sinclair Fund	2021	50,000	-
Casey and Corrine Hanemayer Health Fund	2006	40,809	37,720
Knights of Pythias Fund	2010	38,380	35,564
Cranbrook Public Library Fund	2016	34,908	31,653
Mark Mahovlic Memorial Scholarship Fund	2014	32,587	29,942
Environmental Fund	2011	26,169	24,156
Cranbrook Community Theatre Fund	2019	26,002	24,000
Key City Gymnastics Fund	2017	25,264	22,323
Janice Regnier Fund	2018	24,256	22,476
Cranbrook Past & Present Teachers' Legacy Fund	2019	23,363	12,159
East Kootenay SPCA Fund	2019	22,935	15,296
Melodie Hull Fund for Mental Health	2016	22,857	21,180
Joyce Metcalfe Fund	2008	22,546	19,342
Hough Ingalls Fund for Animal Welfare	2015	21,083	18,025
Community Matters Legacy Fund	2020	20,392	14,263
Winter Games Legacy - Arts Fund	2009	20,064	18,592
Cranbrook Boys and Girls Club Fund	2017	15,483	13,956
Northern BC Friends of Children Fund	2016	15,435	13,615
Key City Theatre Legacy Fund	2020	15,289	11,811
Arts, Culture and Heritage Fund	2017	14,532	13,333
Cranbrook Chamber of Commerce Education Fund	2019	13,494	12,237
EKFH Roy and Annabel Maundrell Fund	2017	11,810	10,944
		\$ 3,920,460	\$ 3,290,144

Community Foundation of the Kootenay Rockies Notes to Financial Statements

December 31, 2021

4. Investments, at Market (continued)

The principal portion of the above investments are permanently invested in the Vancouver Foundation's pooled Consolidated Trust 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 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. The Foundation has experienced market decreases subsequent to the fiscal year end.

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. Government Grant

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

Canadian Emergency Business Account (CEBA)

In the prior year, the Foundation applied for and received the Canada Emergency Business Account loan of \$40,000 of which \$10,000 is potentially forgivable. During the current year, the Foundation applied for and received an expansion of \$20,000, of which another \$10,000 is potentially forgivable. Management has concluded that the Foundation will likely repay the required balance prior to December 31, 2023 to qualify for the forgiveness, which has been recorded as other income in each of the years received. In the event that the Foundation does not repay the outstanding balance by the end of 2023, the entire \$60,000 would become due, repayable monthly including interest at 5%, maturing December 2025.

Community Foundation of the Kootenay Rockies Notes to Financial Statements

December 31, 2021

6. Endowment Funds

	2021	2020
Principal amounts held in perpetuity	\$ 3,471,097	\$ 3,045,101
Cumulative unrealized gains	813,921	550,775
Income realized and available for distribution or reinvestment	88,492	88,037
Other	10,175	10,175
	\$ 4,383,685	\$ 3,694,088

7. Grants

During the year the Foundation paid the following grants:

Association Francophone des Rocheuses du Sud	\$ 743
Blue Lake Forest Education Society	2,066
British Columbia Schizophrenia Society	485
British Columbia SPCA	1,117
Canadian Mental Health Assoc.	4,500
Columbia Basin Environmental Education Network	1,500
Community Connections Society of Southeast BC	4,191
Community Volunteer Award	500
Cranbrook and District Arts	1,245
Cranbrook and District Search and Rescue	1,500
Cranbrook Community Theatre Society	501
East Kootenay Foundation for Health	3,124
Elk Valley Seniors Housing Society	1,530
Elkford Public Library	658
Elkford Skating Club	600
Elkford Wapiti Ski Club	1,500
Elk Valley Regional Land Trust Society	68,075
Fernie and District Arts Council	1,000
Fernie Family Garden	1,500
Fernie Legion	500
Jaffray Volunteer Fire Department Society	1,143
Salvation Army - Cranbrook	2,526
Sparwood Golf Club	1,206
Symphony of the Kootenays	750
The Board of Education School District No.5	5,000
The Cranbrook Archives Museum and Landmark Foundation	1,314
The Dwelling Place Church Ministries	1,274
The Kidney Foundation of Canada	1,828
Twin Meadows Animal Rescue Society	1,606
Wildsight	1,500
	\$ 114,982

Community Foundation of the Kootenay Rockies Notes to Financial Statements

December 31, 2021

8. Global Pandemic Uncertainty

COVID-19 and the war in Ukraine have an ongoing impact to the global economy. There is uncertainty as to the full potential impact to the Foundation. Although the disruption 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.