

**ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA**

Financial Statements

As at and for the year ended

August 31, 2013

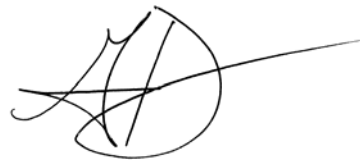
**ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA**  
Statement of Financial Position  
As at August 31

	2013	2012
	\$	\$
<b>Current assets</b>		
Cash and cash equivalents	187,542	366,869
Short-term investments (note 2)	900,467	852,800
Prepays	198,001	206,337
Amounts receivable	5,075	1,760
	1,291,085	1,427,766
Investments (note 6)	3,042,499	3,159,089
Equipment (note 3)	53,883	80,090
	4,387,467	4,666,945
 <b>Current liabilities</b>		
Accounts payable and accrued liabilities	80,468	186,219
Deferred revenue (note 7)	1,043,892	1,262,150
	1,124,360	1,448,369
Unrestricted net assets	563,107	518,576
Internally restricted funds (note 4)	2,700,000	2,700,000
	3,263,107	3,218,576
	4,387,467	4,666,945
Commitments (note 9)		

Approved by the Board of Directors:



\_\_\_\_\_  
Michael McPhie, Director



\_\_\_\_\_  
Gavin C. Dirom, Director

**ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA**  
Statement of Changes in Net Assets  
For the year ended August 31

	2013		2012	
	Unrestricted net assets (Operating Fund)	Internally Restricted Funds (note 4)	Total	Total
	\$	\$	\$	\$
<b>Balance - Beginning of year</b>	518,576	2,700,000	3,218,576	2,992,704
Excess of revenues over expenditures	44,531	-	44,531	225,872
<b>Balance - End of year</b>	563,107	2,700,000	3,263,107	3,218,576

See accompanying notes to the financial statements

**ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA**  
Statement of Revenue and Expenditures  
For the year ended August 31

	2013	2012
	\$	\$
<b>Revenue</b>		
Annual conference	2,857,348	2,974,014
Workshops/seminars	8,804	9,661
Member relations & events	626,687	503,563
Public affairs & communications	76,866	94,394
Aboriginal & community relations	28,035	40,868
Investment income	376,763	217,921
Miscellaneous revenue	10,407	2,525
Government grants received	201,269	432,023
<b>Total revenue</b>	<u>4,186,179</u>	<u>4,274,969</u>
<b>Expenditures</b>		
Management & direction	199,764	183,418
Administrative & office	702,419	603,535
Environment, health & safety	59,259	44,284
Member relations & events	531,993	441,770
Government relations	323,371	266,222
Public affairs & communications	187,894	322,929
Aboriginal & community relations	361,457	277,243
Annual conference	1,450,852	1,448,776
Annual conference 2015 breakout fee	90,000	-
Government grants spent	201,269	432,023
Amortization	33,370	28,897
	<u>4,141,648</u>	<u>4,049,097</u>
<b>Excess of revenue over expenditures</b>	<u>44,531</u>	<u>225,872</u>

See accompanying notes to the financial statements

**ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA**

Statement of Cash Flows  
For the year ended August 31

	2013	2012
	\$	\$
<b>Cash flows from (to) operating activities</b>		
Excess of revenue over expenditures	44,531	225,872
Adjustments for non-cash items:		
Amortization	33,370	28,897
Net increase in value of investment portfolio	(333,877)	(201,889)
Adjustments for net changes in non-cash working capital items:		
(Decrease) / Increase in deferred revenue	(218,258)	118,600
(Increase) / Decrease in amounts receivable	(3,315)	2,486
(Decrease) in accounts payable and accrued liabilities	(67,246)	(10,726)
Decrease / (Increase) in prepaids	8,336	(59,798)
	<u>(536,459)</u>	<u>103,442</u>
<b>Cash flows from (to) investing activities</b>		
Purchases of equipment	(45,668)	(19,790)
Purchases of investments	(1,750,000)	(1,302,800)
Proceeds on dispositions of investments	2,152,800	1,200,000
	<u>357,132</u>	<u>(122,590)</u>
Net decrease in cash	(179,327)	(19,148)
Cash and cash equivalents, beginning of year	366,869	386,017
Cash and cash equivalents, end of year	<u>187,542</u>	<u>366,869</u>

See accompanying notes to the financial statements

# ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Notes to the Financial Statements

Year ended August 31, 2013

## 1. NATURE AND CONTINUITY OF THE ORGANIZATION

The Association for Mineral Exploration British Columbia (“AME BC”) is a not-for-profit organization initially formed in Vancouver on April 23, 1912, and incorporated under the *Society Act* (British Columbia). Through leadership, partnerships and advocacy AME BC promotes a healthy, sustainable and environmentally sound mineral exploration and mining sector for its members. At August 31, 2013 the organization had net working capital of approximately \$166,725, however, AME BC’s non-current investment assets are excluded from the working capital calculation but are liquid in nature and have a value in excess of \$3.0 million at August 31, 2013. In the opinion of management, these surplus funds provide a reserve adequate to reasonably safeguard AME BC’s continuity as a going concern.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Basis of presentation

These financial statements were prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) as included in Part III of the CICA Handbook.

### Fund accounting

AME BC accounts for its operations and segregates equity claims on its net assets utilizing an internally-restricted Contingency Reserve Fund (“CRF”) and an Operating Fund; however, the use of both funds is subject only to the policies and decisions adopted by AME BC’s board. None of AME BC’s net assets are subject to the control of entities external to AME BC.

AME BC’s current Funds are as follows:

- ☞ Revenues and expenditures related to program delivery and administrative activities are reported in the Operating Fund. All investment income and realized and unrealized investment gains are initially recorded in the Operating Fund, either as current items or as direct increases in net assets, as further described below.
- ☞ The CRF was established with an initial contribution of \$3.0 million; however, additional contributions, revenues and future expenditures, if any, are subject to the determination of the Board and Members, as more fully explained at note 4.

As the CRF currently has no recurring sources of contributions, revenue or expenditures, and for purposes of simplifying AME BC’s financial statement presentation, its results and cash flows are reflected within the Statements of Revenue and Expenditures and Cash Flows, which are typically applicable only to the Operating Fund. The revenue and expenditures of each Fund have been allocated separately in the Statement of Changes in Net Assets. Refer also to note 4.

### Investments and short-term investments

Investments are initially recognized and subsequently measured at fair value, determined using market information. Transaction costs and net gains and losses arising from changes in fair value are immediately recognized in AME BC’s statement of revenue and expenditures.

The AME BC’s short-term investments, which exclude any items in the Connor, Clark & Lunn Private Capital Ltd. (“CC&L”) portfolio, currently consist of two Guaranteed Investment Certificates issued by a Canadian commercial bank. Such investments are either cashable on demand or mature within one year of their date of issuance.

### Equipment

Equipment purchases are capitalized and are recorded at cost less accumulated amortization. Amortization is recorded on a straight-line basis as follows:

Computer equipment	3 years
Furniture and office equipment	5 years
Leasehold improvements	10 years

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Income taxes

AME BC is a not-for-profit organization and under the provisions of the *Income Tax Act* (Canada) is exempt from federal and provincial income taxes.

### Donated materials and services

Donated materials and services are not recorded in the financial statements because of the difficulty in determining their value.

### Contributed services

Volunteer time contributed to assist AME BC in carrying out its activities is not recognized in the financial statements because of the difficulty of determining its fair value.

### Cash and cash equivalents

Cash and short-term investments consist of cash on deposit with banks and other institutions and highly liquid short-term interest bearing securities with maturities at the purchase date of three months or less.

### Use of estimates

The preparation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the revenues and expenses for the period reported. Actual results could differ from those estimates.

### Revenue recognition

AME BC follows the deferral method of accounting for grants, sponsorship and membership fees. Under the deferral method, contributions related to expenses of future periods, of for which externally imposed restrictions remain unfulfilled are recorded as deferred revenue and recognized in as revenue in the period in which the related expenses are incurred. Membership revenue is recognized in a basis consistent with the service period.

## 3. EQUIPMENT

	2013			2012		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
	\$	\$	\$	\$	\$	\$
Computer equipment	161,573	151,249	10,324	157,710	140,256	17,454
Furniture & office equipment	107,647	84,500	23,147	107,647	72,122	35,525
Leasehold improvements	102,462	82,050	20,412	99,162	72,051	27,111
	<u>371,682</u>	<u>317,799</u>	<u>53,883</u>	<u>364,519</u>	<u>284,429</u>	<u>80,090</u>

#### 4. CONTINGENCY RESERVE FUND

At the 2007 Annual General Meeting of AME BC, the members approved a special resolution to establish a CRF in the initial amount of \$3.0 million. The current balance of the CRF is \$2.7 million (2012 - \$2.7 million).

The CRF encompasses materially all of AME BC's historical operating surpluses, including the gain realized on the disposition of the organization's former premises in 2003.

At balances in excess of \$2.0 million, the CRF may be expended with board consent, subject to an annual limit of 10% of the CRF balance at the outset of the fiscal year. Expenditure of the residual \$2.0 million CRF balance, or of amounts greater than the 10% annual limit described above, may only be authorized pursuant to Special Resolution of the Members.

#### 5. ENDOWMENT HELD AT THE VANCOUVER FOUNDATION

AME BC maintains an endowment fund with the Vancouver Foundation ("VF"). Pursuant to the trust agreement governing this fund, AME BC retains the exclusive right to make recommendations to the VF regarding the disbursement of the income earned by this endowment fund to qualified recipients as defined in the *Income Tax Act* (Canada). However, as legal control of this contributed amount has passed to the VF, it is no longer recognized in these financial statements.

At August 31, 2013 the AME BC endowment fund at the VF had an aggregate balance of \$350,835, of which \$6,161 was accumulated income available for distribution. During fiscal 2013, \$21,800 (2012 - \$22,000) was disbursed to qualified recipients.

#### 6. INVESTMENTS

AME BC has investments in pooled private income and equity funds managed CC&L. This portfolio is carried at fair value in these financial statements; however, AME BC does not anticipate liquidating any portion of the portfolio within the next 12 months, and hence it has been classified entirely as a non-current asset.

#### 7. DEFERRED REVENUE

	2013	2012
	\$	\$
Corporate and individual membership dues	218,947	238,566
Government grants:		
First Nations participation in conferences/events	-	12,893
Labour market task force	-	88,376
Annual conference – booth and sponsorship	817,445	915,315
Speakers series sponsorship and other	7,500	7,000
	<u>1,043,892</u>	<u>1,262,150</u>

#### 8. PENSION PLAN

During the current year, AME BC contributed to a defined-contribution pension plan for its employees. Under the terms of the plan, AME BC contributes an amount totalling 8% (2012 - 8%) of each salaried employee's gross earnings, or \$74,696 in fiscal 2013 (2012 - \$69,045).

#### 9. COMMITMENTS

AME BC has base rental commitments relating to leases of its office premises, exclusive of monthly charges in respect to operating and common area costs and property taxes, and for the use of certain office equipment.



During the year ended August 31, 2013 the office lease was renewed for 10 years, expiring October 31, 2023, and these payments are included within the following disclosure:

Fiscal	\$
2014	82,905
2015	89,585
2016	93,514
2017	94,300
2018	94,300
2019	98,229
2020	99,015
2021	102,944
2022	103,730
2023	103,730
2024	17,288

At August 31, 2013, AME BC is committed to incur, subject to *force majeure* clauses, an aggregate of approximately \$365,365 to the Westin Bayshore Hotel, Vancouver in respect to the annual conference of January, 2014 and \$430,565 to the Pan Pacific Hotel, Vancouver in respect to the annual conferences of January 2015 – 2017, inclusive.

#### 10. SCHEDULE OF ALLOCATION OF SALARIES

AME BC charges salary expense to the cost centres reported on the Statement of Revenue and Expenditures on the basis of time spent as derived from monthly staff activity reports. The allocation of these amounts is as follows:

Cost centre	2013	2012
	\$	\$
Management & direction	116,768	119,341
Administrative and office	252,602	227,640
Environment, health & safety	21,424	20,953
Member relations & events	193,474	197,763
Government relations	94,577	77,944
Public affairs & communications	84,254	97,974
Aboriginal & community relations	119,460	57,608
Annual conference	281,998	238,326
<b>Total salaries and benefits</b>	<u>1,164,557</u>	<u>1,037,549</u>

#### 11. RELATED PARTY TRANSACTIONS

Private entities over which directors and officers of AME BC exert control or significant influence charged an aggregate of \$44,474 (2012 - \$55,536) for administrative, professional and educational-related services. All of these charges were approved by directors or officers of AME BC who were not related to the parties involved in the transactions.