

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Financial Statements

As at and for the year ended

August 31, 2015

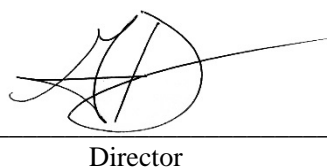
ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA
Statement of Financial Position
As at August 31, 2015

	2015	2014
	\$	\$
Current assets		
Cash and cash equivalents	249,463	231,362
Short-term investments (note 2)	702,278	1,003,492
Investments (note 6)	208,668	329,160
Prepays	326,966	248,077
Amounts receivable	15,370	14,437
	1,502,745	1,826,528
Non-current deposits	31,439	20,000
Investments (note 6)	2,300,000	2,530,000
Equipment (note 3)	24,359	34,402
	3,858,543	4,410,930
Current liabilities		
Accounts payable and accrued liabilities	99,739	79,710
Deferred revenue (note 8)	1,107,141	1,224,166
	1,206,880	1,303,876
Unrestricted net assets (Operating Fund)	121,663	407,054
Internally - Restricted Funds (notes 4 and 13)	2,530,000	2,700,000
	2,651,663	3,107,054
	3,858,543	4,410,930
Commitments (note 10)		

Approved by the Board of Directors:



Director



Director

See accompanying notes to the financial statements

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Statement of Changes in Net Assets

For the year ended August 31, 2015

	2015			2014
	Unrestricted net assets (Operating Fund)	Internally- Restricted Funds (notes 4 and 13)	Total	Total
	\$	\$	\$	\$
Balance - Beginning of year	407,054	2,700,000	3,107,054	3,263,107
Approved transfer from the CRF	170,000	(170,000)	-	-
Excess of expenditures over revenues	(455,391)	-	(455,391)	(156,053)
Balance - End of year	121,663	2,530,000	2,651,663	3,107,054

See accompanying notes to the financial statements

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Statement of Revenue and Expenditures

For the year ended August 31, 2015

	2015	2014
	\$	\$
Revenue		
Annual conference	2,686,125	2,248,357
Workshops/seminars	4,878	25,401
Member relations & events	415,533	436,011
Public affairs & communications	38,347	45,490
Aboriginal & community relations	51,917	-
Investment income	182,903	550,336
Miscellaneous revenue	2,883	4,158
Government grants received	223,017	237,067
	<hr/>	<hr/>
Total revenue	3,605,603	3,546,820
	<hr/>	<hr/>
Expenditures (note 11)		
Management & direction	177,469	162,251
Administrative & office	718,493	771,781
Environment, health & safety	63,380	56,960
Member relations & events	321,823	293,907
Government relations	474,958	284,868
Public affairs & communications	263,567	180,089
Aboriginal & community relations	264,551	315,924
Annual conference	1,537,326	1,378,886
Government grant programs	223,017	237,067
Amortization	16,410	21,140
	<hr/>	<hr/>
Total expenditures	4,060,994	3,702,873
	<hr/>	<hr/>
Deficiency of revenue over expenditures	(455,391)	(156,053)
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See accompanying notes to the financial statements

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Statement of Cash Flows

For the year ended August 31, 2015

	2015	2014
	\$	\$
Cash flows from (to) operating activities		
Deficiency of revenues over expenditures	(455,391)	(156,053)
Adjustments for non-cash items:		
Amortization	16,410	21,140
Net increase in value of investment portfolio	(158,170)	(522,642)
Adjustments for net changes in non-cash working capital items:		
Increase/(decrease) in deferred revenue	(117,025)	180,274
Increase in amounts receivable	(933)	(9,362)
Increase/(decrease) in accounts payable and accrued liabilities	20,029	(758)
Increase in prepaids and deposits	(90,328)	(70,076)
	<u>(785,408)</u>	<u>(557,477)</u>
Cash flows from (to) investing activities		
Purchases of equipment	(6,367)	(1,659)
Purchases of investments	(1,100,000)	(1,400,000)
Proceeds on dispositions of investments	1,909,876	2,002,956
	<u>803,509</u>	<u>601,297</u>
Net increase in cash	18,101	43,820
Cash and cash equivalents, beginning of year	231,362	187,542
Cash and cash equivalents, end of year	<u><u>249,463</u></u>	<u><u>231,362</u></u>

See accompanying notes to the financial statements

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Notes to the Financial Statements

Year Ended August 31, 2015

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). AME BC represents, advocates, protects and promotes the interest of thousands of members who are engaged in mineral exploration and development in B.C. and throughout the world. AME BC encourages a safe, economically strong and environmentally responsible industry by providing clear initiatives, policies, events and tools to support its membership. At August 31, 2015 the organization had net working capital of approximately \$296,000, however AME BC’s non-current investment assets are excluded from the working capital calculation but are substantially liquid in nature and have a value of \$2.3 million at August 31, 2015. 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 as included in Part III of the CPA 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, withdrawals, 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.

Short-term investments

Short-term 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.

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Notes to the Financial Statements

Year Ended August 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The AME BC's short-term investments, which exclude any items in the Connor, Clark & Lunn Private Capital Ltd. ("CC&L") portfolio, are generally comprised of interest-bearing savings account balances and Guaranteed Investment Certificates issued by Canadian commercial banks. 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

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.

AME BC's determination of its current investment assets is substantially premised on its budgeted operating results and the required liquidation of such assets based on those expected overall results. Actual liquidations of such assets could occur for various other reasons and in other aggregate amounts, none of which are determinable at the balance sheet date.

These investment assets are also subject to potential material fluctuations in respect to their fair values.

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Notes to the Financial Statements

Year Ended August 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

	2015			2014		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
	\$	\$	\$	\$	\$	\$
Computer equipment	87,455	85,911	1,544	82,300	78,263	4,037
Furniture & office equipment	108,859	98,872	9,987	107,647	92,383	15,264
Leasehold improvements	102,462	89,634	12,828	102,462	87,361	15,101
	<u>298,776</u>	<u>274,417</u>	<u>24,359</u>	<u>292,409</u>	<u>258,007</u>	<u>34,402</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 \$2.53 million (2014 - \$2.7 million). Refer to note 13.

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.

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Notes to the Financial Statements

Year Ended August 31, 2015

5. ENDOWMENT HELD AT THE VANCOUVER FOUNDATION *(continued)*

At August 31, 2015 the AME BC endowment fund at the VF had an aggregate balance of \$335,667, of which \$6,522 was accumulated income available for distribution. During fiscal 2015, \$20,000 (2014 - \$21,820) was disbursed to qualified recipients.

6. INVESTMENTS

AME BC has investments in pooled private income and equity funds managed by CC&L. This portfolio is carried at fair value in these financial statements. AME BC has adopted the policy of carrying the value of the investment portfolio attributable to the CRF, after any transfers from the CRF budgeted to occur within 12 months of the balance sheet date, as a non-current asset. The residual, or derived, balance of the portfolio is then carried as a current asset. Refer to note 13.

During the current year, AME BC earned aggregate investment income of \$171,589 (2014 - \$540,604) on its CC&L portfolio, and liquidated \$500,000 (2014 - \$700,000) of these investments to fund its current working capital requirements.

At August 31, 2015 substantially all of these assets are represented by securities which are quoted in an active market.

7. FINANCIAL RISK MANAGEMENT

AME BC is exposed to elements of price and liquidity risk, as follows:

Price risk

There are three elements of price risk: currency risk, interest rate risk and market risk:

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. AME BC is not exposed to significant currency risk.

b) Interest rate risk

Interest rate risk is the risk that the AME BC's investments will change in fair value due to future fluctuations in market interest rates. AME BC has an exposure to interest rate risk as a portion of its revenue is derived from interest on its short-term investments and the fair value of investments in pooled bond funds. AME BC does not directly use derivative financial instruments to mitigate this risk.

c) Market risk

Market risk is the risk that the fair value of an investment will fluctuate due to changes in market conditions. Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. AME BC is exposed to fair value risk on its investments in pooled funds holding fixed income and marketable equity securities, as well smaller amounts of real estate and infrastructure investments which are not subject to immediate valuation. These market risks are managed by

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Notes to the Financial Statements

Year Ended August 31, 2015

7. FINANCIAL RISK MANAGEMENT *(continued)*

establishing and monitoring asset allocation strategies and investment performance, and by diversifying investments within the pooled funds held by AME BC.

Liquidity risk

Liquidity risk is the risk that AME BC will not be able to meet its financial obligations as they fall due. AME BC's approach to managing liquidity risk is to ensure that it monitors levels of cash equivalents on hand such that it can fund operations and settle liabilities when due. Investments are liquidated in anticipation of such requirement, however also with the intention of not unduly crystallizing unrealized loss positions. The liquidity risk associated with investments in non-liquid infrastructure and real estate assets is mitigated by the expectation that such investments can and will be held for significant periods of time.

There have not been any significant changes to risk exposure from prior years.

8. DEFERRED REVENUE

	2015	2014
	\$	\$
Corporate and individual membership dues	195,979	139,802
Annual conference – booth and sponsorship	893,080	1,080,864
Speakers series sponsorship and other	18,082	3,500
	<u>1,107,141</u>	<u>1,224,166</u>

9. 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% (2014 - 8%) of each salaried employee's gross earnings, or \$81,612 in fiscal 2015 (2014 - \$73,725).

10. 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, 2015 these payments are included within the following disclosure:

Fiscal	\$
2016	99,039
2017	94,300
2018	94,300
2019	98,229
2020	99,015
2021	102,944
2022	103,730

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Notes to the Financial Statements

Year Ended August 31, 2015

10. COMMITMENTS *(continued)*

2023	103,730
2024	17,288

At August 31, 2015, AME BC is committed to incur, subject to *force majeure* clauses, an aggregate of approximately \$437,900 to the Pan Pacific, Vancouver and \$84,807 to the Vancouver Convention Centre in respect to the annual conferences of January, 2016 – 2017 as disclosed below:

Fiscal	\$
2016	355,301
2017	167,406

11. SCHEDULE OF ALLOCATION OF SALARIES AND BENEFITS

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	2015	2014
	\$	\$
Management & direction	120,307	114,645
Administrative & office	254,477	290,020
Environment, health & safety	31,402	19,694
Member relations & events	179,923	153,158
Government relations	174,412	101,546
Public affairs & communications	121,626	88,449
Aboriginal & community relations	102,866	110,988
Annual conference	279,480	223,799
Total salaries and benefits	<u>1,264,493</u>	<u>1,102,299</u>

12. RELATED PARTY TRANSACTIONS

Private entities over which directors and officers of AME BC exert control or significant influence charged an aggregate of \$74,912 (2014 - \$39,654) 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.

13. EVENT SUBSEQUENT TO THE REPORTING PERIOD

Subsequent to August 31, 2015, AME BC's board authorized the transfer of \$230,000 from the CRF to the operating fund in connection with the organization's fiscal 2016 operating budget. After this transfer, the balance of the CRF is \$2,300,000. The Board approved this transfer September 29, 2015.