

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Financial Statements

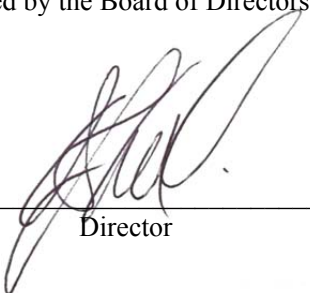
As at and for the year ended

August 31, 2014


ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA
Statement of Financial Position
As at August 31, 2014

	2014	2013
	\$	\$
Current assets		
Cash and cash equivalents	231,362	187,542
Short-term investments (note 2)	1,003,492	900,467
Investments (note 6)	329,160	342,499
Prepays	248,077	198,001
Amounts receivable	14,437	5,075
	1,826,528	1,633,584
Non-current deposits	20,000	-
Investments (note 6)	2,530,000	2,700,000
Equipment (note 3)	34,402	53,883
	4,410,930	4,387,467
	4,410,930	4,387,467
Current liabilities		
Accounts payable and accrued liabilities	79,710	80,468
Deferred revenue (note 7)	1,224,166	1,043,892
	1,303,876	1,124,360
Unrestricted net assets	407,054	563,107
Internally- restricted fund (notes 4 and 12)	2,700,000	2,700,000
	3,107,054	3,263,107
	4,410,930	4,387,467
	4,410,930	4,387,467
Commitments (note 9)		

Approved by the Board of Directors:



Director



Director

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Statement of Changes in Net Assets

For the year ended August 31, 2014

	2014			2013
	Unrestricted net assets (Operating Fund)	Internally- Restricted Funds (notes 4 and 12)	Total	Total
	\$	\$	\$	\$
Balance - Beginning of year	563,107	2,700,000	3,263,107	3,218,576
Excess of revenues over expenditures/(expenditures over revenues)	(156,053)	-	(156,053)	44,531
Balance - End of year	407,054	2,700,000	3,107,054	3,263,107

See accompanying notes to the financial statements

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Statement of Revenue and Expenditures

For the year ended August 31, 2014

	2014	2013
	\$	\$
Revenue		
Annual conference	2,248,357	2,857,348
Workshops/seminars	25,401	8,804
Member relations & events	436,011	626,687
Public affairs & communications	45,490	76,866
Aboriginal & community relations	-	28,035
Investment income	550,336	376,763
Miscellaneous revenue	4,158	10,407
Government grants received	237,067	201,269
	<hr/>	<hr/>
Total revenue	3,546,820	4,186,179
	<hr/>	<hr/>
Expenditures (note 10)		
Management & direction	162,251	199,764
Administrative & office	771,781	702,419
Environment, health & safety	56,960	59,259
Member relations & events	293,907	531,993
Government relations	284,868	323,371
Public affairs & communications	180,089	187,894
Aboriginal & community relations	315,924	361,457
Annual conference	1,378,886	1,450,852
Annual conference 2015 breakout fee	-	90,000
Government grant programs	237,067	201,269
Amortization	21,140	33,370
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	3,702,873	4,141,648
	<hr/>	<hr/>
Excess (deficiency) of revenue over expenditures	(156,053)	44,531
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ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Statement of Cash Flows
For the year ended August 31, 2014

	2014	2013
	\$	\$
Cash flows from (to) operating activities		
Excess (deficiency) of revenues over expenditures	(156,053)	44,531
Adjustments for non-cash items:		
Amortization	21,140	33,370
Net increase in value of investment portfolio	(522,642)	(333,877)
Adjustments for net changes in non-cash working capital items:		
Increase/(decrease) in deferred revenue	180,274	(218,258)
Increase in amounts receivable	(9,362)	(3,315)
Decrease in accounts payable and accrued liabilities	(758)	(67,246)
Decrease/(increase) in prepaids and deposits	(70,076)	8,336
	<u>(557,477)</u>	<u>(536,459)</u>
Cash flows from (to) investing activities		
Purchases of equipment	(1,659)	(45,668)
Purchases of investments	(1,400,000)	(1,750,000)
Proceeds on dispositions of investments	2,002,956	2,152,800
	<u>601,297</u>	<u>357,132</u>
Net increase/(decrease) in cash	43,820	(179,327)
Cash and cash equivalents, beginning of year	187,542	366,869
Cash and cash equivalents, end of year	<u><u>231,362</u></u>	<u><u>187,542</u></u>

See accompanying notes to the financial statements

Notes to the Financial Statements
Year ended August 31, 2014

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, 2014 the organization had net working capital of approximately \$522,652. AME BC’s non-current investment assets are excluded from the working capital calculation but are liquid in nature and have a value of \$2.53 million at August 31, 2014. 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 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, 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 and 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, 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.

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

	2014			2013		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
	\$	\$	\$	\$	\$	\$
Computer equipment	82,300	78,263	4,037	80,642	70,318	10,324
Furniture & office equipment	107,647	92,383	15,264	107,647	84,500	23,147
Leasehold improvements	102,462	87,361	15,101	102,462	82,050	20,412
	292,409	258,007	34,402	290,751	236,868	53,883

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 (2013 - \$2.7 million). Refer to note 12.

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, 2014 the AME BC endowment fund at the VF had an aggregate balance of \$342,039, of which \$6,315 was accumulated income available for distribution. During fiscal 2014, \$21,820 (2013 - \$21,800) 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 12.

During the current year, AME BC earned aggregate investment income of \$540,604 (2013 - \$359,591) on its CC&L portfolio, and liquidated \$700,000 (2013 - \$450,000) of these investments to fund its current working capital requirements.

	2014	2013
	\$	\$
Corporate and individual membership dues	139,802	218,947
Annual conference – booth and sponsorship	1,080,864	817,445
Speakers series sponsorship and other	<u>3,500</u>	<u>7,500</u>
	<u><u>1,224,166</u></u>	<u><u>1,043,892</u></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% (2013 - 8%) of each salaried employee's gross earnings, or \$73,725 in fiscal 2014 (2013 - \$74,696).

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, 2014 the office lease was renewed for 10 years, expiring October 31, 2023, and these payments are included within the following disclosure:

Fiscal	\$
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, 2014, AME BC is committed to incur, subject to *force majeure* clauses, an aggregate of approximately \$569,197 to the Pan Pacific, Vancouver and \$147,239 to the Vancouver Convention Centre in respect to the annual conferences of January, 2015 – 2017 as disclosed below:

Fiscal	\$
2015	339,694
2016	209,336
2017	167,406

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	2014	2013
	\$	\$
Management & direction	114,645	116,768
Administrative & office	290,020	252,602
Environment, health & safety	19,694	21,424
Member relations & events	153,158	193,474
Government relations	101,546	94,577
Public affairs & communications	88,449	84,254
Aboriginal & community relations	110,988	119,460
Annual conference	223,799	281,998
Total salaries and benefits	<u>1,102,299</u>	<u>1,164,557</u>

11. RELATED PARTY TRANSACTIONS

Private entities over which directors and officers of AME BC exert control or significant influence charged an aggregate of \$24,837 (2013 - \$44,474) 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.

12. EVENT SUBSEQUENT TO THE REPORTING PERIOD

Subsequent to August 31, 2014, AME BC's board authorized the transfer of \$170,000 from the CRF to the operating fund in connection with the organization's fiscal 2015 operating budget. After this transfer, the balance of the CRF is \$2,530,000.