

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Financial Statements

As at and for the year ended

August 31, 2016

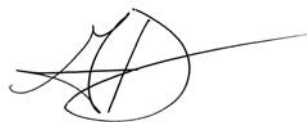
ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA
Statement of Financial Position
As at August 31, 2016

	2016	2015
ASSETS	\$	\$
Current assets		
Cash and cash equivalents	232,038	249,463
Short-term investments (note 2)	200,000	702,278
Investments (note 6)	444,815	208,668
Prepays	341,091	326,966
Amounts receivable	13,591	15,370
	1,231,535	1,502,745
Non-current deposits	-	31,439
Investments (note 6)	2,200,000	2,300,000
Equipment (note 3)	22,595	24,359
	3,454,130	3,858,543
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	113,128	99,739
Deferred revenue (note 8)	924,925	1,107,141
	1,038,053	1,206,880
NET ASSETS		
Unrestricted net assets (Operating Fund)	116,077	121,663
Internally - Restricted Fund (notes 4 and 13)	2,300,000	2,530,000
	2,416,077	2,651,663
	3,454,130	3,858,543
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, 2016

	2016			2015
	Unrestricted net assets (Operating Fund)	Internally- Restricted Funds (notes 4 and 13)	Total	Total
	\$	\$	\$	\$
Balance - Beginning of year	121,663	2,530,000	2,651,663	3,107,054
Approved transfer from the CRF	230,000	(230,000)	-	-
Excess of expenditures over revenues	(235,586)	-	(235,586)	(455,391)
Balance - End of year	116,077	2,300,000	2,416,077	2,651,663

See accompanying notes to the financial statements

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Statement of Revenue and Expenditures

For the year ended August 31, 2016

	2016	2015
	\$	\$
Revenue		
Annual conference	2,530,809	2,686,125
Workshops/seminars	890	4,878
Member relations & events	409,736	415,533
Public affairs & communications	18,789	38,347
Aboriginal & community relations	-	51,917
Investment income	160,048	182,903
Miscellaneous revenue	8,892	2,883
Government grants received	97,036	223,017
	<hr/>	<hr/>
Total revenue	3,226,200	3,605,603
	<hr/>	<hr/>
Expenditures (note 11)		
Management & direction	177,226	177,469
Administrative & office	629,542	718,493
Environment, health & safety	36,850	63,380
Member relations & events	214,170	321,823
Government relations	381,923	474,958
Public affairs & communications	259,471	263,567
Aboriginal & community relations	214,074	264,551
Annual conference	1,428,057	1,537,326
Government grant programs	97,036	223,017
Amortization	23,437	16,410
	<hr/>	<hr/>
Total expenditures	3,461,786	4,060,994
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Deficiency of revenue over expenditures	(235,586)	(455,391)
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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, 2016

	2016	2015
	\$	\$
Cash flows from (to) operating activities		
Deficiency of revenues over expenditures	(235,586)	(455,391)
Adjustments for non-cash items:		
Amortization	23,437	16,410
Net increase in value of investment portfolio	(140,264)	(158,170)
Adjustments for net changes in non-cash working capital items:		
Decrease in deferred revenue	(182,216)	(117,025)
Decrease/(increase) in amounts receivable	1,780	(933)
Increase/(decrease) in accounts payable and accrued liabilities	13,390	20,029
Decrease/(increase) in prepaids and deposits	17,315	(90,328)
	<u>(502,144)</u>	<u>(785,408)</u>
Cash flows from (to) investing activities		
Purchases of equipment	(21,674)	(6,367)
Purchases of investments	(650,000)	(1,100,000)
Proceeds on dispositions of investments	1,156,393	1,909,876
	<u>484,719</u>	<u>803,509</u>
Net change in cash	(17,425)	18,101
Cash and cash equivalents, beginning of year	249,463	231,362
Cash and cash equivalents, end of year	<u><u>232,038</u></u>	<u><u>249,463</u></u>

See accompanying notes to the financial statements

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Notes to the Financial Statements

Year Ended August 31, 2016

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, 2016 the organization had net working capital of approximately \$193,482, 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 \$2.2 million at August 31, 2016. 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:

- X 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.
- X 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, 2016

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, 2016

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

	2016			2015		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
	\$	\$	\$	\$	\$	\$
Computer equipment	109,129	100,956	8,173	87,455	85,911	1,544
Furniture & office equipment	108,859	105,210	3,649	108,859	98,872	9,987
Leasehold improvements	102,462	91,689	10,773	102,462	89,634	12,828
	<u>320,450</u>	<u>297,855</u>	<u>22,595</u>	<u>298,776</u>	<u>274,417</u>	<u>24,359</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 \$2.3 million (2015 - \$2.53 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 amounts that would reduce the CRF balance below \$2.0 million, 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, 2016

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

At August 31, 2016 the AME BC endowment fund at the VF had an aggregate balance of \$329,562, of which \$6,668 was accumulated income available for distribution. During fiscal 2016, \$20,000 (2015 - \$20,000) was disbursed to qualified recipients.

6. INVESTMENTS

AME BC has investments in pooled private income, equity, and alternative 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 \$155,926 (2015 - \$171,589) on its CC&L portfolio, and liquidated \$ Nil (2015 - \$500,000) of these investments to fund its current working capital requirements.

At August 31, 2016 substantially all of these assets (91%) 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, 2016

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

	2016	2015
	\$	\$
Corporate and individual membership dues	155,019	195,979
Annual conference – booth and sponsorship	742,610	893,080
Speakership series sponsorships and other	-	18,082
Government funding	27,296	-
	<u>924,925</u>	<u>1,107,141</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% (2015 - 8%) of each salaried employee's gross earnings, or \$78,675 in fiscal 2016 (2015 - \$81,612).

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, 2016 these payments are included within the following disclosure:

Fiscal	\$
2017	97,390
2018	97,390
2019	101,319
2020	102,105
2021	106,034
2022	103,730

ASSOCIATION FOR MINERAL EXPLORATION BRITISH COLUMBIA

Notes to the Financial Statements

Year Ended August 31, 2016

10. COMMITMENTS *(continued)*

2023	103,730
2024	17,288

At August 31, 2016, AME BC is committed to incur, subject to *force majeure* clauses, an aggregate of approximately \$291,933 to the Pan Pacific, Vancouver and \$86,079 to the Vancouver Convention Centre in respect to the annual conferences of January, 2017 – 2018 as disclosed below:

Fiscal	\$
2017	356,251
2018	21,761

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	2016	2015
	\$	\$
Management & direction	150,452	120,307
Administrative & office	197,732	254,477
Environment, health & safety	27,515	31,402
Member relations & events	130,106	179,923
Government relations	194,386	174,412
Public affairs & communications	136,319	121,626
Aboriginal & community relations	102,958	102,866
Annual conference	<u>257,112</u>	<u>279,480</u>
Total salaries and benefits	<u><u>1,196,580</u></u>	<u><u>1,264,493</u></u>

12. RELATED PARTY TRANSACTIONS

Private entities over which directors and officers of AME BC exert control or significant influence charged an aggregate of \$23,950 (2015 - \$74,912) 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, 2016, AME BC's board authorized the allocation of \$100,000 from the CRF to the operating fund in connection with the organization's fiscal 2017 operating budget. After this transfer, the balance of the CRF is \$2,200,000. The Board approved this transfer on September 20, 2016.