



# Interim Annual Report

April 2019 – March 2020

**BANFF**  
CENTRE  
FOR ARTS AND  
CREATIVITY





Cover photo by Chris Amat.

Vocalist Julian Otis during  
*Banff International Workshop in  
Jazz and Creative Music, 2019.*  
Photo by Jessica Wittman.



# **Interim Annual Report**

## **2019-2020**

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## Note to Reader

Board of Governors of The Banff Centre (operating as Banff Centre for Arts and Creativity) ("Banff Centre" or "the Centre") is a corporation that operates under the *Post-Secondary Learning Act* (Alberta).

As mandated by the Ministry of Advanced Education, Banff Centre for Arts and Creativity is pleased to present this Interim Annual Report on progress towards the goals and outcomes for 2019/2020.

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## Accountability Statement

Banff Centre's Annual Report for the year ending March 31, 2020 was prepared under the direction of Banff Centre's Board of Governors ("the Board") in accordance with the Fiscal Planning and Transparency Act and ministerial guidelines established pursuant to the *Post-Secondary Learning Act*. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of the Interim Annual Report.



**Adam Waterous**  
Chair, Board of Governors

## Management's Responsibility for Reporting

Banff Centre management is responsible for the preparation, accuracy, objectivity, and integrity of the information contained in the Annual Report including the financial statements, performance results, and supporting management information. Systems of internal control are designed and maintained by management to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, are executed in accordance with all relevant legislation, regulations and policies, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Interim Annual Report has been developed under the oversight and approval of the Board and is prepared in accordance with the *Fiscal Planning and Transparency Act* and the *Post-Secondary Learning Act*.



**Janice Price**  
President and CEO



**Bruce Byford**  
Vice-President, Administration and CFO

## **Message from the President and CEO and the Chair of the Board of Governors**

From April 2019 – March 2020, Banff Centre for Arts and Creativity continued to serve the lifelong learning goals of Albertans and Canadians, contributing to the development of thousands of artists and leaders and the production of creative work that is “in and of our times”.

Since then, however, the COVID-19 pandemic has had particular and unique impacts on all aspects of Banff Centre. The Government of Alberta declared a state of public emergency on March 17<sup>th</sup>, 2020 and issued various orders including restrictions on gatherings. In early April, Parks Canada suspended all visitor services in Banff National Park and access to the Town was restricted. In June 2020, the Centre had to take the unfortunate and difficult step of permanently laying off a significant number of its employees in response to a dramatically impacted business model. In these challenging times, Banff Centre appreciates Advanced Education’s agreement to accept this Interim Annual Report which includes the essential, but not all, of the components set out in the Ministry’s Guidelines. The Centre’s complete report will be submitted by the end of this calendar year.

Situated on Treaty 7 territory in beautiful Banff National Park, Banff Centre contributes to national creative and arts community development, by serving indigenous communities, engaging the general public and increasing human capital attraction to the Bow Valley. Banff Centre programming is recognized for its quality at provincial, national and international levels. Each year many of the student-initiated projects developed at Banff Centre go on to be professionally produced, performed, published or exhibited in venues across the globe.

By providing a range of opportunities and responding to stakeholder feedback, Banff Centre helps build a productive workforce, empowering students to make meaningful contributions to their communities, organizations, fields and sectors. Banff Centre alumni often describe their experience at Banff Centre as having had a significant impact on the course of their career, resulting in increased employability or demand for their work.

As a Canadian centre of excellence for conferences and summits, Banff Centre is uniquely positioned to play a pivotal role in bridging the current cultural policy gaps and strengthen the ecosystem of public discourse, innovation, and policy study.

In November, 2019 Banff Centre held the Arts, Culture, and Digital Transformation Summit, designed to ignite curiosity, confidence and enthusiasm within Canadian art-making practices, which are facing a rapidly digitizing world. Focusing on new and emerging digital and media technologies for artists, the summit attracted a unique combination of over 140 artists, arts organization leaders, researchers, technologists, policy makers, and funders. It was live streamed to the public and connected to seven remote site “viewing parties” across Canada, including Newfoundland, Fredericton, Montreal, Toronto, North Bay, Whitehorse and Squamish.

Banff Centre is also a recognized global leader in research, education and facilitation. Continuing its commitment to implement the Truth and Reconciliation Commission’s Calls to Action and in response to growing demand from philanthropists, corporations and provincial and federal Government agencies, the Centre has increased its delivery of custom leadership programming in this area.

Public events and artistic presentations at Banff Centre in 2019-20 included performances, festivals and collaborative presentations by Canadian performing arts companies. The events created opportunities for audiences to engage with and experience art and culture through a range of rich and accessible creative offerings. Highlights included internationally recognized singer-songwriter Martyn Joseph, who not only performed for a live audience but also served as a faculty member for Banff Centre’s singer-songwriter residency program.



Other musical performances such as those by Indigenous Artists including Celeigh Cardinal, Leela Gilday, Edmonton singer/songwriter Jay Gilday and Nunavut's iconic Susan Aglukark ignited the community and were met by diverse, appreciative and enthusiastic audiences.

The 13th Banff International String Quartet Competition (BISQC) was held from August 26 to September 1, 2019. The competition featured ten of the world's best emerging string quartets with the top prize awarded jointly to the Marmen Quartet (UK) and Viano String Quartet (Can/USA). During the competition each quartet performed four programs over 12 concerts for a distinguished jury and an eager audience. The audience of nearly 10,000 broke attendance records for BISQC, as the 15 concerts represented an 8% increase over the previous competition's single ticket sales, and a 17.5 % increase for package sales (with accommodation and meals).

As a leader in Arts/Leadership focused training, Banff Centre continues to partner with other members of Alberta's adult learning system to increase its efficiency and effectiveness in serving its learners. Banff Centre establishes collaborative, project-based relationships with other post-secondary institutions to create new opportunities for learning in Alberta, identifying both opportunities and efficiencies within the overall Campus Alberta system.

In 2019/20, Banff Centre partnered with the University of Calgary (U of C) to design and deliver the Indigenous Wisdom Thought Leadership Forum where fifty Indigenous scholars gathered to discuss how to authentically incorporate Indigenous wisdom into the development of university curriculum. Banff Centre is also exploring with the U of C a collaboration where Banff Centre Press would continue to publish content, but benefit from the operations and distribution channels of the larger U of C Press. Banff Centre also worked with Mount Royal University on the development of a program in support of its Advanced Performance Certificate Group. It contemplates a series of masterclasses by the faculty of Banff Centre's Summer Classical Music Program with select participants invited to join the Program, under the direction of the Gryphon Trio.

Thanks to the transformational gift from the Belzberg family in honour of Calgary-born community builder and philanthropist Mrs. Jenny Belzberg CM, AOE LLD, revitalization of Banff Centre's most important training and performing arts venue, the Eric Harvie Theatre began in November 2019 and is on schedule to be completed in fall 2020. It will re-open as the Jenny Belzberg Theatre in November 2020 and will welcome audiences back to performances, when it is safe to do so.

As Banff Centre continues through its strategic planning process which we look forward to completing in Q4 2020, we expressly thank the continued dedication of the Board of Governors, Foundation Board of Directors, supporters including the Government of Alberta and Government of Canada, philanthropic donors, staff, along with arts and leadership participants for enabling Banff Centre for Arts and Creativity to build on its extraordinary legacy.



**Janice Price**  
President and CEO



**Adam Waterous**  
Chair, Board of Governors

## Operational Overview

In June 2016, Banff Centre for Arts and Creativity unveiled its five-year strategic plan, entitled *The Creative Voice*. The strategic plan was developed in response to several trends in the institutional environment – notably, recognition at all levels of government that arts and creativity are essential in the development of a diversified and innovative economy.

To this end, the strategic plan identified six priority initiatives, and Banff Centre’s team has continued the ambitious journey in 2019/20 towards accomplishing these initiatives, as we complete the new strategic plan in December 2020.

Priority Initiative	Response to the following market trend	Progress in 2019/20
<b>A commitment to advancing artistic learning</b>	Artists and practitioners in Alberta and across Canada are seeking an immersive, hands-on learning environment where they can advance their artistic practice and build networks with other artists and practitioners. At the same time, the cultural and creative sectors are looking for artists and practitioners who are comfortable working in interdisciplinary settings and are able to apply their work in the expanding digital space.	<p>Almost 1,500 artist learners (74% from Canada) came to campus as individuals, practicums, collaborative groups, and/or companies. They took part in more than 70 programs in the areas of dance, music, opera, theatre arts, literary arts, visual arts, digital media, Indigenous arts, and technical production.</p> <p>The training offered at Banff Centre was residency-based and each program provided students with access to rich facilities, expert faculty and mentors, time and space for transformative reflection, and artistic exploration.</p>
<b>Banff Centre as a cultural destination</b>	Culture and tourism continue to be major, and growing, economic drivers for Alberta. Banff remains a key tourist destination for the province, and the Centre – attracting close to 43,000 audience members annually – has the potential of expanding arts and culture engagement to the Banff and Bow Valley tourism experience.	<p>Total event attendance was over 46,000 in 2019/20.</p> <p>Banff Centre presented 92 concerts, presentations and events - in opera, dance, literary arts, visuals arts and indigenous arts. Specifically there were 14 family focused offerings; 43 Mountain Festival Events; and 34 Banff International String Quartet Competition (BISQC) Festival Events.</p> <p>The Centre hosted 4 dance performances, 9 National Indigenous Peoples Day Events, 15 Gallery events, 13 Opera performances, 1 ballet performance and 46 arts and leadership programming presentations.</p>



Priority Initiative	Response to the following market trend	Progress in 2019/20
<b>A centre of excellence for Indigenous programs</b>	<i>The Truth and Reconciliation Commission (TRC) Final Report</i> called on all public agencies – including post-secondary institutions – to play their part in the national movement towards reconciliation with Indigenous peoples. Banff Centre already has a 40+ year history of delivering impactful leadership capacity building programs in Indigenous communities throughout Canada, and a renowned reputation for Indigenous Arts programming.	Indigenous Leadership and Management programs offered a range of training opportunities with topics including: Strategic Planning, Negotiation Skills Training, Wise Practices, Leading Teams, Governance Project Management Business and Economic Development, Establishing and Evaluation Frameworks.  A programmatic highlight was <i>Indigenous Writing and Digital Illustration</i> which took place in May and June, 2019. The program invited Indigenous authors and artists interested in children's literature to delve into new ways of storytelling using digital illustration techniques. Writers worked with Julie Flett, a Cree-Metis author, illustrator, and artist to explore technology and ways to lift their vividly imagined stories off the page.
<b>A destination for creativity in leadership and conferences</b>	As an institute of higher learning in leadership development, Banff Centre understands the need to identify and fill a unique niche in the crowded world of executive and leadership management offerings distinct from other post-secondary institutions.  The province's annual operating grant remains a significant part of Banff Centre's revenues. However, given the ongoing economic pressures facing the province, there is a need to continue to deliver additional sources of revenue.	Indigenous Leadership and Management programs provided creative leaders with the knowledge and skills necessary to run effective organizations and build communities with sustainable economies. Banff Centre delivered 320 conferences that were attended by 24,640 delegates in 2019/20. Total revenue from this conference activity represented a slight decrease from 2018/19 due to the impact of COVID-19 in March 2020.
<b>A creative home on sacred and protected land</b>	Situated in the heart of the Rocky Mountains in Canada's first National Park, on Treaty 7 territory, there is a need to properly steward Banff Centre's 42-acre campus so that it serves learners, attracts global talent, and respects the sacred environment that it calls home.	Banff Centre renewed its commitment to Truth and Reconciliation by creating more dialogue between Indigenous and non-Indigenous Canadians.  Banff Centre also focused on strengthening relationships with local organizations and the regional community.  Opportunities have been pursued to collaborate with the local peoples through educational partnerships with the Cave and Basin National Historic Site and the Whyte Museum of the Canadian Rockies.

Priority Initiative	Response to the following market trend	Progress in 2019/20
<p><b>An adaptive and resilient organization</b></p>	<p>With ongoing economic uncertainty, all Provincial public sector organizations are under more scrutiny to ensure that taxpayer and donor dollars are used wisely and efficiently while providing maximum impact to the broader community.</p>	<p>Banff Centre advanced the three stated pillars of its vision: accessibility, program impact and evaluation, and program development.</p> <p>Banff Centre sought to maintain and increase its financial support to artists and to provide accessible/responsive artistic programming in 2019/20. More than 60% of Banff Centre participants received financial support at an average level of 50% of total program costs (program fees, housing and meals).</p> <p>Banff Centre engaged a research consultant to study the opportunity to establish deeper applied research, summits, and think tanks to lead Canadian arts and culture policy research, creation, and communication which would serve the creative industry.</p> <p>This research, along with the recently revised program evaluation model informed decisions on program content and design.</p> <p>Banff Centre maintained its responsiveness and relevance. 28% of Arts program offerings were either first-time pilots, or second time offerings.</p> <p>In line with the goal to increase sustainability of funding through endowments, Banff Centre successfully applied to the Endowment Incentives Component of the Canada Cultural Investment Fund receiving a \$652,422 grant (66% match) leveraged against \$988,345 in eligible private sector donations.</p> <p>The total market value of Banff Centre's Endowment as of March 31, 2020 was \$49,227,192.17.</p>

## Financial and Budget Information

Banff Centre establishes operating and capital budgets each year. Both budgets are presented to Banff Centre's Board of Governors for approval and monitored by management on a monthly basis, with appropriate action taken to respond to budget variances.

The Management Discussion and Analysis (MD&A) included in this section of the Annual Report should be read in conjunction with Banff Centre's annual audited consolidated financial statements and accompanying footnotes, which are reviewed and approved by the Board and are included in this Annual Report. Banff Centre's consolidated financial statements have been prepared in accordance with *Public Sector Accounting Standards (PSAS)* and are expressed in Canadian dollars.

The MD&A included in this section of the Annual Report provides an overview of the results Banff Centre achieved in the year ended March 31, 2020 with a discussion and analysis of:

- Results Compared to Prior Year
- Results Compared to Budget
- Cash Flows
- Financial Position

Further details on the impact of the COVID-19 pandemic are also provided at the end of this section.

### Results Compared to Prior Year

Total revenue decreased for the year ended March 31, 2020 to \$70.2 million from \$72.0 million in the previous year. The following table includes the composition of Banff Centre's total revenue for the year ended March 31, 2020 with comparative information for March 31, 2019.

<b>Consolidated Revenue (\$000)</b>	<b>2020</b>	<b>2019</b>
Government of Alberta grants	\$ 19,930	\$ 21,776
Federal and other government grants	3,036	2,628
Sales, rentals and services	30,987	31,709
Tuition and related fees	2,827	2,893
Donations and other grants	6,456	6,182
Investment earnings	3,275	2,999
Amortization of deferred expended capital contributions	3,670	3,835
<b>Total Revenue</b>	<b>\$ 70,181</b>	<b>\$ 72,022</b>

The most significant changes in revenues for the year ended March 31, 2020 compared to March 31, 2019 are explained below:

- Government of Alberta grants: decreases of \$0.3 million from the base operating grant, \$1.3 million from utilization of Infrastructure Maintenance Program ("IMP") funding and \$0.2 million from utilized leadership programming funding of prior years.
- Net increase in Federal and other government grants due primarily to one-time funding from Canada Council in 2020.

- Decrease in revenue from sales, rentals and services due to decreased revenue from conferences, performance fees and facility rentals related to COVID-19.
- Increase in donations and other grants primarily due to increased sponsorships.
- Investment earnings increase of \$0.3 million due to increased utilization of accumulated investment earnings from endowments.

Total expenses increased for the year ended March 31, 2020 to \$71.4 from \$71.2 million in fiscal 2019. The following table includes the composition of Banff Centre's total expenses for the year ended March 31, 2020 with comparative information for March 31, 2019.

<b>Consolidated Expense (\$000)</b>	<b>2020</b>	<b>2019</b>
Salaries, wages and benefits	40,506	38,296
Purchased services	5,431	6,092
Materials, goods and supplies	4,675	4,668
Scholarships and financial assistance	3,854	3,900
Facility operations and maintenance	2,753	3,505
Utilities	1,815	1,716
Travel, training and related costs	2,188	2,178
Rentals and equipment	1,996	2,539
Marketing and recruitment	1,226	1,303
Financial costs	1,068	1,013
Amortization of capital assets	5,852	6,037
<b>Total Expense</b>	<b>\$ 71,364</b>	<b>\$ 71,247</b>

The most significant changes in expenses for the year ended March 31, 2020 compared to March 31, 2019 are explained below:

- \$2.2 million increase in salaries, wages and benefits due primarily to new positions to support programming and operations, pay increases in accordance with the Collective Agreement executed in June 2019 between Banff Centre and The Canadian Union of Public Employees ("CUPE") and severance accruals.
- \$0.7 million decrease in purchased services due primarily to reduced discretionary spending.
- \$0.8 million decrease in facility operations and maintenance and \$0.5 million in rentals and equipment from reduced IMP spending.

## Results Compared to Budget

A budgeted operating surplus of \$40 thousand for the year ended March 31, 2020 was approved by the Board of Governors. Revenues were \$5.2 million less than the budget and expenses were \$4.0 million less than budget, resulting in an actual operating deficit of \$1.2 million.

The most significant variances from budgeted revenues are explained below:

- Government of Alberta grants were \$2.3 million below budget due to reductions of \$0.3 million from the base operating grant, \$1.7 million from utilization of IMP funding, \$0.2 million from utilized leadership programming funding of prior years and \$0.1 million, net, from other items.



- Federal and other government grants exceeded budget by \$0.4 million due to one-time funding from Canada Council in 2020.
- Sales, rentals and services were \$2.0 million below budget due to a \$2.2 million shortfall in accommodation, food and beverage revenue, primarily attributable to COVID-19, offset by a \$0.2 million positive variance in performance fees and facility rentals.
- Tuition and related fees fell short of budget by \$0.5 million. Reduced expense for scholarships and financial assistance partially offset the budget shortfall, as indicated below.
- Donations and other grants were \$1.0 million less than budget, which is linked to the weak Alberta economy.

The most significant variances from budgeted expenses include:

- Salaries, wages and benefits were \$1.0 million above budget due to pay increases in accordance with the Collective Agreement executed in June 2019 between Banff Centre and CUPE and severance accruals.
- Purchase services were \$0.7 million below budget due to reduced discretionary spending.
- Materials, goods and supplies were \$0.9 million below budget due to reduced accommodation, food and beverage revenue.
- Scholarships and financial assistance fell short of budget by \$0.5 million, which is linked to the tuition variance explained above.
- Facility operations and maintenance and rentals and equipment were \$2.2 million below budget (combined), attributable to reduced spending of \$1.7 million on IMP funded projects and \$0.5 million of other reductions.
- Marketing and recruitment expenses were \$0.4 million below budget due to reduced discretionary spending.

## Cash Flows

Cash and cash equivalents decreased by \$0.9 million for the year ended March 31, 2020 due to cash used in operating and capital transactions exceeding cash provided from financing and investing transactions. Additional commentary is provided below:

- The cash flows from operating transactions were negatively impacted by the current year's operating deficit, the reduction in unearned revenue and deposits attributable to COVID-19 and the drawdown of deferred contributions from prior years.
- Cash applied to capital expenditures was primarily attributable to IMP projects, Theatre renovations and Information Technology projects.
- Investing and financing transactions generated cash flows of \$1.4 million and \$5.4 million of cash, respectively.

## Financial Position

Banff Centre's net asset balance at March 31, 2020 totaled \$59.2 million, an increase of \$0.8 million for the fiscal year. The net asset balance is reported in two major categories, accumulated operating surplus and net assets restricted for endowment purposes.

The accumulated operating surplus decreased by \$1.2 million for the year ended March 31, 2020, to \$15.8 million, from \$17.0 million in fiscal 2018/19. When Banff Centre's estimated share of the Universities Academic Pension Plan unfunded liability of \$2.0 million (2019 – \$2.0 million) is excluded, the unrestricted balance of accumulated operating

surplus is \$17.8 million (2019 - \$19.0 million). The unrestricted accumulated operating surplus at March 31, 2020 includes investment in capital assets of \$18.6 million (2019 - \$19.1 million). The unrestricted accumulated operating deficit excluding the investment in capital assets at March 31, 2020 is \$0.8 million (2019 - \$0.1 million).

Net assets restricted for endowment purposes increased by \$2.0 to \$43.5 million at March 31, 2020 from \$41.5 million at March 31, 2019. The net increase in endowment net assets is attributable to new contributions and matching funds.

## Impact of COVID-19 Pandemic

In 2020, like many arts and cultural organizations, as well as post-secondary institutions, Banff Centre has been deeply impacted by the COVID-19 pandemic. Further details of the impact and timelines are provided below:

- Conferences/Hospitality is Banff Centre's largest institutional own source revenue contributing to the delivery of programs for participants in Banff Centre arts, leadership and practicum training. This revenue typically represents over 35% of Banff Centre's operating budget.
- The impact of the COVID-19 crisis has resulted in a complete erosion of this own-source revenue contribution for Banff Centre. Every scheduled conference since March 8, 2020 has cancelled.
- As of March 16, 2020, Banff Centre suspended all courses in session and coordinated an early exit of participants and faculty from campus. As well, Banff Centre cancelled all programs and public events. Banff Centre also took the action to recall members of Banff Centre's Mountain Film Festival World Tour team, involving the cancellation of approximately 120 screenings in Canada/USA, and also a significant own-source revenue contributor to operations.
- Banff Centre typically fund raises between \$6-8 million a year from corporate and philanthropic sources. Many of those donors are in the Energy and Transportation sectors of the economy which are being hit dramatically by the current crisis.
- After considerable analysis and planning by Banff Centre's senior management team, on March 19, 2020 over 400 employees were temporarily laid off, representing 75% of Banff Centre's workforce.
- Social distancing and gathering restrictions make it difficult, and in some cases prohibitive, for Banff Centre to re-open the campus for normal course delivery and conference activity at this time.
- In September 2020, Banff Centre's Arts and Leadership programs began to offer courses and events for online delivery until December 31, 2020. From January to March 2021, Banff Centre is intending to open up some artist residencies, with the intention of in person classes re-opening gradually through the spring of 2021.
- Banff Centre presented the annual Banff International String Quartet Festival online in September and will also be presenting the Banff Centre Mountain Film and Book Festival online in the fall.
- With limited programmatic and conference activity for the remainder of the year, it was with regret that Banff Centre made the difficult decision to permanently layoff 284 people effective June 11, 2020. Banff Centre asked 100 people to remain on temporary layoff, and 123 people to remain on staff. Rather than waiting until September to make this staffing decision, Banff Centre wanted to provide clarity to all staff, and to make the decision to allow those being placed on permanent layoff to move on in their careers.
- Banff Centre continues to adapt, often in real time, to the fallout of the COVID-19 pandemic, including restrictions on activities, to support the health of our communities and changes in consumer confidence.

The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the valuation of investments and Banff Centre's operations in future periods.

# Self-Generated Revenue

In accordance with the *Self-Generated Revenue Policy for Public Post-Secondary Institutions*, institutional self-generated revenue enterprises can be categorized as follows:

- **Auxiliary/Ancillary Services:** An auxiliary or ancillary enterprise furnishes a service to students, faculty, or staff, and charges a fee at a minimum of cost recovery to ensure the cost is not subsidized by other sources such as government grants. The public may be served incidentally by some auxiliary/ancillary enterprises including bookstores, student residences, parking lots, institutional catering services and cafeterias.
- **Academic Enterprises:** The activity is deemed to be an integral part of the post-secondary institution's educational, research, public service and campus support functions, as well as other educational and support activities. Profit is not the primary motivator. Examples are continuing education, culinary school restaurants, agricultural operations and breweries.
- **Commercial Enterprises:** The activity or enterprise is outside an institution's primary education and research mandate and exists for the purpose of revenue generation. The institution's domestic students, faculty and staff are not directly served by, nor do they derive direct benefit from, the activity or enterprise. Examples are commercial land development, real-estate deals and overseas campuses.

Banff Centre engages in significant self-generated revenue activities as follows:

- **Auxiliary/Ancillary Services**  
(all for Arts and Leadership participants, conference guests and the general public):
  - Hotels/residences and related conference services,
  - Food services,
  - Sally Borden Fitness and Recreation, and
  - Staff housing.
- **Academic Enterprises:**
  - Banff Centre Mountain Film and Book Festival,
  - Banff International String Quartet Competition, and
  - All other Banff Centre performances.
- **Commercial Enterprises:**
  - None.

The annual revenue and profit before allocation of amortization and overhead (in thousands of dollars) for each category are provided in the table below for the year ended March 31, 2020:

	Auxiliary/Ancillary Services	Academic Enterprises
Annual revenue before amortization	\$25,752	\$5,123
Profit before allocated amortization and overhead	\$5,099	\$693

# Capital Plan

Banff Centre is a globally respected arts, cultural, and educational institution and conference facility. Providing a unique creative and learning experience, Banff Centre curates innovative programs that develop artists and leaders, inspiring them to conceive and produce powerful work and ideas that are shared with the world. Banff Centre's capital facilities and equipment are critical to supporting and enabling the optimal learning experience for arts, leadership, and conference participants.

## Deferred Maintenance

Due to the age of the buildings on campus, the cost of deferred maintenance on existing facilities, other than those recently renovated, continues to grow. In addition to the growing deferred maintenance burden, numerous areas around campus need to be modernized and upgraded to meet the programming needs of artists, leaders and faculty.

The recent grants received of \$2.6 million for the Theatre Complex HVAC Refurbishment and \$2.4 million for the Theatre and Trans Canada Pipeline Buildings Roof Replacement and Glyde Hall Siding Replacement provided much needed funding for these projects, and the return of IMP funding in 2020/21 after suspension in 2019/20 is providing some relief in other areas. Even with recent grants and continued IMP, available infrastructure funding does not meet all of Banff Centre's deferred maintenance requirements, so project prioritization is carefully scrutinized during the annual capital planning process.

The following are high-level examples of repairs, upgrades, and replacements needed for a range of residential and training facilities within Banff Centre's deferred maintenance projects:

- essential interior upgrades and flooring replacement;
- fire and safety deficiencies and current code compliance required upgrades;
- barrier-free accessibility on campus;
- emergency and exit lighting replacement, and other critical electrical components;
- technological infrastructure deficiencies;
- elevator repair and replacement program;
- essential repairs to staff housing;
- replace essential equipment for film, media, theatre, music, visual arts, recreational facilities, guestrooms, and food and beverage services; and,
- replace and upgrade HVAC components, including pumps, motor, and controls.

## Debt Financing for IT Requirements and Essential Equipment

As part of its strategic planning process in 2015-16, Banff Centre reviewed its information technology and essential equipment requirements, both of which have no identified sources of funding. The plan adopted requires bank financing through a revolving lease facility up to \$10 million, for which approval was received from the Ministry of Alberta Advanced Education in 2016-17. Since then, the lease facility has been utilized to fund capital expenditures.



## Priority Projects

The following facilities projects require significant rehabilitation and upgrades, and have been identified as part of a broader campus master plan. In order to meet institutional goals, all of the projects would ideally be completed within ten years, pending appropriate levels of provincial, federal, and private sector investment. These facilities are integral to Banff Centre's programming and enrolment plans. The ongoing deficiencies and safety issues associated with these facilities are detailed in Alberta Infrastructure's Building and Land Information Management System (BLIMS).

### Priority 1:

#### Performing Arts and Learning Complex Phase 1 – Preservation and New Construction

Project estimate: \$47 Million

Additional capacity: New 350-400 seat theatre with state-of-the-art digital projection capacity, enlarged and renovated classrooms, new dance workshop spaces; renovation and revitalization of the Eric Harvie Theatre facility; enlarged lobby area for both theatre venues with new finishes and lighting to improve audience services and flow; relocated washrooms; and additional space for public art presentations and hospitality operations.

Expected completion date: Spring 2024 (assuming timely commitment of Government support)

In preparation for the launch of this project, Banff Centre engaged in a process beginning in the fall of 2018 to select an architect firm to work with on this project. The competition was completed in early 2019 with KPMB Architects and MTA Urban Design Architecture Interior Design being selected to lead the design work for the project.

The building structure housing the Eric Harvie Theatre, Margaret Greenham Theatre and Laszlo Funtek Teaching Wing is one of the oldest buildings on the Banff Centre campus. Opened in 1967, it has served for decades as a premier participant training facility and the Bow Valley's largest performing arts venue. Given its age, lack of upgrading and critical role within programming, this highly-used facility is now in urgent need of repair and upgrading in order to meet the present and future needs of Banff Centre participants who use the facility for their learning and training experiences and, in many cases, to develop and then present their works of art to the public. It accounts for a significant portion of the institution's deferred maintenance cost.

Banff Centre has continued conversations with the Government of Alberta and Government of Canada to identify funding for this critical project in its current or scaled form.

Banff Centre is proposing to proceed with this project in two phases as outlined herein as Priorities 1 and 2. Funding from the Government of Alberta would be foundational in ensuring we can then secure support from other potential funders for Phase 1.

Phase 1 involves redeveloping the existing Laslo Funtek teaching wing, including the Margaret Greenham Theatre, with a redesigned theatre space. The seating configuration would be flexible in size with audience capacity ranging from 100-400 and telescopic seating. It would also feature full grid lighting and sound positions throughout, a sprung floor, projection capabilities for film presentations and camera and microphone points for recording and livestreaming. A new shared lobby would be built that would provide space for the public, performing arts presentations and an improved audience experience. New dance classrooms would be constructed to provide training space for Banff Centre's dance programs.

The constructed space would meet the programming and artistic needs that support creative development and audience engagement. It would support all levels of pedagogy for artists, technicians and communication. The design of the space would also be conducive with Banff Centre's natural setting in Canada's first national park.

The infrastructure provided by this project would support all disciplines and advanced technical requirements. The designed space would be built with flexible audience capability that could be easily configured, cost effectively providing a wide variety of audience and performance options.

In spring of 2019, Banff Centre received a lead transformational gift for the project from the family of Calgary resident, Mrs. Jenny Belzberg CM, AOE, LLD, which has allowed construction to begin on the existing Eric Harvie Theatre to refurbish and rejuvenate the capability of this facility. The focus of this renovation is to greatly improve accessibility, replace the existing seating and rebuild the existing theatre floor thereby improving sight lines and the audience experience. Improvements are being made to the acoustics and lighting in the venue, including the installation of specially designed wood panels that will enhance the sound quality. A new speaker and sound system and house lighting are also being installed. The renovated venue with seating for 638 will have newly installed sprinklers and many other features to bring it current with building code safety requirements. The estimated completion date of the Eric Harvie Theatre rejuvenation is October 2020.

A significant goal of the overall project is to address health and safety standards throughout the complex.

## **Priority 2:**

### **Performing Arts and Learning Complex Phase 2 – Capital Renewal**

Project estimate: \$30 million

In addition to the renovation of the Eric Harvie Theatre and lobby spaces described above, Banff Centre is seeking IMP capital renewal funds to improve backstage infrastructure and equipment, replace aging mechanical and electrical components and add digital projection capability to the Theatre.

A significant goal of this project is to address functional deficiencies as well as health and safety standards throughout the complex.

## **Priority 3:**

### **Affordable Practicum and Staff Housing – Preservation and New Construction**

Project estimate: \$23.0 million

Additional capacity: Increased/improved residential capacity to achieve strategic initiatives, including anticipated practicum growth as a result of the Performing Arts and Learning Complex project.

Expected completion date: 2023/24 (assuming timely confirmation of Government support)

The affordable housing crisis impacting Banff and the Bow Valley is well-known throughout the country. Zero percent vacancy (Pre COVID-19) and exceedingly high rental rates will make it a challenge for Banff Centre to recruit and retain staff and attract practicums who participate in skills training in the arts and culture sector. This project will not only address Banff Centre needs, but will also have multiple community benefits, easing pressure on the Town of Banff and the Bow Valley's region-wide affordable housing problem. Banff Centre continues to invest in the provision of affordable and heavily subsidized housing solutions for its staff and practicums.

The project, currently in the feasibility and planning stage, will add approximately 75-80 new housing units, in addition to replacing several existing units and refurbishing and reconfiguring rooms within the existing on-site dormitory-style residence to increase capacity and functionality. Planning meetings and discussions with stakeholders are underway, and Banff Centre is preparing a proposal to be put forward to the Alberta Ministry of Seniors and Housing and Ministry of Advanced Education to seek provincial investment.



## **BANFF CENTRE FOR ARTS AND CREATIVITY**

### **Statement of Management Responsibility**

For the year ended March 31, 2020

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The consolidated financial statements of Board of Governors of The Banff Centre (operating as Banff Centre for Arts and Creativity) ("Banff Centre") have been prepared by management in accordance with Canadian public sector accounting standards, including the 4200 series of standards. The consolidated financial statements present fairly, in all material respects, the financial position of Banff Centre as at March 31, 2020 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with these standards.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that Banff Centre assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the consolidated financial statements.

Banff Centre's Board of Governors is responsible for reviewing and approving the consolidated financial statements, and overseeing management's performance of its financial reporting responsibilities. The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through its Audit and Finance Committee. With the exception of the President and CEO, all members of the Audit and Finance Committee are not employees of Banff Centre. The Audit and Finance Committee meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Audit and Finance Committee, with and without the presence of management.

These consolidated financial statements have been reported on by Deloitte LLP. The Independent Auditor's Report outlines the scope of the audit and provides the audit opinion on the fairness of presentation of the information in the consolidated financial statements.



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President and CEO



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Vice President, Administration and CFO



# Independent Auditor's Report

To the Board of Governors of  
The Banff Centre

## Opinion

We have audited the consolidated financial statements of the Board of Governors of The Banff Centre (the "Centre"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2020, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Centre 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 the financial statements in accordance with PSAS, 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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre'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 GAAS 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.

As part of an audit in accordance with Canadian GAAS, 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 Centre'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 Centre'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 Centre 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Centre to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The signature "Deloitte LLP" is written in a cursive, handwritten style in black ink.

Chartered Professional Accountants  
May 21, 2020

**BANFF CENTRE FOR ARTS AND CREATIVITY****Consolidated Statement of Financial Position**

As at March 31, 2020

*(in thousands of dollars)*

	2020	2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 18,457	\$ 19,333
Accounts and grants receivable (note 5)	3,078	2,295
Note receivable and deferred charge (note 6)	699	693
Inventories and prepaid expenses	950	1,106
	23,184	23,427
Long-term investments (note 3)	52,983	56,823
Capital assets (note 7)	141,936	141,157
	<u>\$ 218,103</u>	<u>\$ 221,407</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 7,142	\$ 4,654
Unearned revenue and deposits (note 8)	1,331	3,789
Deferred contributions (note 9)	15,703	13,091
Loans and borrowings (note 11)	4,950	3,528
	29,126	25,062
Loans and borrowings (note 11)	12,873	15,232
Employee future benefit liabilities (note 12)	2,351	2,272
Deferred contributions (note 9)	11,058	17,514
Deferred expended capital contributions (note 10)	103,472	102,891
	<u>158,880</u>	<u>162,971</u>
<b>Net Assets</b>		
Accumulated operating surplus (note 14)	15,767	16,950
Endowments (note 15)	43,456	41,486
	<u>59,223</u>	<u>58,436</u>
	<u>\$ 218,103</u>	<u>\$ 221,407</u>

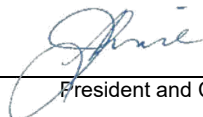
Contractual obligations (note 13)

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

Signed on behalf of Board of Governors of The Banff Centre:



Chair, Board of Governors



President and CEO, Banff Centre

**BANFF CENTRE FOR ARTS AND CREATIVITY****Consolidated Statement of Operations and Changes in Net Assets**

For the year ended March 31, 2020

*(in thousands of dollars)*

	Budget 2020	Actual 2020	Actual 2019
<b>Revenue</b>	(Note 19)		
Government of Alberta grants (note 16)	\$ 22,199	\$ 19,930	\$ 21,776
Federal and other government grants (note 16)	2,612	3,036	2,628
Sales, rentals and services	32,938	30,987	31,709
Tuition and related fees	3,369	2,827	2,893
Donations and other grants	7,432	6,456	6,182
Investment earnings (note 17)	3,143	3,275	2,999
Amortization of deferred expended capital contributions (note 10)	3,689	3,670	3,835
	<u>75,382</u>	<u>70,181</u>	<u>72,022</u>
<b>Expense</b>			
Arts and leadership programming	27,176	26,135	24,947
Institutional support	16,731	15,302	14,760
Facilities operations and related costs	14,064	12,321	14,206
Ancillary operations	17,371	17,606	17,334
	<u>75,342</u>	<u>71,364</u>	<u>71,247</u>
(Deficiency) excess of revenue over expense	<u>\$ 40</u>	<u>(1,183)</u>	<u>775</u>
<b>Net assets, beginning of year</b>		58,436	56,651
Endowment contributions and other transfers (note 15)		1,970	1,010
<b>Net assets, end of year</b>		<u>\$ 59,223</u>	<u>\$ 58,436</u>

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

**BANFF CENTRE FOR ARTS AND CREATIVITY****Consolidated Statement of Cash Flows**

For the year ended March 31, 2020

*(in thousands of dollars)*

	2020	2019
<b>Operating Transactions</b>		
(Deficiency) excess of revenue over expense	\$ (1,183)	\$ 775
Non-cash items:		
Amortization of capital assets (note 7)	5,852	6,037
Amortization of deferred expended capital contributions (note 10)	(3,670)	(3,835)
Change in employee future benefit liabilities	79	(676)
Other non-cash adjustments	27	15
Change in:		
Accounts and grants receivable	550	1,863
Inventories and prepaid expenses	358	(392)
Accounts payable and accrued liabilities	961	444
Unearned revenue and deposits	(2,458)	775
Deferred contributions	(3,533)	(5,405)
Cash used in operating transactions	(3,017)	(399)
<b>Capital Transactions</b>		
Acquisition of capital assets (note 7)	(4,608)	(5,696)
Cash applied to capital transactions	(4,608)	(5,696)
<b>Investing Transactions</b>		
Sales of long-term investments, net of purchases	256	2,187
Realized endowment investment earnings, net of distributions	694	1,685
Other realized restricted investment earnings	430	341
Cash provided by investing transactions	1,380	4,213
<b>Financing Transactions</b>		
Proceeds on sale-leaseback transactions (note 7)	-	1,302
Long-term deferred capital contributions received	5,079	5,506
Endowment contributions and transfers (note 15)	1,970	1,010
Change in demand operating facility	130	(200)
Long-term loan principal repayments	(1,810)	(862)
Cash provided by financing transactions	5,369	6,756
<b>(Decrease) increase in cash and cash equivalents</b>	(876)	4,874
<b>Cash and cash equivalents, beginning of year</b>	19,333	14,459
<b>Cash and cash equivalents, end of year</b>	\$ 18,457	\$ 19,333
Cash and cash equivalents, end of year, is comprised of:		
Cash on hand	\$ 1,322	\$ 1,275
Demand deposits and guaranteed investment certificates	17,135	18,058
	\$ 18,457	\$ 19,333

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

**BANFF CENTRE FOR ARTS AND CREATIVITY**  
**Notes to the Consolidated Financial Statements**

March 31, 2020

*(in thousands of dollars, except where specifically expressed in millions)*

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**Note 1 Authority and purpose**

Board of Governors of The Banff Centre (operating as Banff Centre for Arts and Creativity) ("Banff Centre") is a corporation that operates under the Post-Secondary Learning Act (Alberta). Banff Centre is a registered charity, and under section 149 of the Income Tax Act (Canada) is exempt from income tax.

Banff Centre is Canada's largest post graduate arts and leadership training institute that offers a broad range of learning and professional development, with a core emphasis on multi-disciplinary arts education and creation, Indigenous arts and leadership programs, mountain culture, and leadership development.

**Note 2 Summary of significant accounting policies and reporting practices**

**(a) Consolidated financial statements**

These financial statements are prepared on a consolidated basis and include the accounts of Banff Centre and The Banff Centre Foundation, which is controlled (as defined by accounting standards) by Banff Centre and operates exclusively to support the activities of Banff Centre. The Banff Centre Foundation is a registered charity and under section 149 of the Income Tax Act (Canada) is exempt from income tax.

**(b) Public sector accounting standards ("PSAS") and use of estimates**

These consolidated financial statements have been prepared in accordance with PSAS, including the 4200 series of standards. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. Banff Centre's management uses judgment to determine such estimates. The fair value of investments, employee future benefit liabilities, amortization of capital assets, amortization of deferred expended capital contributions, potential impairment of capital assets and accrued liabilities are the most significant items based on estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below.

**(c) Valuation of financial assets and liabilities**

Banff Centre's financial assets and liabilities are generally measured as follows:

Cash and cash equivalents	Amortized cost
Long term investments, externally managed	Fair value
Long term investments, internally managed	Cost or amortized cost
Accounts, grants and notes receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans and borrowings	Amortized cost

Externally managed investments include all funds managed within The Banff Centre Foundation and other foundations managing assets on behalf of Banff Centre. Externally managed investments could include equity instruments, bonds, money market funds and other fixed/variable interest investments.

All financial assets measured at cost or amortized cost are tested annually for impairment. When a financial asset is impaired, an impairment loss is recorded. The write-down of a financial asset measured at cost or amortized cost to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are charged to investment earnings as incurred. The purchase and sale of cash and cash equivalents and investments are accounted for using trade-date accounting.



**BANFF CENTRE FOR ARTS AND CREATIVITY**  
**Notes to the Consolidated Financial Statements**

March 31, 2020

*(in thousands of dollars, except where specifically expressed in millions)*

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**Note 2      Summary of significant accounting policies and reporting practices** (continued)

**(c) Valuation of financial assets and liabilities** (continued)

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for Banff Centre's normal purchase, sale or usage requirements are not recognized as financial assets or liabilities. Banff Centre does not have any embedded derivatives.

**(d) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand deposits and highly-liquid investments that are readily convertible to cash and have a maturity of less than three months from the date of acquisition.

**(e) Inventories**

Inventories held for resale are valued at the lower of cost and net realizable value, being the estimated selling price less the cost to sell. Inventories held for consumption are valued at the lower of cost and replacement value. Cost is calculated principally using the weighted-average cost method.

**(f) Capital assets**

Purchased capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement and betterment of the assets. The cost of capital assets includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the assets. Capital assets, except for property under development, are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	20 years
Buildings and improvements	50 years
Equipment, furnishings and software	4-15 years

Property under development is not amortized until the project is substantially complete and the asset is placed in service. Leases of capital assets that transfer substantially all the benefits and risks of ownership are accounted for as capital assets acquired under capital lease. Assets acquired under capital lease are recorded at the present value of the future minimum lease payments at the inception of the lease excluding any executory costs (e.g., insurance, maintenance costs, etc.) and are amortized on the same basis and under the same terms as the asset categories described above. Contributed capital assets are recorded at fair value when such value can be reasonably determined. Works of art, historical treasures and collections are expensed when acquired and not recognized as capital assets because a reasonable estimate of future benefits associated with such property cannot be made. The cost of these collections is disclosed in note 7.

Capital assets are written down when conditions indicate that they no longer contribute to Banff Centre's ability to provide goods and services, or when the value of future economic benefits associated with the capital assets is less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

**(g) Revenue recognition**

All revenues are reported using the accrual basis of accounting. Amounts received in advance for tuition, fees, and sales of goods and services are classified as unearned and recognized as revenue at the time the goods are delivered or the services are provided.

Banff Centre follows the deferral method of accounting for contributions and recognizes government grants, donations and other grants as described below.

**BANFF CENTRE FOR ARTS AND CREATIVITY**  
**Notes to the Consolidated Financial Statements**

March 31, 2020

*(in thousands of dollars, except where specifically expressed in millions)*

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**Note 2      Summary of significant accounting policies and reporting practices** (continued)

**(g) Revenue recognition** (continued)

Donations and non-government grants are received from individuals, corporations and private sector not-for-profit organizations. These funds and government grants may be unrestricted or restricted for operating, endowment or capital purposes.

Unrestricted non-capital contributions are recorded as revenue in the year received or in the year the funds are committed to Banff Centre if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted non-capital contributions are deferred and recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for the purposes designated by external parties.

Externally restricted capital contributions are recorded as deferred contributions until the amounts are invested in capital assets, at which time the amounts are transferred to deferred expended capital contributions.

Deferred expended capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital assets is recorded. The related portions of capital amortization expense and deferred expended capital contributions amortization are matched to indicate that the amortization expense has been funded externally.

Investment earnings include dividend and interest income, realized gains and losses on the sale of investments and unrealized gains and losses on investments.

Any externally restricted contributions containing stipulations that the amounts be retained as net assets or not be expended are recorded as direct increases in net assets. Such stipulations would include contributions made for endowment purposes. Any investment earnings attributable to these funds that must be maintained in perpetuity are also recognized as a direct increase in endowment net assets.

Unrealized gains and losses from changes in the fair value of financial instruments with no restriction over the use of investment earnings are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the consolidated statement of operations.

Investment earnings related to investments restricted for endowments are managed in accordance with donor restrictions for their use and recognized as deferred contributions before being recognized in the consolidated statement of operations when the funds are expended. Investment earnings associated with other restricted contributions are also recorded as deferred contributions and recognized in the consolidated statement of operations when the funds are expended.

In-kind donations of services and materials are recorded at fair value when such value can be reasonably determined. While volunteers contribute a significant amount of time each year to assist Banff Centre, the value of their services is not recognized as revenue and expenses in the consolidated financial statements because the fair value cannot be reasonably determined.

**(h) Foreign currency translation**

Transactions in foreign currencies are translated to Canadian dollars using estimated exchange rates at the dates of the transactions. Carrying values of monetary assets and liabilities and non-monetary items carried at fair value reflect the exchange rates at the consolidated statement of financial position date. Foreign currency differences arising on retranslation are recognized in the consolidated statement of operations.

**(i) Employee future benefits**

Banff Centre participates with other employers in the Public Service Pension Plan (PSPP) and the Universities Academic Pension Plan (UAPP). These pension plans are multi-employer defined benefit pension plans that provide pensions for the employers' participating employees based on years of service and earnings.

**BANFF CENTRE FOR ARTS AND CREATIVITY**  
**Notes to the Consolidated Financial Statements**

March 31, 2020

(in thousands of dollars, except where specifically expressed in millions)

**Note 2 Summary of significant accounting policies and reporting practices** (continued)

**(i) Employee future benefits** (continued)

Pension expense for the UAPP is actuarially determined using the projected benefit method prorated on service and is allocated to each participant based on the respective percentage of pensionable earnings. Actuarial gains or losses on the accrued benefit obligation are amortized over the expected average remaining service life of participants.

Banff Centre does not have sufficient plan information on the PSPP required to follow the standards for defined benefit accounting. Accordingly, pension expense recorded for the PSPP is comprised of employer contributions to the plan that are required for its employees during the year. The contributions are calculated based on actuarially predetermined amounts that are expected to fund the plan's future benefits.

**(j) Future accounting changes**

In August 2018, the Public Sector Accounting Board issued PS 3280 Asset Retirement Obligations. This accounting standard is effective for fiscal years starting on or after April 1, 2021 and provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

In November 2018, the Public Sector Accounting Board issued PS 3400 Revenue. This accounting standard is effective for fiscal years starting on or after April 1, 2022 and provides guidance on how to account for and report on revenue, specifically addressing revenue arising from exchange transactions and unilateral transactions.

Management is currently assessing the impact, if any, of these new standards on the consolidated financial statements.

**Note 3 Long-term investments**

	2020	2019
Long-term investments, non-endowment	\$ 9,527	\$ 15,337
Long-term investments, restricted for endowments	43,456	41,486
	<u>\$ 52,983</u>	<u>\$ 56,823</u>
Investments at cost or amortized cost:		
Notice demand account (NDA) deposits	\$ 1,552	\$ -
Guaranteed investment certificates (GICs)	1,590	5,769
Alternative investments	657	627
	<u>3,799</u>	<u>6,396</u>
Investments at fair value:		
Cash and cash equivalents held for investment and in brokerage accounts	3,295	3,759
Canadian government bonds	9,517	8,743
Corporate bonds	7,325	6,812
Equity investments	29,047	31,113
	<u>49,184</u>	<u>50,427</u>
	<u>\$ 52,983</u>	<u>\$ 56,823</u>

**BANFF CENTRE FOR ARTS AND CREATIVITY**  
**Notes to the Consolidated Financial Statements**

March 31, 2020

*(in thousands of dollars, except where specifically expressed in millions)*

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**Note 3 Long-term investments (continued)**

Alternative investments include an insurance policy that was donated in December 2018, where The Banff Centre Foundation has been designated as the beneficiary. A third party valuation was the basis for determining its initial measurement at fair value to approximate cost. The donation was treated as a non-cash transaction on the statement of cash flows.

Investments at fair value include a pooled fund holding in which The Banff Centre Foundation has an equity interest represented by units in the pooled fund and any distributions from the fund. The pooled fund investment consists of several underlying pooled fund holdings of cash and cash equivalents, Canadian government bonds, corporate bonds and Canadian, U.S. and international equities. The pooled fund holdings have been allocated accordingly to the categories in the table above.

See note 4(f) for explanation of fair value measurements. Investments other than bonds and other fixed income investments are considered Level 1 items where fair value is measured based on quoted prices in active markets for identical investments. Bonds and other fixed income investments included in cash and cash equivalents are Level 2 items where fair value is measured based on market inputs other than quoted prices included in Level 1 that are observable for the investments either directly or indirectly.

**Note 4 Financial risk management**

Banff Centre is exposed to a variety of financial risks, including market risks (price risk, currency risk and interest rate risk), credit risk and liquidity risk, primarily in relation to its investments. To manage these risks, Banff Centre invests in a diversified portfolio of investments that is guided by established investment policies that outline risk and return objectives. The long-term objective of Banff Centre's investment policies is to maximize the return on investment assets after meeting ongoing disbursement requirements. The specific financial objectives include the provision of stable and consistent income to meet the goals of Banff Centre, capital appreciation (without undue risk) such that investments continue to grow over time in real terms, and minimization of risk through diversification.

Banff Centre does not use foreign currency contracts or any other type of derivative financial instruments for trading or speculative purposes.

Banff Centre is exposed to the following risks:

**(a) Price risk**

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument, its issuer or general market factors affecting all instruments. To manage this risk for investments, Banff Centre has policies and procedures in place governing asset mix, diversification, exposure limits, credit quality and performance measurement.

Investments are disclosed in note 3. Price risk is most significant in relation to equity investments, where each 1% change in value would have an impact of \$290.

**BANFF CENTRE FOR ARTS AND CREATIVITY**  
**Notes to the Consolidated Financial Statements**

March 31, 2020

(in thousands of dollars, except where specifically expressed in millions)

**Note 4 Financial risk management** (continued)

**(b) Foreign currency risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The following table provides the carrying value of long-term investments denominated in various currencies and the sensitivity to a 1% change in currency value:

	Carrying value	Impact of 1% change
Canadian denominated investments	\$ 33,803	\$ -
US denominated investments	10,393	104
Investments denominated in other currencies	8,787	88
	<u>\$ 52,983</u>	<u>\$ 192</u>

Foreign currency risk for financial instruments other than investments is insignificant.

**(c) Interest rate risk**

Interest rate risk is the risk to Banff Centre's earnings that arises from the fluctuation and degree of volatility in interest rates. Interest rate risk on Banff Centre's loans and borrowings and investments in bonds is insignificant given that rates are primarily fixed over longer terms. Changes in interest rates will, however, impact the market price of bonds. Interest rate risk in relation to other interest bearing instruments, including cash and cash equivalents and GICs, exists given many have variable interest rates and others with fixed rates have relatively short terms to maturity when they may need to be renewed. The carrying value of these instruments, both current and long term, totals \$23.6 million, so the impact of each 1% change in interest rates would be \$236 annually. This sensitivity ignores the fact that some of these instruments are locked in for longer periods of time, as indicated in the table below.

The maturities of interest-bearing investments held by Banff Centre are as follows:

	< 1 year	1-5 years	> 5 years	Average market yield
	%	%	%	%
Interest bearing accounts	100.0	-	-	0.7
Money market funds	100.0	-	-	0.2
Guaranteed investment certificates	100.0	-	-	1.3
Canadian government and corporate bonds	0.7	36.2	63.1	2.4

**(d) Credit risk**

Banff Centre is exposed to credit risk on investments arising from the potential failure of a counterparty, debtor or issuer to honor its contractual obligations. To manage this risk, Banff Centre has established an investment policy with required minimum credit quality standards and issuer limits.

The credit ratings on investments held by Banff Centre are as follows:

	2020	2019
A or higher	88.2%	89.8%
BBB	11.8%	10.2%

Banff Centre's accounts receivable are subject to normal credit risks due to the nature of Banff Centre's customers and grantors. The carrying values of these receivables reflect management's assessment of the credit risk associated with these customers and grantors.

**BANFF CENTRE FOR ARTS AND CREATIVITY****Notes to the Consolidated Financial Statements**

March 31, 2020

*(in thousands of dollars, except where specifically expressed in millions)***Note 4 Financial risk management** (continued)**(e) Liquidity risk**

Liquidity risk is the risk that Banff Centre will not be able to meet its financial obligations as they become due. Banff Centre actively manages its liquidity through weekly and longer-term cash outlook and debt management strategies. Banff Centre's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn bank facilities, to ensure all obligations are met as they fall due. As detailed in note 11, Banff Centre has credit facilities, including letters of credit, totalling \$14.2 million available to ensure that funds are available to meet current and forecasted financial requirements. At March 31, 2020, \$4.7 million (2019 - \$4.8 million) was outstanding under these credit facilities.

**(f) Fair value**

When measuring the fair value of an asset or liability, Banff Centre uses market observable data to the extent possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that Banff Centre can access at the measurement date

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: unobservable inputs for the asset or liability

If the inputs used to measure the fair value of an asset or a liability are categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input (where Level 3 is the lowest) that is significant to the entire measurement. Banff Centre recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**Note 5 Accounts and grants receivable**

	2020	2019
Trade accounts receivable, net of allowance for doubtful accounts	\$ 1,515	\$ 1,872
Grant, participant and other receivables	1,563	423
	<u>\$ 3,078</u>	<u>\$ 2,295</u>

Accounts receivable are unsecured and non-interest bearing. No significant amounts are past due more than 90 days at March 31 of the current and prior year.

**Note 6 Note receivable and deferred charge**

	2020	2019
Discounted present value of advance to RMCHA	\$ 673	\$ 650
Accrued interest	26	26
Deferred charge	-	17
Balance, end of year	<u>\$ 699</u>	<u>693</u>

Banff Centre advanced a total of \$673 to Rocky Mountain Cooperative Housing Association (RMCHA) for the right to lease 42 accommodation units. In December 2005, the terms of the note were modified to discontinue the accrual of interest. The unsecured note was repayed to Banff Centre in April 2020.

The note receivable was discounted to a present value. The discount was amortized using the effective interest method. The deferred charge was amortized over the lease period.

**BANFF CENTRE FOR ARTS AND CREATIVITY**  
**Notes to the Consolidated Financial Statements**

March 31, 2020

(in thousands of dollars, except where specifically expressed in millions)

**Note 7 Capital assets**

<b>2020</b>					
	Land improvements	Buildings and improvements	Equipment, furnishings and software	Property under development (PUD)	Total
<b>Cost</b>					
Beginning of year	\$ 2,802	190,286	40,485	1,421	234,994
Additions	-	2,504	909	3,262	6,675
PUD transfers	-	105	-	(105)	-
Write off	-	-	-	(46)	(46)
	2,802	192,895	41,394	4,532	241,623
<b>Accumulated amortization</b>					
Beginning of year	2,694	59,804	31,339	-	93,837
Amortization expense	17	3,719	2,114	-	5,850
	2,711	63,523	33,453	-	99,687
<b>Net book value - March 31, 2020</b>	\$ 91	\$ 129,372	\$ 7,941	\$ 4,532	\$ 141,936

<b>2019</b>					
	Land improvements	Buildings and improvements	Equipment, furnishings and software	Property under development (PUD)	Total
<b>Cost</b>					
Beginning of year	\$ 2,802	190,436	41,015	169	\$ 234,422
Additions	-	288	671	1,252	2,211
Adjustments	-	(438)	-	-	(438)
Disposals	-	-	(1,201)	-	(1,201)
	2,802	190,286	40,485	1,421	234,994
<b>Accumulated amortization</b>					
Beginning of year	2,677	56,008	30,316	-	89,001
Amortization expense	17	3,796	2,224	-	6,037
Disposals	-	-	(1,201)	-	(1,201)
	2,694	59,804	31,339	-	93,837
<b>Net book value - March 31, 2019</b>	\$ 108	\$ 130,482	\$ 9,146	\$ 1,421	\$ 141,157

<b>Cash flow information</b>	2020	2019
Total capital asset additions	\$ 6,675	\$ 2,211
Capital assets acquired under capital lease facility, excluding sale-leasebacks	(541)	(662)
Change in accounts payable balances related to capital asset additions	(1,526)	4,147
Cash used for capital asset additions	\$ 4,608	\$ 5,696

Banff Centre enters into sale-leaseback transactions where the leasebacks constitute capital assets. Proceeds received were as follows:

	2020	2019
Sally Borden Building improvements	\$ -	388
Information technology and systems infrastructure	-	914
	\$ -	\$ 1,302

The capital assets leased back were recognized at their carrying values and the lease liabilities were recognized at the present value of the minimum lease payments. No gains or losses were recognized.



**BANFF CENTRE FOR ARTS AND CREATIVITY****Notes to the Consolidated Financial Statements**

March 31, 2020

*(in thousands of dollars, except where specifically expressed in millions)***Note 7 Capital assets** (continued)**Other information**

Land is leased from the Government of Canada at a nominal annual rent of one dollar. The current lease expires on July 31, 2043 and is renewable.

Equipment, furnishings and software includes vehicles, furniture, fixtures, computer hardware, software, other equipment and implementation costs related to software.

Included in the cost of capital assets at March 31, 2020 is approximately \$4.1 million (2019 - \$3.9 million) related to assets under capital leases. The amortization expense related to assets under capital leases for the year ended March 31, 2020 was \$0.5 million (2019 - \$0.6 million). The accumulated amortization at March 31, 2020 includes \$1.3 million (2019 - \$0.8 million) related to assets under capital leases.

Banff Centre holds permanent collections of both library materials and artwork. Due to the subjective nature of the value of these assets, they are not included in capital assets. There were no additions to permanent collections in 2020 (2019 - \$6). As of March 31, 2020, the cumulative historical cost of these assets that has not been capitalized is \$1.6 million (2019 - \$1.6 million).

**Note 8 Unearned revenue and deposits**

	2020	2019
Deposits for accommodations	\$ 1,112	\$ 2,703
Other sales and services	219	1,086
	<u>\$ 1,331</u>	<u>\$ 3,789</u>

**Note 9 Deferred contributions**

Deferred contributions are comprised of unexpended externally restricted grants, donations and endowment investment earnings available for spending. Substantially all of the operating deferred contributions and earnings are restricted to support arts and leadership programming in addition to financial assistance for program participants. Other deferred contributions are restricted for capital and maintenance projects.

	2020			2019
	Operating	Capital/ Maintenance	Total	Total
Balance, beginning of year	\$ 24,968	5,637	30,605	\$ 30,278
Grants and contributions received or receivable	3,369	6,399	9,768	6,710
Restricted investment (loss) earnings (note 17)	(1,078)	222	(856)	3,413
Recognized as operating revenue:				
Grants and contributions	(4,851)	(496)	(5,347)	(6,588)
Restricted investment earnings (note 17)	(3,158)	-	(3,158)	(2,842)
Transfers to fund capital acquisitions (note 10)	-	(4,251)	(4,251)	(366)
Balance, end of year	19,250	7,511	26,761	30,605
Current portion of deferred contributions	9,109	6,594	15,703	13,091
Long-term deferred contributions	<u>\$ 10,141</u>	<u>\$ 917</u>	<u>\$ 11,058</u>	<u>\$ 17,514</u>

**BANFF CENTRE FOR ARTS AND CREATIVITY**  
**Notes to the Consolidated Financial Statements**

March 31, 2020

(in thousands of dollars, except where specifically expressed in millions)

**Note 10 Deferred expended capital contributions**

Deferred expended capital contributions represent the unamortized contributions and grants received to fund capital acquisitions. The amortization of deferred expended capital contributions is recorded as revenue in the consolidated statement of operations. Changes in the deferred expended capital contributions balances are as follows:

	2020	2019
Balance, beginning of year	\$ 102,891	\$ 106,360
Transferred from deferred contributions to acquire capital assets (note 9)	4,251	366
Amortization revenue	(3,670)	(3,835)
Balance, end of year	\$ 103,472	\$ 102,891

**Note 11 Loans and borrowings**

	Maturity	Interest Rate (%)	2020	2019
Debenture payable to Alberta Capital Finance Authority	June 2027	2.06	\$ 13,191	\$ 14,000
Capital lease facility				
Capital leases	November 2019 - April 2024	2.90 - 3.48	2,350	2,978
Progress payment advances	On demand	RBC prime	1,032	662
Demand operating facility	On demand	RBC prime	1,250	1,120
			17,823	18,760
Current portion of loans and borrowings			4,950	3,528
Long-term loans and borrowings			\$ 12,873	\$ 15,232

In June 2017, Banff Centre borrowed \$14.0 million from the Alberta Capital Finance Authority (ACFA) to fund renovations to Lloyd Hall, one of Banff Centre's residence facilities. Until June 15, 2019, only interest was payable, with principal repayable semi-annually in the eight years thereafter. The debenture is secured by a first priority General Security Agreement (GSA) covering Banff Centre property with the exception of property leased or acquired under the Royal Bank of Canada (RBC) lease facility described below.

Banff Centre has borrowing facilities available from RBC consisting of a revolving demand facility for general operating requirements and a revolving lease facility for the acquisition of capital assets. Borrowings under the revolving demand facility are available by way of loans and letters of guarantee. The aggregate of the borrowings under the revolving demand facility and lease facility shall not exceed \$12.0 million, and the lease facility on its own is capped at \$10.0 million. The revolving demand facility bears interest at RBC prime, and any issued and outstanding letters of guarantee are subject to fees. The interest rate and repayment terms on leases are fixed by way of separate agreements at the time each lease is executed. Progress payment advances on leases are due on demand and bear interest at RBC prime. The RBC borrowing facility is secured by property leased or acquired under the facility and a second priority claim on other Banff Centre property. Capital leases and amounts drawn under the RBC facilities are included in the table above. The demand operating facility is used as bridge financing to be replaced by expected borrowings under the lease facility that were not finalized prior to the fiscal year end.

Banff Centre also has borrowing facilities available with Canadian Imperial Bank of Commerce ("CIBC") consisting of a \$2.0 million revolving demand facility for general operating requirements and a \$0.2 million letter of credit facility available through commercial letters of credit. Borrowings under the revolving demand facility bear interest at CIBC prime, and any issued and outstanding commercial letters of credit are subject to fees. As at March 31, 2020, commercial letters of credit of \$75 (2019 - \$75) were issued and outstanding under the CIBC facilities.

Interest expense on loans and borrowings for the year ended March 31, 2020 was \$461 (2019 - \$407). Interest expense approximates interest paid for both fiscal years and is included in the institutional support category of functional expense.

**BANFF CENTRE FOR ARTS AND CREATIVITY****Notes to the Consolidated Financial Statements**

March 31, 2020

*(in thousands of dollars, except where specifically expressed in millions)***Note 11 Loans and borrowings** (continued)

Principal and interest payments are due as follows:

	Principal	Interest	Total
2021	\$ 4,950	\$ 336	\$ 5,286
2022	2,447	260	2,707
2023	2,184	205	2,389
2024	1,827	161	1,988
2025	1,791	123	1,914
Thereafter	4,624	144	4,768
	<u>\$ 17,823</u>	<u>\$ 1,229</u>	<u>\$ 19,052</u>

**Note 12 Employee future benefit liabilities**

	2020	2019
Share of UAPP pension obligation	\$ 2,048	\$ 2,030
Accrued administrative leave	303	242
	<u>\$ 2,351</u>	<u>\$ 2,272</u>

Banff Centre participates with other employers in the Public Service Pension Plan (PSPP) and the Universities Academic Pension Plan (UAPP). These pension plans are multi-employer defined benefit plans that provide pensions for Banff Centre's participating employees based on years of service and earnings.

**(a) PSPP**

As Banff Centre does not have sufficient information on the PSPP to follow the accounting standards for defined benefit plans, the plan is accounted for on a defined contribution basis. Accordingly, pension expense of \$1.3 million (2019 - \$1.3 million) recorded for the PSPP is comprised of employer contributions to the plan that are required for Banff Centre's employees during the year. Contributions are calculated based on actuarially predetermined amounts that are expected to provide the plan's future benefits. Pension expense is recorded as a direct cost, together with the related salaries and wages, and is reported in all expense categories in the consolidated statement of operations.

An actuarial valuation of the PSPP was carried out as at December 31, 2017 and was then extrapolated to December 31, 2018 and 2019. At December 31, 2019, the PSPP reported an actuarial surplus of \$2,761 million (December 31, 2018 - \$519 million) for the plan as a whole. Information related to the surplus as at March 31, 2020 reflecting the impact of COVID-19 and decline in investment values is not available (see Note 22).

**(b) UAPP**

The UAPP is a multi-employer defined benefit pension plan for academic staff members and other eligible employees. An actuarial valuation of the UAPP was carried out at December 31, 2018 and further extrapolated to March 31, 2020. Banff Centre's share of the benefit liability, which has been allocated based on employer contributions to the plan, is estimated to be \$2.0 million at March 31, 2020 (2019 - \$2.0 million). Banff Centre recorded its share of pension expense of \$1.5 million (2019 - \$0.8 million).

The significant actuarial assumptions used to measure the UAPP accrued benefit obligation for the plan as a whole and Banff Centre's share of the benefit obligation and benefit costs are as follows:

	2020	2019
Accrued benefit obligation at March 31	\$ 31,971	\$ 30,476
Discount rate	5.60%	5.60%
Benefit costs for years ended March 31	\$ 1,113	\$ 902
Discount rate	5.60%	5.60%
Average compensation increase	3.00%	3.00%
Estimated average remaining service life	10.6 yrs	10.6 yrs

**BANFF CENTRE FOR ARTS AND CREATIVITY****Notes to the Consolidated Financial Statements**

March 31, 2020

*(in thousands of dollars, except where specifically expressed in millions)***Note 12 Employee future benefit liabilities (continued)**

The UAPP unfunded deficiency for service prior to January 1, 1992 is financed by additional contributions of 1.25% of salaries by the Government of Alberta. Employees and employers share equally the balance of the contributions of 2.90% (2019 - 2.90%) of salaries required to eliminate the unfunded deficiency by December 31, 2043.

The unfunded deficiency at March 31, 2020 for the UAPP plan as a whole, before unamortized actuarial net losses, is \$1,276.2 million, of which the Government of Alberta share is \$266.2 million, the employer pool share is \$505.0 million and the employee pool share is \$505.0 million. Banff Centre's share of the unfunded deficiency for the employer pool at March 31, 2020 is \$5.6 million.

**(c) Administrative leave**

Banff Centre provides the President and CEO a paid leave of absence at the end of their administrative appointment, accrued during the period of employment. Upon completion of the term of service, the salary and benefits in effect at that time are paid for the duration of the leave. A lump sum payment may be taken at the end of the appointment with Board approval. During the year a contract extension was negotiated for an additional 3 years - the administrative benefit was extended to cover this period and will cap out at the originally negotiated maximum benefit of 18 months of salary.

Banff Centre's benefit expense for administrative leave totaled \$60 (2019 - \$60). The accrued benefit liability at March 31, 2020 is \$303 (2019 - \$243), with no benefits paid out or forfeited during the current and prior year. No assets are set aside to fund the liability as Banff Centre plans to use its working capital to finance this future obligation.

**Note 13 Contractual obligations**

Banff Centre is party to an agreement with YWCA Banff under which Banff Centre is committed to the rental of 12 housing units through September 2020. Under this agreement, the approximate monthly rent is \$8, with a portion recovered from staff through short-term rental arrangements. The total of this contractual obligation (before recoveries) over the remainder of the lease term is approximately \$46.

Banff Centre is party to a software as a service agreement with Campus Management Corporation and Blackbaud/Omatic under which Banff Centre is committed to the use of the software through January 2024 and March 2025, respectively.

As disclosed in note 11, Banff Centre also has contractual obligations related to capital leases, which include principal and interest payments due through the year ending March 31, 2025.

Contractual obligations are summarized as follows:

	YWCA lease	Software as a service contract	Capital leases - principal and interest	Total
2021	\$ 46	177	1,084	\$ 1,307
2022	-	177	800	977
2023	-	177	482	659
2024	-	147	81	228
2025	-	-	7	7
Total at March 31, 2020	\$ 46	\$ 678	\$ 2,454	\$ 3,178

**BANFF CENTRE FOR ARTS AND CREATIVITY****Notes to the Consolidated Financial Statements**

March 31, 2020

*(in thousands of dollars, except where specifically expressed in millions)***Note 14 Accumulated operating surplus**

The changes in accumulated operating surplus are as follow

	Unrestricted	UAPP Pension Deficit (note 12)	2020	2019
Accumulated operating surplus (deficit), beginning of year \$	18,980 \$	(2,030) \$	16,950 \$	16,175
Excess of revenue over expense	(1,183)	-	(1,183)	775
UAPP pension benefits adjustment	18	(18)	-	-
Accumulated operating surplus (deficit), end of year	<u>\$ 17,815</u>	<u>(2,048) \$</u>	<u>15,767 \$</u>	<u>16,950</u>

Included in accumulated operating surplus is \$18.6 million (2019 - \$19.1 million) representing the amount of surplus that has been invested in capital assets.

**Note 15 Endowments**

	2020	2019
Endowments, beginning of year	\$ 41,486 \$	40,476
Contributions	1,970	1,010
Endowments, end of year	<u>\$ 43,456 \$</u>	<u>41,486</u>

Endowments, which are permanent, are held for the sole benefit of Banff Centre and consist of externally restricted donations and matching funds from Canadian Heritage under Canada Cultural Investment Fund's Endowment Incentives Component. Included in the endowment balance at March 31, 2020 are cumulative matching funds received through the Endowment Incentives Component of \$14.9 million (2019 - \$14.2 million). Contributions for the year ended March 31, 2020 include \$652 (2019 - \$451) of funds received through the matching program.

Endowments are managed in accordance with the terms of the agreements between Banff Centre and the individual donors, with investment earnings used in accordance with the various purposes established by the agreements and Banff Centre's Board of Governors. Endowments are held by The Banff Centre Foundation and Banff Canmore Community Foundation (an unrelated public charitable foundation), with balances as follows:

	2020	2019
The Banff Centre Foundation	\$ 35,316 \$	33,346
Banff Canmore Community Foundation	8,140	8,140
	<u>\$ 43,456 \$</u>	<u>41,486</u>

Under the Post-Secondary Learning Act (Alberta), Banff Centre has the authority to alter the terms and conditions of endowments to enable: (1) income earned by the endowment to be withheld from distribution to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment, and (2) encroachment on the capital of the endowment to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment if, in the opinion of the Board of Governors, the encroachment benefits Banff Centre and does not impair the long-term value of the fund.

**BANFF CENTRE FOR ARTS AND CREATIVITY****Notes to the Consolidated Financial Statements**

March 31, 2020

*(in thousands of dollars, except where specifically expressed in millions)***Note 16 Government grants**

	2020	2019
Base operating grant from Alberta Advanced Education	\$ 17,518	\$ 17,830
Other Government of Alberta grants:		
Alberta Advanced Education	2,243	3,779
Alberta Culture and Tourism	169	167
	<u>\$ 19,930</u>	<u>\$ 21,776</u>
Federal government grants:		
Government of Canada - Department of Canadian Heritage		
Canada Arts Training Fund	\$ 2,200	\$ 2,200
Canada Arts Presentation Fund	150	125
Celebrate Canada	5	4
Canada Council for the Arts	681	299
	<u>\$ 3,036</u>	<u>\$ 2,628</u>

**Note 17 Investment earnings**

	2020	2019
Total investment (loss) earnings	\$ (739)	\$ 3,570
Restricted investment loss (earnings) flowing through deferred contributions (note 9)	856	(3,413)
Restricted investment earnings expended in accordance with donor requirements (note 9)	3,158	2,842
	<u>\$ 3,275</u>	<u>\$ 2,999</u>

**Note 18 Salaries, wages and employee benefits**

The salaries, wages and employee benefit expenses of Banff Centre include:

	2020	2019
Salaries, wages and non-pension benefits	\$ 37,649	\$ 36,183
Pension benefits	2,857	2,113
	<u>\$ 40,506</u>	<u>\$ 38,296</u>

**Note 19 Budget**

Budgeted amounts have been provided for comparative purposes and are derived from Banff Centre's Comprehensive Institutional Plan as approved by the Board of Governors.

**BANFF CENTRE FOR ARTS AND CREATIVITY****Notes to the Consolidated Financial Statements**

March 31, 2020

*(in thousands of dollars, except where specifically expressed in millions)***Note 20 Expense by object**

	2020		2019
	Budget	Actual	Actual
Salaries, wages and benefits (note 18)	\$ 39,541	\$ 40,506	\$ 38,296
Purchased services	6,161	5,431	6,092
Materials, goods and supplies	5,622	4,675	4,668
Scholarships and financial assistance	4,323	3,854	3,900
Facility operations and maintenance	4,672	2,753	3,505
Utilities	1,759	1,815	1,716
Travel, training and related costs	2,328	2,188	2,178
Rentals and equipment	2,253	1,996	2,539
Marketing and recruitment	1,648	1,226	1,303
Financial costs	983	1,068	1,013
Amortization of capital assets (note 7)	6,052	5,852	6,037
	<u>\$ 75,342</u>	<u>\$ 71,364</u>	<u>\$ 71,247</u>

Scholarships and financial assistance include payments to resident artists and program participants for tuition, fees, accommodations and other program related costs.

**Note 21 Related parties**

Banff Centre is a related party with organizations within the Government of Alberta reporting entity. Key management personnel of Banff Centre and their close family members are also considered related parties. Banff Centre may enter into transactions with these entities and individuals in the normal course of operations and under normal terms.

**Note 22 COVID-19**

On March 11, 2020, the World Health Organization (WHO) declared COVID-19 a pandemic. The information recognized and disclosed in these financial statements thus considers the impact of the COVID-19 pandemic as an in-year event. In early March 2020, Banff Centre started to experience conference cancellations that extended into June. These cancellations, which impact conference room revenue and associated food and beverage revenue, have continued into September. All Banff Centre residences/hotels, restaurants and facilities have since been closed to the public. In addition, all programming and public events and gatherings have been cancelled or deferred until September, and Banff National Park was essentially closed to the public effective March 25, 2020. In response to the severe and almost immediate financial impact of the COVID-19 pandemic, over 400 employees representing more than 75% of Banff Centre's work force were temporarily laid off in March 2020. Management is currently assessing the longer term financial impact of the COVID-19 pandemic on Banff Centre and scenarios/strategies for recovery. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results, valuation of investments and pension obligations of Banff Centre in future periods. Based on management's assessment, no impairment related to financial or non-financial assets should be recorded as at March 31, 2020.





Banff Centre for Arts and Creativity is generously supported by many passionate individuals, corporations and foundations.

Banff Centre is also grateful for the funding from the Government of Alberta, through Alberta Advanced Education, Alberta Infrastructure, and the Alberta Foundation for the Arts. Arts programs are also supported by funding from the Government of Canada through the Canada Council for the Arts, the Department of Canadian Heritage, the Canada Arts Training Fund and the Canada Arts Presentation Fund.



Canada Council  
for the Arts

Conseil des Arts  
du Canada



Alberta Foundation  
for the Arts

**Banff Centre for Arts and Creativity**

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