

**THE PETER AND CATHARINE WHYTE FOUNDATION**

**Financial Statements**

**March 31, 2022**

## **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors of the Peter and Catharine Whyte Foundation**

### **Opinion**

I have audited the accompanying financial statements of Peter and Catharine Whyte Foundation, which comprise the statement of financial position as at March 31, 2022 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Peter and Catharine Whyte Foundation as at March 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Basis for Opinion**

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am independent of The Peter and Catharine Whyte Foundation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Peter and Catharine Whyte Foundation'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 Peter and Catharine Whyte Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Peter and Catharine Whyte Foundation's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards 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 generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit.

I 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 my 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 Peter and Catharine Whyte Foundation'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 Peter and Catharine Whyte Foundation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause The Peter and Catharine Whyte Foundation 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.

I 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 I identify during my audit.

**Manktelow & Company**  
Chartered Professional Accountant

Banff, Alberta  
June 15, 2022

**THE PETER AND CATHARINE WHYTE FOUNDATION**

**Statement of Financial Position**

**March 31, 2022**

	2022	2021
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 463,419	\$ 341,853
Accounts receivable	128,317	199,424
GST recoverable	14,279	12,242
Inventory	93,218	114,307
Prepaid expenses	43,547	34,815
	<u>742,780</u>	<u>702,641</u>
<b>Investments (Note 3)</b>	<b>8,211,227</b>	<b>7,142,909</b>
<b>Income producing properties (Note 4)</b>	<b>15,049,015</b>	<b>15,044,305</b>
<b>Property and equipment (Note 5)</b>	<b>2,218,256</b>	<b>2,426,786</b>
	<u><b>\$ 26,221,278</b></u>	<u><b>\$ 25,316,641</b></u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 86,733	\$ 97,299
Deferred revenue	47,500	98,000
Deposits	36,021	34,878
	<u>170,254</u>	<u>230,177</u>
<b>NET ASSETS</b>		
<b>Invested in property and equipment</b>	<b>2,218,248</b>	<b>2,426,779</b>
<b>Internally restricted (Note 8)</b>	<b>1,334,657</b>	<b>1,188,819</b>
<b>Restricted for endowment purposes</b>	<b>19,521,964</b>	<b>19,517,254</b>
<b>Externally restricted (Note 7)</b>	<b>600,000</b>	<b>600,000</b>
<b>Unrestricted</b>	<b>2,376,155</b>	<b>1,353,612</b>
	<u>26,051,024</u>	<u>25,086,464</u>
	<u><b>\$ 26,221,278</b></u>	<u><b>\$ 25,316,641</b></u>

Approved on Behalf of the Board

 Director

 Director

See notes to financial statements

**MANKTELOW & COMPANY**  
CHARTERED PROFESSIONAL ACCOUNTANT

**THE PETER AND CATHARINE WHYTE FOUNDATION**

**Statement of Operations**

**Year Ended March 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>Revenue</b>		
Rental income	\$ 1,479,527	\$ 1,106,750
Government grants and subsidies	736,157	1,051,582
General contributions and donations	270,370	161,067
Investment income	177,233	187,671
Retail sales	69,057	63,489
Admissions and memberships	64,737	31,423
Management fees	32,956	33,960
Program and other revenue	23,382	22,597
	<u>2,853,419</u>	<u>2,658,539</u>
<b>Expenses</b>		
Salaries and wages	1,568,713	1,275,624
Operations, administration and marketing	472,365	488,384
Other building costs, net of recoveries (Note 9)	233,932	299,417
Cost of retail goods sold	51,570	36,034
Investment management	50,321	38,113
Building repairs and maintenance	46,546	68,129
	<u>2,423,447</u>	<u>2,205,701</u>
Income from operations	<u>429,972</u>	<u>452,838</u>
Other income		
Unrealized fair value increase on investments	1,083,494	1,493,217
Gain on disposal of investments	22,895	17,660
Interest income	12,296	-
	<u>1,118,685</u>	<u>1,510,877</u>
Excess of revenue over expenses before amortization	1,548,657	1,963,715
Amortization of property and equipment	<u>(299,962)</u>	<u>(222,598)</u>
<b>Excess of revenue over expenses for the year</b>	<u>\$ 1,248,695</u>	<u>\$ 1,741,117</u>

**THE PETER AND CATHARINE WHYTE FOUNDATION**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2022**

	<b>Invested in Property and Equipment</b>	<b>Restricted for Endowment Purposes</b>	<b>Internally Restricted</b>	<b>Externally Restricted</b>	<b>Unrestricted</b>	<b>2022</b>	<b>2021</b>
<b>Balance, beginning of the year</b>	<b>\$ 2,426,779</b>	<b>\$ 19,517,254</b>	<b>\$ 1,188,820</b>	<b>\$ 600,000</b>	<b>\$ 1,353,612</b>	<b>\$ 25,086,465</b>	<b>\$ 23,434,052</b>
Excess of revenue over expenses	-	-	-	-	1,248,695	1,248,695	1,741,117
Internally funded additions to property and equipment	91,431	4,710	-	-	(96,141)	-	-
Amortization of property and equipment	(299,962)	-	-	-	299,962	-	-
Transfers to/from restricted net assets		-	429,972	-	(429,972)	-	-
Internally restricted expenditures			(284,135)			(284,135)	(88,704)
<b>Balance, end of the year</b>	<b>\$ 2,218,248</b>	<b>\$ 19,521,964</b>	<b>\$ 1,334,657</b>	<b>\$ 600,000</b>	<b>\$ 2,376,156</b>	<b>\$ 26,051,025</b>	<b>\$ 25,086,465</b>

**THE PETER AND CATHARINE WHYTE FOUNDATION**

**Statement of Cash Flows**

**Year Ended March 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 1,248,695	\$ 1,741,117
Items not affecting cash:		
Unrealized fair value (increase) decrease on investments	(1,083,494)	(1,493,217)
Amortization of property and equipment	299,962	222,598
Gain on disposal of investments	(22,895)	(17,660)
	<u>442,268</u>	<u>452,838</u>
 Changes in non-cash working capital:		
Accounts receivable	71,106	(51,903)
GST recoverable	(2,037)	(32,119)
Inventory	21,089	10,405
Prepaid expenses	(8,733)	(3,018)
Accounts payable and accrued liabilities	(10,566)	(57,619)
Deferred revenue	(50,500)	18,453
Deposits	1,142	9,253
	<u>21,501</u>	<u>(106,548)</u>
	<u>463,769</u>	<u>346,290</u>
 <b>Cash flows from investing activities</b>		
Additions to investments	(615,144)	(1,176,719)
Proceeds from disposal of investments	653,215	1,187,658
Additions to property and equipment	(96,140)	(60,103)
Internally restricted expenditures	(284,134)	(88,704)
	<u>(342,203)</u>	<u>(137,868)</u>
 <b>Net change in cash / deficiency</b>	<b>121,566</b>	<b>208,423</b>
 <b>Cash (deficiency), beginning of the year</b>	<b>341,853</b>	<b>133,430</b>
 <b>Cash (deficiency), end of the year</b>	<b>\$ 463,419</b>	<b>\$ 341,853</b>

# THE PETER AND CATHARINE WHYTE FOUNDATION

## Notes to Financial Statements

March 31, 2022

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### 1. Purpose of the Organization

The Peter and Catharine Whyte Foundation is a registered charitable organization located in Banff, Alberta, Canada. The purpose of the organization is to assist in educational, cultural and aesthetic pursuits connected with the Canadian Rockies and to examine the relationship between culture and mountains.

### 2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### a) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions designated for a specific purpose are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably assured.

Endowment contributions are recognized as direct increases in net assets.

Revenue from retail sales, government grants, admissions and memberships, management fees, program and other revenue, rental income and unrestricted investment income is recognized when earned.

#### b) Cash

Cash includes cash on deposit and short-term investments that have a term to maturity less than a year from the date of purchase unless they are held for investments rather than liquidity purposes, in which case they are classified as long-term investments.

#### c) Inventory

Inventory is stated at the lower of cost and market value determined on the basis of replacement cost or net realizable value as appropriate.

#### d) Investments

Investments in marketable securities are recorded at fair value.

#### e) Property and equipment

Property and equipment is recorded at cost. Amortization on property and equipment is calculated at rates designed to charge operations with the cost of property and equipment over their estimated useful lives as follows:

Buildings	40 years	straight-line
Museum exhibits	5 years	straight-line
Furniture and equipment	10 years	straight-line
Computer equipment	4 years	straight-line
Automotive	10 years	straight-line



# THE PETER AND CATHARINE WHYTE FOUNDATION

## Notes to Financial Statements

March 31, 2022

### 2. Summary of significant accounting policies (Continued)

#### f) Collections

Collection items constitute a significant portion of the Foundations value. Collection items are expensed when purchased.

#### g) Financial instruments

The carrying value of accounts receivable, investments, current liabilities and long-term debt approximate their fair values.

#### h) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from the estimates made by the Museum as additional information becomes available in the future.

#### i) Contributed services

The work of the Foundation is dependant on and thankful for the voluntary services of many individuals and organizations. Because of the difficulty of determining fair value, contributed services are not recognized in these financial statements.

### 3. Investments

	General	Jones Scholarship	2022 Total	2021 Total
Balance, beginning of the year	\$ 6,498,446	\$ 644,463	\$ 7,142,909	\$ 5,642,972
Dividend income	167,973	16,301	184,274	166,816
Interest Income	11,892	290	12,182	19,148
Donations	42,232	-	42,232	36,951
Realized gain (loss)	20,713	2,182	22,895	17,660
Unrealized gain (loss)	983,562	99,932	1,083,494	1,493,217
Cash withdrawals	(211,883)	(12,000)	(223,883)	(181,836)
Transfer (to) from managed portfolio	-	-	-	(12,000)
Management fee	(49,197)	(3,679)	(52,876)	(40,019)
Balance, end of the year	7,463,738	747,489	8,211,227	7,142,909
Less: Restricted portion	4,205,449	600,000	4,805,449	4,805,449
Unrestricted	\$ 3,258,289	\$ 147,489	\$ 3,405,778	\$ 2,337,460

Investments are held in BMO Nesbitt Burns accounts and consist of cash, fixed income and equity investments. The restricted portion of investments includes amounts restricted for Endowment purposes, a cash reserve of \$250,000, as required by the Alberta Foundation for the Arts, and the Jones Scholarship.

# THE PETER AND CATHARINE WHYTE FOUNDATION

## Notes to Financial Statements

March 31, 2022

### 4. Income Producing Properties

Income producing properties represent investments in properties which are used to produce rental income to be used by the Foundation to meet its objectives. The properties were received as endowments but the use, and eventual disposition, of these properties is at the discretion of the Foundation's board of directors. Properties acquired prior to 1989 are stated at the value determined by an independent appraisal in September 1989. Properties acquired subsequent to 1989 are recorded at cost. No amortization is charged against income producing properties.

### 5. Property and Equipment

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Buildings	\$ 4,491,950	\$ 3,499,254	\$ 992,696	\$ 1,107,258
Leasehold land	1,088,000	-	1,088,000	1,088,000
Furniture and equipment	624,942	612,942	12,000	35,430
Museum exhibits	610,834	610,834	-	61,083
Computer equipment	385,816	273,976	111,840	117,385
Automotive	39,095	25,375	13,720	17,630
	<u>\$ 7,240,637</u>	<u>\$ 5,022,381</u>	<u>\$ 2,218,256</u>	<u>\$ 2,426,786</u>

### 6. Bank Indebtedness

The Foundation has a line of credit available with the Bank of Montreal to a maximum of \$350,000, bearing interest at a rate of prime plus 1%. The Foundation also has a corporate Mastercard available to a maximum of \$40,000. Security lodged in support of the debt includes a corporate Mastercard agreement, borrowing resolution, general security agreement, first charge over Foundation property at 101 Banff Avenue in the amount of \$1,000,000 and assignment of rents and insurance on that property. The Foundation drew down none of the line of credit this year.

### 7. Externally Restricted Net Assets

The Foundation holds a separate investment account (Note 3), known as the Jones Scholarship, for the purpose of funding a scholarship for study and research relating to the history of western Canada. In accordance with the wishes of the donor, the original bequest of \$600,000 has been invested and the income derived from the investments, less fees for administering the portfolio and scholarship, may only be used to fund the annual scholarship award.

# THE PETER AND CATHARINE WHYTE FOUNDATION

## Notes to Financial Statements

March 31, 2022

### 8. Internally Restricted Net Assets

	Balance, Beginning of Year	Internally Imposed Restrictions	Net Withdrawals/ Expenditures for the year	Balance, End of Year
Building reserve	\$ 895,274	\$ 189,972	\$ (172,833)	\$ 912,413
Equipment reserve	166,824	160,000	-	326,824
Collections Records Management	111,296	60,000	(111,296)	60,000
Collections Care & Acquisition Fund	8,560	20,000	-	28,560
Exposure	729	-	-	729
Archive Supplies	6,137	-	(6)	6,131
	<u>\$ 1,188,820</u>	<u>\$ 429,972</u>	<u>\$ (284,135)</u>	<u>\$ 1,334,657</u>

The Foundation has set aside a portion of its unrestricted net assets to provide funding for projects of an ongoing nature. The changes in these internally restricted net assets for the year were as above.

### 9. Other Building Costs

	2022	2021
Property taxes	\$ 330,298	\$ 249,457
Utilities	200,372	169,288
Condominium fees	105,896	97,146
Property and liability insurance	74,449	62,643
Less: Triple net rent charged on income producing properties	(477,083)	(279,117)
Total	<u>\$ 233,932</u>	<u>\$ 299,417</u>

### 10. COVID-19 and Subsequent Events

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

During this financial year the museum was closed from April 2021 to July 2021 and since then, has been operating five days per week rather than seven, as was the case before COVID-19.

The Foundation has taken advantage of the Canada Emergency Wage Subsidy to subsidize its wage expenses until the program was terminated this financial year. Canada Emergency Commercial Rent Assistance was no longer received this financial year.

The Foundation has had many revenue sources reduced significantly. However, with remaining COVID-19 restrictions being lifted through spring of 2022, we expect the effect on the financial statements going forward to be limited.

# THE PETER AND CATHARINE WHYTE FOUNDATION

## Notes to Financial Statements

March 31, 2022

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### 11. Financial Risks

#### a) Credit risk

Credit risk associated with accounts receivable and investments arises from the possibility that parties may default on their financial obligations. The maximum exposure to credit risk is the carrying value of accounts receivable and investments. Investments in cash, fixed income and equity securities are held by a large, federally regulated, investment broker. Accounts receivable are due primarily from the organization's commercial tenants. As described in Note 11, COVID-19 restrictions have eased over the financial year and with the return to normal economic conditions, there is less risk of commercial tenants defaulting on payments. Credit risk exposure has reduced from 2021.

#### b) Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations on a timely basis. Cash flow from rental properties funds a substantial portion of the organization's cash requirements. As described in Note 11, COVID-19 restrictions have been easing through the financial year and this rental income has recovered. Cash requirements that exceed those provided by museum operations may also be met with the use of advances from the available operating line of credit. These advances have no set repayment terms so provide the organization with flexibility in the short term to meet operational needs. There has been no change to the liquidity risk exposure from 2021.

#### c) Currency risk

Currency risk arises from financial instruments, primarily cash, investments and accounts payable, denominated in a currency other than the Canadian dollar. The organization pays for minor operating expenses in various foreign currencies. The accounts payable are of a short duration and Canadian funds are exchanged for foreign currencies at the time of payment, which minimizes exposure to foreign currency fluctuation. There has been no change to the risk exposure from 2021.

#### d) Interest rate risk

The organization's available operating line of credit has a variable interest rate based on the bank's commercial prime lending rate. As a result, the organization could be exposed to interest rate risk due to fluctuations in the commercial prime lending rate. The organization holds a portion of its investments in cash in an interest bearing investment account, subject to floating interest rates. It also holds investments with fixed interest rates for periods of a year or longer. As a result, the organization's investments are exposed to moderate interest rate risk due to fluctuations in the prime lending rate. Subsequent to the year end, the prime interest rate has increased substantially. Higher volatility means an increase to this risk exposure from 2021.