

Annual Report

April 2017 – March 2018



BANFF
CENTRE
FOR ARTS AND
CREATIVITY



Tribe Called Red, 2017.
Photo by Rita Taylor.

Cover image:
Slime 2018. Photo
by Donald Lee.

Banff Centre for Arts and Creativity

Annual Report

April 2017 – March 2018

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 Annual Report on progress towards the goals and outcomes for 2017/2018 as detailed in the 2017-2020 Comprehensive Institutional Plan (CIP).



Ballet BC Studio session.
Photo by Donald Lee.

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Accountability Statement

Banff Centre's Annual Report for the year ending March 31, 2018 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 Annual Report.



David T. Weyant, Q.C.
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 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





Suzanne Kite, Walter Phillips Gallery. Photo by Rita Taylor.

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



THIS PAST YEAR MARKS A SIGNIFICANT MILESTONE FOR Banff Centre for Arts and Creativity as we celebrate 85 years of supporting artists and promoting their work. This is the ideal opportunity to take stock of the institution's history while looking ahead toward meeting the priorities in *The Creative Voice*, the Centre's current strategic plan. Looking back, Banff Centre has had an exciting history. The institution continues to evolve but at the centre of this growth is an unwavering commitment to help artists and leaders create and share powerful ideas. This support never wavers, and Banff Centre looks forward to a promising future filled with cultural and educational impact for generations to come.

There is no greater measure of Banff Centre's success than the art itself, and this year was an exceptional year for innovative and challenging work. Among some incredible and noteworthy works was *Illuminations: human/nature*, a participatory artwork experience celebrating Canada's 150th created by Sarah Fuller and the Montreal-based multimedia studio, Moment Factory. This powerful immersive piece re-imagined nature in Banff National Park and Rouge National Urban Park in the Greater Toronto Area.

Another outstanding production that showcases the effect that Banff Centre can have on artists' work was Ballet BC's *Romeo and Juliet*. This dance interpretation of the Shakespearean play was created, workshopped, and presented at Banff Centre prior to its premiere, and went on to break sales records in Vancouver and during a three-week tour through Europe that included sold out shows in London.

This year Banff Centre hit a significant new landmark in realizing its goal of becoming the centre of excellence for Indigenous programs that we are uniquely positioned to offer. The incomparable Renelta Arluk was announced as the first year-round Director of Indigenous Arts and launched the first *Indigenous Team Storytellers and Spoken Word* residency in February 2018. A long list of additional programs will be announced in September 2018. The *Truth and Reconciliation through Right Relations* program was also launched in October 2017, focusing primarily on non-Indigenous audiences and raising awareness of Canada's shared history with Indigenous peoples.

Another indication of success for this anniversary year was the renovation of Lloyd Hall which added rooms and transformed the building. Completed in December 2017, guests can take in the best views in Banff from rejuvenated rooms. These renovations transformed the reception area and the hallways with an updated, modern, and comfortable feel.

With more transformations on the horizon, Banff Centre is in a solid position as a world-class post-secondary institution for arts and leadership training. The legacy of this institution is built on giving artists the freedom to challenge themselves, take risks, and make the strongest work they can. It is the largest arts organization in Western Canada and one of the most influential arts organizations in the country. Banff Centre will continually evolve in order to remain relevant and ensure optimal public value as a post-secondary institution and as a prominent global player in arts, culture, and creativity.

Through the passionate dedication of the Board of Governors, Foundation Board Directors, supporters including the Government of Alberta and the Government of Canada, staff, along with arts and leadership participants – Banff Centre for Arts and Creativity is implementing the strategic plan and living up to its extraordinary legacy. There is a beautiful energy taking over campus this year and this creativity is carrying the institution to new heights. We look forward to fulfilling the mission and mandate of this unique post-secondary institution for another 85 years.



Janice Price
President and
CEO



David T. Weyant, Q.C.
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 2017/18 towards accomplishing these initiatives over the five year period.

RESPONSE TO THE FOLLOWING MARKET TREND

PROGRESS IN 2017/18

Priority Initiative: A commitment to advancing artistic learning

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 digital space.

Examples of additional offerings include:

Banff Centre launched a *Cultural Leadership Program* that is aimed at preparing mid-career arts administrators for leadership roles in the cultural sector. The program attracted participants from Alberta and across Canada.

Banff Centre hosted *Bridging Realities Lab*, a virtual reality workshop where artists and technicians developed their understanding of virtual reality and how it might evolve and inform future opera projects.

Priority Initiative: Banff Centre as a cultural destination

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 80,000 audience members annually – adds arts and culture engagement to the Banff and Bow Valley tourism experience.

In addition to Banff Centre International String Quartet Competition (BISQC) and Banff Centre Mountain Film and Book Festival continuing to attract audience members from across the country and the world, Banff Centre’s Shaw Amphitheatre Outdoor Concert Series attracted an increased number of audience members by 3,311 in 2017/18 over 2016/17.

RESPONSE TO THE FOLLOWING MARKET TREND

PROGRESS IN 2017/18

Priority Initiative: A centre of excellence for Indigenous programs

The Truth and Reconciliation Commission's Final Report has 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.

Truth and Reconciliation through Right Relations was launched in October 2017, led by Indigenous faculty and sold out with a cohort of primarily non-Indigenous participants, but included those working closely with and for Indigenous communities (e.g., Circle for Philanthropy and the Government of Canada).

Indigenous Arts was expanded to include year-round programming with a full time Indigenous Arts Director, Associate Director, and Program Manager hired. This new team launched its first residency in February 2018. *The Indigenous Team Storytellers and Spoken Word* residency pushed the parameters of traditional storytelling, while maintaining the integrity of how stories come to be.

Priority Initiative: A destination for creativity in leadership and conferences

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 from other post-secondary institutions.

A new Leadership Intensive suite was successfully launched in the fall of 2017 with 94 participants. These programs are designed to be accessible and relevant to diverse cohorts from across sectors, building on the existing strengths of Banff Centre. The content is meant to prepare and empower the next generation of Canadian leaders to make their own unique contribution to society. Content from these Intensives has also been customized for specific sectors and onsite Banff Centre conference groups.

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.

Banff Centre delivered 364 conferences that were attended by 26,700 delegates in 2017/18. Total revenue from this conference activity represented a slight increase from 2016/17.

Priority Initiative: A creative home on sacred and protected land

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 completed the significantly rehabilitated Lloyd Hall participant residence project in December of 2017. Banff Centre has continued conversations with the Government of Alberta to secure funding for the redevelopment of the Performing Arts and Learning Complex, in a scaled-down form. Banff Centre intends to also seek funding from the Government of Canada and the private sector.

Priority Initiative: An adaptive and resilient organization

With ongoing economic uncertainty, all 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.

Banff Centre continues initiatives to build a more sustainable operating model and a strong balance sheet, evidenced by operating surpluses in fiscal 2016/17 and 2017/18 and utilization of its lease facility to fund strategic capital investments. This and increased Infrastructure Maintenance Program (including capital renewal) funding from the province of Alberta has allowed Banff Centre to continue investing in existing facilities, as well as IT systems and security. Efficiencies are also being realized through continued process improvement to avoid duplication of effort and to centralize shared services.



Creative Gesture Collective
Composition Lab. Photo by
Donald Lee.



Goals, Priority Initiatives, Expected Outcomes, and Performance Measures

ACCESSIBILITY

GOAL 1

Seek to maintain, or increase if possible, scholarship levels for all learners with financial need.

Emerging Artist, Audur Omarsdottir. Photo by Rita Taylor.

OUTCOMES

More adult learners are able to attend Banff Centre programs.

STATUS:

Ongoing

PROGRESS MADE IN LAST 12 MONTHS

Several Arts programs were re-designed to create more mission aligned opportunities for adult learners.

Registered participants in Arts programs increased by 8% in 2017/18.

Registered participants in Indigenous Leadership open enrolment offerings increased by 9% in 2017/18.

Financial support is provided to practicum and participants, significantly subsidizing or completely covering the costs of tuition, housing, and meals.

60-70% of Arts program participants receive full or partial subsidy for their participation in both short- and long-term programs.

STATUS:

Ongoing

In 2017/18 the following scholarship funding was distributed:

- Various Programs: 256 leaders from 132 Indigenous communities across Canada received over \$660,000 in financial support.
- Leadership Intensives (open enrolment leadership program): 118 participants received \$370,000.
- *Getting to Maybe* (flagship Leadership program) and *Cultural Leadership* program: 98% of participants received full subsidy including tuition, housing and meals.

Participant subsidies:

- Arts programs: 60-70% of all participants receive full or partial subsidy.
- Indigenous Arts programs: 100% of participants receive full scholarships including tuition, housing, and meals (Banff Centre funds are combined with support from the private sector).

ACCESSIBILITY

GOAL 2

Banff Centre is a place for advanced-level, lifelong learning that is accessible to all qualified learners, including underrepresented learners.

OUTCOMES	PROGRESS MADE IN LAST 12 MONTHS
<p>An increased number of Indigenous Arts and Leadership participants benefit from our programs and can contribute to the quality of life and economic well-being of Alberta and Canada.</p> <ul style="list-style-type: none"> • For the next three years, launch a minimum of two open enrolment Indigenous Leadership programs per year, in addition to the current suite of programs. • Increase program offerings in both Indigenous Arts (to be year-round) and Leadership. <p>STATUS: Ongoing/Adjusted</p>	<p>Indigenous Arts and Leadership program results:</p> <ul style="list-style-type: none"> • Indigenous Leadership programs: 338 Indigenous leaders from 180 communities attended 13 programs (a slight increase over 2016/17). • Programmatic content: A new suite of Leadership Intensive programs were launched that continued Banff Centre's established Indigenous wise practices and right relations approach. <p>Program Delivery and Leadership:</p> <p>Indigenous Arts was expanded to year-round programming with a full time Indigenous Arts Director, Associate Director, and Program Manager hired. Increased programming will span all disciplines, including dance, theatre, digital media, visual arts, and spoken word and explore both traditional and contemporary practices.</p> <p>Due to the suspension of Government of Alberta funding for the Peter Lougheed Leadership Initiative in this past year, the target for open enrolment Indigenous Leadership programs will be reduced. Rather than launching a minimum of two open enrolment Indigenous Leadership programs per year for the next three years, Banff Centre will launch only four programs over the next three years.</p>
<p>An increased number of the works of differently abled artists receive exposure and recognition.</p> <p>Increase program options for artists with disabilities.</p> <p>STATUS: Ongoing</p>	<p>In 2016, Banff Centre hosted and supported the Newworld Theatre and their production of <i>King Arthur's Night</i>, a music and theatre masterpiece co-created by an artist living with Down syndrome. This work travelled across the country in 2017/18, shining a new light on artists with disabilities. It premiered at Luminato Festival in Toronto in June 2017, followed by a performance at the National Arts Centre. <i>King Arthur's Night</i> was also performed at Vancouver's PuSH International Performing Arts Festival in February 2018.</p> <p>Banff Centre supported six artists with disclosed disabilities, along with six support workers in 2017/18. These artists and support workers received 100% scholarships including tuition, housing, and meals.</p>



ACCESSIBILITY

GOAL 3

Banff Centre's Arts and Leadership programs continue to serve the lifelong learning goals of Albertans.

Masako Miyazaki, BAIR.
Photo by Rita Taylor.

OUTCOMES

An increased number of practicum-trained artists and leaders are prepared for entering the workforce.

Increase in the number of practicum training opportunities.

STATUS:

Ongoing

PROGRESS MADE IN LAST 12 MONTHS

A review of the practicum training programs conducted in 2017/18 included consultation and collaboration with relevant partners in the adult learning environment (that are engaged in undergraduate/graduate level skills training). The review considered all components of Banff Centre's programming and included interviews with Directors of Banff Centre's discipline areas, mentors, and participants. It also compared the program to other successful work/study programs and reviewed current research in the field. The results of the review will help inform Banff Centre's reset of its practicum training programs in 2018-19. Banff Centre received 394 applications for 116 practicum positions in 2017/18.

Banff Centre launched a *Cultural Leadership* program during 2017/18 that is aimed at preparing mid-career arts administrators for leadership roles in the cultural sector.

OUTCOMES

PROGRESS MADE IN LAST 12 MONTHS

An increased number of Alberta-based artists receive training and mentoring from high calibre faculty, together with other national and international artists.

- Increase in the number of applicants and accepted applicants from Alberta.
- Full enrolment in every program.
- Ratio of high-calibre faculty to participant is maintained at 1:25.

STATUS:

Ongoing

Participant results and demographics:

- 1,109 of registered participants in Arts programming were Albertan, compared to 1,080 in 2016/17.
- 2,055 of registered participants in Arts programming in 2017/18 were Canadian, compared to 1,966 in 2016/17.
- Banff Centre targeted 1,359 enrolled participants in 2017/18 for adjudicated Arts programming. Actual enrolled participants totalled 1,502.
- Faculty to participant ratios were maintained at an average of 1:25 across all Arts programs.

An increased number of participants in our local and regional communities are exposed to national and international leaders in the arts and leadership.

- Increase in the number of participants and Indigenous participants in our community outreach programs.

STATUS:

Ongoing

Increased regional participation:

- 2017/18 full enrolment targets were met in Leadership Intensives.
- In 2017/18, 61% of Banff Centre's participants in Leadership programs were Albertans (a slight increase from 2016/17).

In 2017, Banff Centre launched a Truth and Reconciliation speaker series that featured faculty and subject matter experts from across North America, in collaboration with local Bow Valley Elders and youth. Attendance and interest in the speaker series has been significant (50 - 175 people per event).

New K-12 programming promotes the development of relevant arts and leadership skills.

- Development and launch of K-12 programming, with implementation to initially begin in the Bow Valley school system.

STATUS:

Adjusted

Child, youth, and community participation:

- Banff Centre re-evaluated this outcome and has refocused its efforts to develop more comprehensive community outreach initiatives.
- Banff Centre's new Open Studio Series includes free public events that offer "behind the scenes" and "in progress" presentations including access to open performances, rehearsals, readings, studios, and artist talks. The Series encourages lifelong learning and provides intimate interactions with artists and artistic works in progress.
- Banff Centre's Children's Festival, originally held in May, has been reframed as the Family Day Winter Arts Festival and will be launched in February 2019.

ACCESSIBILITY

GOAL 4

Banff Centre's public events are more publicly accessible and expose audiences to new cultural experiences.

OUTCOMES

A new Presenting program attracts increased numbers of Bow Valley, Alberta, and other attendees, broadening Albertan attendees' national and international exposure and contributing to the support and development of Alberta and Canada's knowledge and creative economy. Increased attendance from Bow Valley residents and Albertans overall, make the Banff campus a welcoming cultural destination.

STATUS:

Ongoing

PROGRESS MADE IN LAST 12 MONTHS

Attendance numbers and demographics:

- Audience members from Alberta grew from 83% of total audience members in 2016/17 to 89% in 2017/18.
- Audience members from the rest of Canada decreased slightly from 12% in 2016/17 to 9% in 2017/18.
- Audience members from outside Canada also decreased slightly from 3% in 2016/17 to 2% in 2017/18.

Banff Centre's 2017/18 Presenting program included support to Frederick Gravel's *Some Hope for the Bastards*. It was part of a commissioning agreement with the National Candance Network which supported the development and presentation of a Canadian dance piece (from creation through to touring).

Produce and launch a new Presenting program in 2018/19.

STATUS:

Ongoing

Under the direction of a new Director of Presenting, Banff Centre's program will include:

- Showcasing an Indigenous Arts series; performers from Arts programs, including residency mainstage performance opportunities; Arts programming faculty, and Presenting program talent in an interview series; and
- Partnering with provincial and national performing arts festivals and organizations.

ACCESSIBILITY

GOAL 5

Banff Centre provides participant-focused, relevant mental health support.

OUTCOMES	PROGRESS MADE IN LAST 12 MONTHS
<p>Participants positively assess the mental health and well-being support available to them during their stay.</p> <p>STATUS: Ongoing</p>	<p>Banff Centre continues to research and develop mental health and wellness programs for participants through the support of the Government of Alberta's Post-Secondary Student Mental Health Grant. Banff Centre's programs and training (in development) will supplement one-on-one appointments, provide tools for self-management, focus on inclusivity and stigma reduction, and ensure access to emergency and crisis management.</p> <p>Banff Centre conducts regular workshops and learning sessions for participants and staff on preventative mental health and wellness strategies – including Mental Health First Aid training.</p> <p>Banff Centre established a campus-wide working group consisting of Indigenous and non-Indigenous staff and practicum students who meet regularly and discuss various issues including mental health and well-being.</p>
<p>Continuing to expand and be part of the community prevention of, and response to, harassment and sexual violence.</p> <p>Increased proactive response and accountability in addressing allegations of harassment and sexual violence.</p> <p>Increased support for parties involved in investigations.</p> <p>STATUS: Ongoing</p>	<p>The programs and initiatives launched in 2016-17 continued to include a focus on increasing awareness of sexual violence and harassment issues, reducing stigma surrounding the reporting of sexual violence, and ensuring a supported experience on campus.</p> <p>Banff Centre also continued to adhere to its spring 2018 Board approved policy – <i>Response to and Prevention of Sexual Violence</i> (with near 100% staff attendance at antiharassment training in 2017/18, which will be repeated annually).</p>

AFFORDABILITY

GOAL 1

Cost is not a major barrier to the majority of participants wishing to access Banff Centre's Arts and Leadership programming.

OUTCOMES

An increased empowerment of leadership in the region's Indigenous communities through greater access to our training delivered offsite.

An increase in the number and location of offsite, custom offerings to Indigenous communities.

STATUS:

Ongoing

PROGRESS MADE IN LAST 12 MONTHS

Indigenous community participation:

Over 50% of Banff Centre Indigenous Leadership program participants in 2017/18 came from Alberta. This included 46 participants from local Treaty 7 Indigenous communities.

Fundraising efforts continue to focus on ensuring Indigenous communities have affordable access to Banff Centre programs, while building partnerships and recruiting faculty to support programming expansion into remote communities.



Contextual
Intelligence.
Photo by
Rita Taylor.

OUTCOMES

PROGRESS MADE IN LAST 12 MONTHS

Increased attendance of Indigenous participants in Leadership programs is promoted through financial support and relevant programming.

- **Meet or exceed 70% scholarship levels for Indigenous Leadership program participants.**
- **Ensure 35% of Leadership program spaces are reserved for emerging leaders in the non-profit sector, in addition to Indigenous leaders participating in non-Indigenous Leadership programs. These participants will have their program costs subsidized at 70%.**

Programs with no financial barriers continue to be widely accessible to Indigenous Arts participants.

- **Subsidize 100% of costs for Indigenous Arts participants.**

STATUS:

Ongoing

Increased Indigenous Leadership opportunities:

Banff Centre awarded scholarship funding totaling over \$660,000, distributed to 256 leaders from 132 Indigenous communities across Canada.

76% of all participants in Banff Centre's Indigenous-specific open enrolment programs received partial funding support to offset the cost of tuition, meals, and accommodation. On average individuals received 70% or more of their costs covered by a scholarship.

38% of Leadership program spaces were reserved for leaders in the non-profit, Indigenous, social, and entrepreneurial sectors. These participants had their program costs subsidized from 30% - 80%, based on need and available funding opportunities.

Currently Banff Centre provides scholarships (including tuition, housing, and meals) up to 100% for Indigenous Arts program participants (with additional support from the private sector).

Increased revenue assists in creating a more resilient and sustainable organization.

- **An increase in earned revenue from both conference/hospitality services as well as private sector fundraising.**

STATUS:

Ongoing

Banff Centre delivered 364 conferences that were attended by 26,700 delegates in 2017/18. Total revenue from this conference activity represented a slight increase from 2016/17.

Banff Centre continued with its conference product development, including industry-leading meeting design and programs that connect conference guests with Banff Centre's Arts and Leadership offerings.

Final fiscal results, and feedback from supporters, recognize a continuing challenging economic climate in Alberta. While the total number of donors increased (732 vs. 679), total private sector revenue commitments (in fiscal and for future years) realized only 0.1% growth compared to 2016/17.

In line with the goal to increase sustainability of funding through endowments, Banff Centre was also able to successfully apply to the Endowment Incentives Component of the Canada Cultural Investment Fund receiving the contribution amount of \$659,575 leveraged through the program and the private sector gifts received during the eligibility period.

Thanks to the investment success of our endowments over the past several years, Banff Centre was also able to increase the total utilization of endowment earnings in 2017/18 from \$1.2M to \$3.1M.

AFFORDABILITY

GOAL 2

Seek to maintain, or increase if possible, scholarship levels for all learners with financial need.

OUTCOMES	PROGRESS MADE IN LAST 12 MONTHS
<p>More adult learners are able to attend Banff Centre programs.</p>	<p>60-70% of all Arts program participants currently receive full or partial subsidy.</p>
<p>Financial support is provided to practicum and participants, significantly subsidizing or completely covering the costs of tuition, housing, and meals.</p>	<p>Banff Centre awarded scholarship funding totaling over \$660,000.00 to 256 leaders from 132 Indigenous communities across Canada.</p> <p>118 participants in Leadership Intensives were supported with over \$370,000 of scholarship funding.</p>
<p>60 – 70% of Arts program participants receive full or partial subsidy for their participation in both short- and long-term programs.</p>	<p>98% of participants in <i>Getting to Maybe</i> received full subsidy of the cost of tuition, housing, and meals.</p>
<p>STATUS: Ongoing</p>	<p>Currently Banff Centre provides scholarships (covering the cost of tuition, housing, and meals) to 100% of Indigenous Arts program participants with contributing support from the private sector.</p>



Indigenous Arts working on a play by Monique Mojica. Photo by Donald Lee.



Qaggiavuut rehearsal.
Photo by Donald Lee.

QUALITY

GOAL 1

Banff Centre is a recognized national and global leader in research, education, and facilitation to implement the Truth and Reconciliation Commission's (TRC's) Calls to Action.

OUTCOMES	PROGRESS MADE IN LAST 12 MONTHS
<p>An increased regional and national awareness and provision of practical skills related to reconciliation.</p> <ul style="list-style-type: none"> • An increase in the number of private, non-profit, and public sector clients who participate in our facilitated sessions around the TRC recommendations. <p>STATUS: Ongoing</p>	<p>In 2017, Banff Centre launched a Truth and Reconciliation speaker series for the Bow Valley community. Attendance and interest in the series has been significant and Banff Centre will continue to foster community relations initiatives throughout 2018/19 and beyond.</p> <p>Banff Centre Indigenous Leadership Directors routinely offer support and advice to the social innovation/non-profit and public sectors through participation in networking events and partnership conversations, thereby raising awareness and providing practical skills related to reconciliation.</p>
<p>The understanding of all Albertans and Canadians is aligned regarding how the future can be shaped with a healthier national culture.</p> <p>Launch new <i>Reconciliation and Right Relations</i> program (presently named <i>Truth and Reconciliation through Right Relations</i> program) in October 2017, focusing on non-Indigenous audiences, with an expansion to include Indigenous audiences and mixed cohorts by 2019.</p> <p>STATUS: Ongoing</p>	<p><i>Truth and Reconciliation through Right Relations</i> launched in October 2017, led by Indigenous faculty and sold out with a cohort of primarily non-Indigenous participants but included those working closely with and for Indigenous communities (e.g., Circle for Philanthropy and the Government of Canada). Due to high demand by Indigenous leaders, Banff Centre has opened the cohort to Indigenous participants for 2018/19 and beyond. Ongoing conversations with non-profit, corporate, and public sector partners will also lead to offering shorter versions of the program.</p> <p>A full version of the program began to be offered to Banff Centre staff during 2017/18.</p>
<p>An increased use of Indigenous wise practices informs the pedagogy and learning process of non-Indigenous programming, providing a greater knowledge base for a national culture.</p> <p>STATUS: Ongoing</p>	<p>Banff Centre recognizes that there is tremendous value in applying an Indigenous lens to all of its Arts and Leadership programming.</p> <p>Banff Centre continues to establish Indigenous wise practices and right relations in all programmatic content including: involving Elders, inviting special guest speakers, incorporating ceremony to enhance learning, and/or engaging Indigenous faculty.</p>

QUALITY

GOAL 2

Banff Centre's programming is recognized and measured for its quality, at both national and international levels.

OUTCOMES

The implementation of a new, effective evaluation mechanism provides feedback from our program participants, and a basis for continual program improvement.

- **A new, effective evaluation tool is implemented, and data will be collected and reported in subsequent annual reports.**

STATUS:

Ongoing

PROGRESS MADE IN LAST 12 MONTHS

Banff Centre launched its new approach to evaluation in 2017/18 to ensure an understanding of program impact, legacy, and relevance. This includes conducting improved and more structured program debriefs.

A review of sharing opportunities across Campus Alberta is underway to determine what potential there is to share the implementation of an evaluation tool, which could potentially help minimize costs and increase efficiencies for Banff Centre. The implementation of an evaluation tool is planned once the review is complete.

Vendor selected in 2017 and a new system is implemented in fall 2018 ensuring participants and alumni relationships are sustained and nurtured, contributing to improved programming and services for future artists and leaders.

STATUS:

Ongoing

A vendor for a new student information system was selected in 2017/18 and the implementation of the system will be completed by fall 2019. The potential for extending the new system to include alumni continues to be explored.



George Lewis Tutti at Ensemble Evolution Rehearsal. Photo by Jessica Wittman.

OUTCOMES

Alberta is recognized for its contributions to the success of adult learners and their role in the cultural and leadership industries through the achievements of Banff Centre participants and alumni.

Monitoring and reporting on data/questionnaire results in subsequent annual reports will help guide the Centre in maintaining a consistency or increase in quality, employability, and other success measures for alumni.

STATUS:

Ongoing

PROGRESS MADE IN LAST 12 MONTHS

The *Banff Research in Culture* (BRiC) program is designed for advanced graduate students, postdoctoral students, and junior faculty engaged in advanced theoretic research on themes and topics in culture and the intersection between culture and community. Participating researchers and artists, architects, and writers must have completed formal training in their discipline and demonstrated a commitment to exhibition, publication, and professional practice.

In 2017/18 BRiC explored futurism through the *Year 2067* program. Additionally, the *Banff International Curatorial Institute Geologic Time* program examined the effects of human actions on geologic processes, and what is at stake for cultural production.

Banff Centre established an enhanced Alumni Relations Strategy in 2017/18 that will be launched in 2018/19. It identifies the ways that Banff Centre will increase its understanding of and expand its alumni impact by: leveraging the Centre's reputation and reach to attract new participants; engaging alumni as brand ambassadors; developing a culture that celebrates alumni; connecting with and welcoming alumni back 'home' to campus; and capturing alumni stories to tell others about the unique opportunities that Banff Centre offers.

Throughout 2017/18, alumni from across Canada and beyond were welcomed to campus and featured in various marketing and communication platforms including social media and *InStudio*, Banff Centre's biannual magazine. Eight promotional "City One-pagers" also showcased the remarkable work and accomplishments of alumni.

QUALITY

GOAL 3

Banff Centre assesses gaps in learning opportunities for artists and leaders, and responds with relevant, high quality programming.

OUTCOMES

PROGRESS MADE IN LAST 12 MONTHS

Full enrolment in Banff Centre's new suite of Leadership programs improves the quality of life and employability of Albertans and Canadians.

STATUS:

Ongoing

The majority of new Leadership programs that Banff Centre launched in 2017/18 were within the open enrolment suite referred to as Leadership Intensives. The design signature for this suite is grounded in the intention that programs are informed by both artistic and Indigenous perspectives. Banff Centre considers these perspectives to be critical for leadership in these times, and integral to the institution.

Generally, enrolment targets for these programs were either met or exceeded.

Feedback from participant evaluations for those programs that Banff Centre has determined will be continued was consistently at 4.7/5 in terms of quality of program content, relevancy, and quality of faculty.

An increased number of practicum participants and renewed program relevancy in creative industry and media arts programming assists in supporting these industries and their economic well-being in Alberta and Canada.

- Increase the number of practicum positions.
- Develop a new, industry-relevant pedagogical model for the practicum program – with a new revamped program launch in 2019/20.

Increased access to technology on campus, including virtual reality and other industry-standard, industry-relevant equipment enables the Centre to play a more significant information sharing role in Alberta's post-secondary sector.

STATUS:

Ongoing

Banff Centre reviewed its practicum training programs in 2017/18 in order to realize opportunities that will better prepare practicum participants for employment in the cultural and creative industries, both in Alberta and beyond.

The review included a concerted effort to consult and collaborate with other relevant partners in the adult learning environment that are engaged in undergraduate/graduate level skills training. The review considered all components of Banff Centre's program, and included interviews with those directing an area of the program, the mentors, and a representative number of participants. It also compared the program to other successful work/study programs and reviewed current research in the field.

Results from the review will feed into the development of Banff Centre's new program, on track to launch in 2019/20.

OUTCOMES
PROGRESS MADE IN LAST 12 MONTHS

Infrastructure and physical resources are improved and revitalized, providing state-of-the-art learning and performance facilities for Alberta and Canadian Arts and Leadership program participants and audiences.

Material progress towards the revitalization of major parts of Banff Centre's campus, including the Performing Arts and Learning Complex, which is the Centre's number one priority in our capital plan.

STATUS:

Ongoing

Work is underway to use the \$1,982,644 received through the Advanced Education Capital Maintenance and Renewal Grant for the Roofing and Glazing Program to replace aging roofs and skylights on several buildings on Banff Centre's campus.

During 2017/18, Banff Centre continued conversations with the Government of Alberta to secure funding for the critical redevelopment of the Performing Arts and Learning Complex in a scaled form. Banff Centre intends to also seek funding from the Government of Canada and the private sector.

Feedback on the business case received from Governments and other possible funders has indicated that while there is understanding of the need for the project, the original scope and construction schedule required scaling down and that renovation plans should be phased and better aligned with programming needs.

See Capital Plan section of this Annual Report for further details.

An increased number of participants in classical music programming and opportunities to perform contributes to their employability and provides greater learning opportunities for both audiences and participants.

An increase in applicants and participants in classical music programming.

A new evaluation model measures the relevance and employability of participants within the programs.

STATUS:

Ongoing

Banff Centre redesigned its Music program in 2017/18 to include several new summer modules. Applications for these modules increased by 14% over the 2016/17 Summer Music program. Over 30 performance opportunities were provided to participants including open studios, late night, matinees, off campus, and signature performances (an average of 3.75 concerts/week). Performances were attended by over 3,000 audience members.

Fall and winter classical music program applications increased by 20% over 2016/17, largely due to the addition of a choral music component.

Banff Centre's 2017/18 music program plan included *Concert in the 21st Century*, a winter classical music thematic residency, along with 15 weeks of self-directed programming to which many classical musicians applied.

Over 35 performance opportunities for classical musicians were provided throughout the fall and winter residencies.

Banff Centre launched its new approach to evaluation in 2017/18. It continues to fully implement this approach to ensure an understanding of program impact, legacy, and relevance by conducting improved and more structured program debriefs.

COORDINATION

GOAL 1

Banff Centre continues to partner with other members of Alberta's adult learning system to increase its efficiency and effectiveness in serving its learners.



Artist studio,
visual arts. Photo
by Rita Taylor.

OUTCOMES**PROGRESS MADE IN LAST 12 MONTHS**

Knowledge gained from joint applied research initiatives strengthens post-secondary curricula in targeted disciplines across the adult learning system in Alberta.

STATUS:

Ongoing

Banff Centre's Nexen Chair in Indigenous Leadership, Dr. John Borrows, continues to partner with other post-secondary institutions across Alberta and Canada, providing leadership on Indigenous wise practice knowledge for research publications and applied research projects.

Banff Centre Indigenous Leadership Directors regularly presented on the topics of Indigenous wise practice knowledge, reconciliation, and right relations to national and international educational institutions and conferences, including at the *World Indigenous Peoples Conference on Education* with hundreds of Indigenous academics from around the globe in attendance.

Costs and security risks to Banff Centre's Information Technology (IT) infrastructure are reduced, helping to ensure the Centre's ongoing IT partnerships within Alberta's post-secondary system.

STATUS:

Ongoing

Banff Centre continues to monitor risk and cost while evaluating partnership opportunities. Banff Centre is actively participating in the ShareIT Request For Proposal for Preferred Cloud Vendor which replaced the Shared Data Centre Initiative as a more flexible and cost-effective approach. Additionally, Banff Centre is involved in the ShareIT Request For Proposal for vulnerability assessments and penetration testing to deliver a cost-effective information security solution that is consistent across post-secondary institutions. Banff Centre continues to leverage the provincial government's security partnership agreement to deliver 24x7 information security monitoring.

A learning framework is developed that identifies and incorporates synergies of existing public sector and post-secondary programs.

STATUS:

Ongoing

Banff Centre held conversations with Advanced Education during 2017/18 regarding Banff Centre's role in the post-secondary system including the subject of how to better complement the training curriculum of other post-secondary institutions.

Banff Centre Indigenous Leadership Directors routinely offer support and advice to the social innovation/non-profit and public sectors through participation in networking events and partnership conversations, thereby raising awareness and providing practical skills related to reconciliation.

COORDINATION

GOAL 2

Establish collaborative, project-based relationships with at least three other post-secondary institutions to create new opportunities for learning in Alberta, identifying both opportunities and efficiencies within the overall Campus Alberta system.

OUTCOMES

Identify and frame three partnerships in 2017/18 and execute them in 2018/19, e.g., offer Indigenous right relations training to interested post-secondary institution partners.

STATUS:

Ongoing

PROGRESS MADE IN LAST 12 MONTHS

Banff Centre continued to identify partnerships with other post-secondary institutions in 2017/18, building on the potential of the *Truth and Reconciliation through Right Relations* program to help advance this important niche area across the system.

Banff Centre is exploring a new partnership with the University of Lethbridge, building on a leadership concept that is uniquely Canadian. *The Essential Leadership Model* aims to bridge Western and Indigenous leadership concepts to create new business opportunities and solutions to social issues. The coordinated effort involves the University of Lethbridge focusing on research, publications, and undergraduate level programs, and Banff Centre targeting programs for mid to senior in-career leaders.

Banff Centre recently expanded a partnership with Campus Alberta Neuroscience, a unique collaboration between Banff Centre, University of Calgary, University of Alberta, and University of Lethbridge. It involves extending a one year program to three, and for the first time inviting students from outside the brain science disciplines to participate. In 2017/18, more than 150 students attended one of the three programs.

With the success of the collaboration, Campus Alberta Neuroscience and Banff Centre are exploring the possibility of forming a new hub for convening, leadership development, applied research, and learning.



Stage Management Practicum. Photo by Jessica Wittman.

Research, Applied Research, and Scholarly Activities



As stated in the 2018-2021 Comprehensive Institutional Plan (CIP), Banff Centre has made progress on the following research and applied research initiatives:

Banff Research in Culture

The Banff Research in Culture (BRiC) program is designed for advanced graduate students, postdoctoral students, and junior faculty engaged in advanced theoretic research on themes and topics in culture, and now, increasingly, the intersection between culture and community. Participating researchers and artists, architects, and writers must have completed formal training in their discipline and demonstrate a commitment to exhibition, publication, and professional practice.

In 2017-18, BRiC tackled futurism with a program titled *Year 2067*. Also, the *Banff International Curatorial Institute Geologic Time* program explored the effects of human actions on geologic processes, and what is at stake for cultural production.

A key partnership for BRiC continues between Banff Centre and the University of Alberta's Faculty of Arts. Banff Centre also maintains a partnership with the University of Waterloo for the same program.

Banff Centre Initiative for the Advancement of Culture

In 2017-18, Banff Centre began exploring the needs of a growing cultural and creative sector in our province and country.

As Canada's largest post-secondary multi-disciplinary arts and leadership training institute, Banff Centre is uniquely positioned to play a pivotal role in convening cultural leaders to explore the issues facing Canada and the world with objectivity, precision, and action. Consequently, Banff Centre is studying the opportunity to establish deeper applied research, summits, and think-tanks to lead Canadian arts and culture research creation, synthesis, and communication which would serve the creative industry and ensure employer relevance. As a result, Alberta and Canada could be strengthened through the vitality of its cultures with Canadians more connected through creativity and empowered through creative entrepreneurship.

Case studies that strengthen Banff Centre's Indigenous Leadership programs

The Indigenous wise practices model that is guiding the evolution

of Banff Centre's Indigenous Leadership and expanded management programs at Banff Centre expanded, ensuring their relevance and impact in Indigenous communities throughout Alberta and Canada. Work began in 2017 and will continue until 2020.

For example, in 2017/18 four open enrolment programs in Leadership were launched including *Truth and Reconciliation through Right Relations* led by Cynthia Wesley Esquimaux, Erin Dixon, and Ry Moran.

Banff Centre also continued work on a national study of success stories arising from Indigenous communities across the country, and will be incorporating the findings into the Centre's existing Indigenous wise practices model. This work is being led by Banff Centre's Director of Indigenous Leadership programs, Brian Calliou, along with the Nexen Chair in Indigenous Leadership, Dr. John Borrows, and in partnership with the National Consortium for Indigenous Economic Development and the University of Victoria. Dr. Borrows is also the Canada Research Chair in Indigenous Law at the University of Victoria Law School.



EN BUILDING
RECREATION

VISTAS



Community Outreach and Underrepresented Learners

Community Outreach and Underrepresented Learners

The vision is to showcase Alberta as a cultural leader and create a cultural destination for the province, country, and world while building intrinsic value to the Bow Valley community through relationships, loyalty, and connection.

Banff Centre for Arts and Creativity takes the Truth and Reconciliation Commission's Calls to Action seriously. The vision is to create a space for Indigenous practices to be embedded and included across artistic disciplines, adhering to the underlying principles in the Calls to Action. The vision includes supporting audience engagement and reflection on Indigenous issues in a culturally sensitive safe place.

Community Outreach

Banff Centre's community outreach strategy deepens the understanding of the work it does within the surrounding communities by enhancing a range of entry points for engagement and education. Designed to serve the needs of local and regional Indigenous and non-Indigenous communities, Banff Centre invests in the community by developing accessible programs with educational benefits intended specifically for the general public.

In 2017/18, Banff Centre worked alongside local community partners and artists including Lux Cinema, Bow Valley Winds, Parks Canada, The Wardens, Luciane Cardassi, Bow Valley Chorus, and others. Other provincial and national partnerships included University of Calgary and the National Music Centre.

Artistic training programs at Banff Centre are open, offering the public unprecedented access to studios and stages. As a result, people of all ages and backgrounds have the opportunity to observe and learn about the work of international and world-class artists.

In 2017/18, Banff Centre's Open Studio Series was free to members of the community, encouraging lifelong learning with intimate access to works in progress, artist talks, and presentations. The Drawn to Nature series

also offered free beginner drawing classes for the general public at the Banff Public Library.

Banff Centre's *Opera in the 21st Century* program presented Opera Pub Nights to full houses at Banff's Legion Hall.

Banff Centre's Community Outreach Access Program supports arts-based community organizations that offer activities/content throughout the Bow Valley. Banff Centre also provides opportunities for local organizations to access facilities and professional artistic expertise each year.

In 2017/18, Banff Centre continued outreach with local school boards, including engagement with Bow Valley high school students by offering a series of visual art classes that culminated in an exhibition titled *The New Group of Seven* at the Banff Masonic Lodge. Additionally, Sound Intense a music-and-sound workshop gave Indigenous students from Exshaw School and Golden High School an opportunity to mix their own music.

Festivals like National Indigenous Peoples Day and the Family Day Festival in 2017/18 also reached

out to the community and provided educational opportunities. Film screenings, panel discussions, performances, guided studio tours, workshops, and artist-led activities all encouraged community participation and promoted educational outreach. Lifelong learning through free masterclasses and workshops were also key components of both the Banff Centre International String Quartet Competition and Banff Centre Mountain Film and Book Festival in 2017-18.

Indigenization

The outcomes from the Truth and Reconciliation Summit that Banff Centre hosted in 2016 continues to richly inform the community and Banff Centre's own way forward on this very important topic. The path towards reconciliation is a long one, and Banff Centre recognizes that community input and participation is a key part of moving forward.

In fall 2017, the following key community partners were invited to attend the Leadership Intensive program, *Right Relations for Reconciliation*: Town of Banff, YWCA Banff, Bow Valley Community Foundation, and the Luxton Museum. In partnership with the Banff Canmore Community Foundation and the Whyte Museum of the Canadian Rockies, Banff Centre launched the Truth and Reconciliation Speakers Series.

Work also continued to establish Indigenous wise practices and right relations in Banff Centre's programmatic content in 2017-18. This included providing scholarships to 100% of Indigenous Arts program participants, identifying opportunities to bring Indigenous concepts and wisdom to the pedagogy, and delivering Banff Centre programming including:

- Screenings of short films from Wapikoni mobile: *Cinema on Wheels* featured selections from Indigenous filmmakers who have participated in Wapikoni's filmmaking workshop.
- The Contemporary Indigenous Voices speaker series invited artists to think collectively in order to reorient and retool the 150th anniversary of this country. Speakers included: Wanda Nanibush, Lee Maracle, Santee Smith, Jolene Rickard, and The Qaggiq Collective.
- The *In memoriam* program connected intergenerational knowledge and skills with mentorship and educational opportunities for Alberta musicians and youth. The resulting works were curated by Ociciwan Contemporary Art Collective and was led by Indigenous art collective Postcommodity and composer Alex Waterman.

Underrepresented Learners

Banff Centre is committed to ensuring that a range of learners - regardless of socio-economic status, ethnicity, language, gender, sexual identity, etc. - have access to programs. In addition to enhanced programming specifically designed to meet the needs of Indigenous artists and leaders, in 2017-18 Banff Centre also provided:

- Scholarships to over 60% of Arts program participants (either full or partial subsidies);
- Program options for differently abled artists;
- Lifelong learning opportunities through free and open access community programming; and
- A welcoming environment for residents of the Bow Valley and surrounding area on campus and encouragement to participate in programs, attend events, access, etc.

John Minor, Percussion, Ensemble
Evolution, Amplify Refine Create.
Photo by Rita Taylor.

Financial and Budget Information





Financial and Budget Information

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 have been 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.

From 2015 forward, a weak Alberta economy has impacted Banff Centre's ability to generate earned and donated revenues as companies and organizations within Alberta have reduced discretionary expenditures, sponsorships, and donations. During the same time period, the weaker Canadian dollar has attracted visitors to Banff from outside Alberta, which has had a positive impact on conferences and related hospitality revenues that help support Banff Centre's programming initiatives. Another external factor over the last number of years impacting Banff Centre is a relatively long period of sustained positive investment markets worldwide that has contributed to accumulated undistributed investment earnings associated with Banff Centre endowments.

During the year ended March 31, 2018, in addition to the 2% base operating grant increase, Alberta Advanced Education (AAE) funding increases were confirmed through the Infrastructure Maintenance

Program (IMP), including a one-time \$2.0 million grant for roofing and glazing projects that was approved in March 2018 for spending over two years. Also, during this period, Banff Centre was advised by the Government of Alberta of its plans to defer the annual funding of \$3.5 million under the Peter Lougheed Leadership Initiative (PLLI) for three years. As a result, an amended agreement was executed extending the agreement three years and adding the deferred funding to the final three years of the amended agreement. For the three year deferral period starting in fiscal 2017/18, management of Banff Centre decided to address the funding needs of ongoing Leadership programming operating expenses by utilizing unspent PLLI funds from prior years that had originally been earmarked for investment in new and improved Leadership programming in 2017/18 and future years.

All of the factors above had a significant impact on Banff Centre's financial results for the year ended March 31, 2018.

Careful stewardship of resources and dedication to delivering exceptional service to program participants and conference guests helped Banff Centre sustain its operations in 2017/18, resulting in an operating surplus of \$0.7 million for the year ended March 31, 2018 (2017 - \$1.2 million). Over the year, total revenue increased by \$2.4 million to \$69.8 million and total expenses increased by \$2.9 million to \$69.1 million.

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, 2018 with a detailed discussion and analysis of:

- **Business Planning and Management**
- **Results Compared to Prior Year**
- **Results Compared to Budget**
- **Cash Flows**
- **Financial Position**
- **Areas of Significant Financial Risk**

Business Planning and Management

Banff Centre's five-year strategic plan and three-year Comprehensive Institutional Plan provide the fiscal framework to enable Banff Centre to achieve its strategic goals and objectives. Performance measures identified in the plans monitor and communicate progress to Banff Centre's provincial, national, and international stakeholders.

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.

All proposed project and strategic investment initiatives are subject to a due diligence review that requires the development of an appropriate business case.



The Pain That
Lingers, Dance, 2017.
Photo by Rita Taylor.

Results Compared to Prior Year

Total revenue increased for the year ended March 31, 2018 to \$69.8 million from \$67.4 million in the previous year. The following table includes the composition of Banff Centre's total revenue for the year ended March 31, 2018 with comparative information for March 31, 2017.

Consolidated Revenue (\$000)	2018	2017
Government of Alberta grants	\$ 20,765	\$ 20,589
Federal and other government grants	3,605	3,322
Sales, rentals, and services	29,865	29,120
Tuition and related fees	2,735	2,588
Donations and other grants	5,391	6,172
Investment earnings	3,203	1,308
Amortization of deferred expended capital contributions	4,247	4,306
Total Revenue	\$ 69,815	\$ 67,405

Total expenses increased for the year ended March 31, 2018 to \$69.1 million from \$66.2 million in fiscal 2017. The following table includes the composition of Banff Centre's total expenses for the year ended March 31, 2018 with comparative information for March 31, 2017.

Consolidated Expense (\$000)	2018	2017
Salaries, wages, and benefits	\$ 36,043	\$ 34,880
Purchased services	6,268	6,771
Materials, goods, and supplies	4,780	4,642
Scholarships and financial assistance	3,299	2,890
Facility operations and maintenance	3,608	3,404
Utilities	1,604	1,511
Travel, training, and related costs	2,226	2,139
Rentals and equipment	2,187	2,168
Marketing and recruitment	1,907	1,338
Financial costs	931	509
Amortization of capital assets	6,248	5,922
Total Expense	\$ 69,101	\$ 66,174

The most significant changes in revenues for the year ended March 31, 2018 compared to March 31, 2017 are explained below:

- Government of Alberta grants: increases of \$0.3 million from the base operating grant, \$0.3 million from utilization of IMP funding, and \$0.2 million of other grants were offset by reductions of \$0.3 million from utilized PLLI funding of prior years and \$0.3 million from Access to the Future funding, which ended in 2017.
- Net increases in Federal and other government grants were primarily due to increases from the Canadian Arts Training Fund.
- Increased revenue from sales, rentals, and services was due to increased revenue from conferences, performance fees, and facility rentals.
- Decreased donations and other grants were linked to the weak Alberta economy.
- Investment earnings increased by \$1.9 million due to increased utilization of accumulated investment earnings from endowments sourced primarily from consecutive periods of strong investment earnings in prior periods.

The increase in expenses for the year ended March 31, 2018 compared to March 31, 2017 can be explained by the following:

- \$1.2 million or 3% increase in salaries, wages, and benefits primarily attributable to management and support staff pay increases, including increases in accordance with the Collective Agreement with the Canadian Union of Public Employees (CUPE).
 - \$0.4 million increase in financial costs primarily attributable to interest on the \$14.0 million Lloyd Hall renovation loan.
 - \$0.4 million increase in scholarships and financial assistance to artists and leaders.
 - \$0.6 million increase in external marketing and participant recruitment costs.
 - \$0.3 million of increased amortization of capital assets primarily attributable to Lloyd Hall renovation costs.
-



The Pain That
Lingers, Dance, 2017.
Photo by Rita Taylor.

Results Compared to Budget

A budgeted operating surplus of \$98 thousand for the year ended March 31, 2018 was approved by the Board of Governors. Revenues were \$3.9 million less than the budget and expenses were \$4.5 million less than budget, resulting in an actual operating surplus of \$0.7 million.

The most significant variances from budgeted revenues are explained below:

- Government of Alberta grants were \$2.5 million short of budget, primarily attributable to the deferral of PLLI funding and reliance instead on the drawdown of carry forward PLLI funds from prior years. Planned investment in new and improved programming also had to be deferred, which impacted spending and expenses, as indicated below.
- Sales, rentals, and services exceeded budget by \$0.7 million due to a \$1.2 million positive variance in performance fees and facility rentals, offset by a \$0.5 million shortfall in accommodation and food and beverage revenue.
- Tuition and related fees increased compared to the prior year, but fell short of budget by \$0.5 million due to not achieving the aggressive targeted increase in enrolment for the budget. Reduced levels of expense for scholarships and financial assistance more than offset the budget shortfall, as indicated below.

- Donations and other grants were \$0.8 million less than budget, which is linked to the weak Alberta economy.
- Investment earnings were \$0.9 million less than budget due to the reduced drawdown of distributed endowment investment earnings linked to lower than budgeted enrolment.

The most significant variances from budgeted expenses include:

- Salaries, wages, and benefits, which were \$1.1 million below budget due primarily to longer than expected delays in filling vacant positions, and Leadership programming reductions linked to the deferral of PLLI funding.
- Scholarships and financial assistance, which increased from the prior year but fell short of budget by \$1.1 million due in part to not achieving the aggressive targeted increase in enrolment as explained above.
- Positive variances totaling \$0.5 million related to administrative support areas and amortization.
- Net reductions of \$1.8 million in other Leadership programming expenses to address the PLLI funding deferral.

Cash Flows

Cash and cash equivalents increased by \$4.6 million (2017 – \$2.8 million) for the year ended March 31, 2018 due to increases in cash from financing and investing transactions, which exceeded cash used in operating and capital transactions. Additional commentary is provided below:

- The cash flows from operating transactions were negatively impacted by the deferral of PLLI funding (\$3.5 million annually) as Banff Centre was forced to temporarily hold back on investment and rely on operating cash flows from prior year PLLI funding to maintain Leadership programming.
- Proceeds from loans and borrowings included financing of expenditures that were incurred in the prior fiscal year, including costs associated with the Lloyd Hall renovation.

Financial Position

Banff Centre's net asset balance at March 31, 2018 totaled \$56.7 million, an increase of \$2.2 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 increased by \$0.7 million for the year ended March 31, 2018, to \$16.2 million, from \$15.5 million in fiscal 2016/17. When Banff Centre's estimated share of the Universities Academic Pension Plan (UAPP) unfunded liability of \$2.8 million (2017 – \$3.0 million) is excluded, the unrestricted balance of accumulated operating surplus is \$19.0 million (2017 – \$18.5 million). The unrestricted accumulated operating surplus at March 31, 2018 includes investment in capital assets of \$16.7 million (2017 – \$20.6 million). The unrestricted accumulated operating surplus excluding the investment in capital assets at March 31, 2018 is \$2.3 million (2017 – \$2.1 million deficit). The improvement was driven primarily by the operating surplus of \$0.7 million for the year ended March 31, 2018, and the financing of long-term capital assets with loans and borrowings, but will be negatively impacted by the final payment of amounts owing on the Lloyd Hall renovation.

Net assets restricted for endowment purposes increased by \$1.5 million to \$40.5 million at March 31, 2018 from \$39.0 million at March 31, 2017. The net increase in endowment net assets is attributable to new contributions and matching funds.

Areas of Significant Risk

- **Economy:** Global and Canadian economic conditions, and a continued weak Alberta economy, could impact Banff Centre's ability to generate earned and donated revenues. While the weaker Canadian dollar more recently has had a positive impact on conferences and hospitality revenue, a stronger Canadian dollar could negatively impact revenue. Any significant reductions in revenue would impact the level of funding available to support programming.
- **Provincial and federal funding:** Banff Centre's Comprehensive Institutional Plan assumes 2% increases under the AAE provincial base operating grant for the years ended March 31, 2020 and 2021. AAE is in the middle of a funding review that could impact the allocation of funding between Alberta's 26 post-secondary institutions. Banff Centre's Comprehensive Institutional Plan also assumes continued funding under most other federal and provincial programs, and the resumption of \$3.5 million of annual PLLI funding for the year ended March 31, 2021. Any significant changes in current and future provincial and federal funding would have a corresponding impact on Banff Centre's ability to support Arts and Leadership programming.

- **Salaries and benefits:** The current Collective Agreement with the CUPE impacts a significant portion of Banff Centre's staff and annual expenses. The current 2% increase in Government funding is not sufficient to keep pace with increases in salaries and benefits based on progression and cost of living adjustments in the current Collective Agreement, which expires on March 31, 2019.
- **Building maintenance and capital funding:** Banff Centre has identified deferred maintenance and capital funding as a top priority and is addressing this priority annually through a combination of judicious allocation of IMP grants from the Province of Alberta, use of banking facilities for lease financing of capital expenditures, and use of cash generated from operations for expenditures and debt repayments. Even with recent increases in IMP grants, available infrastructure funding does not meet deferred maintenance requirements, so project prioritization is carefully scrutinized during the annual capital planning process.
- **Technology strategy:** Banff Centre's renewed strategic direction requires significant and ongoing investments in new and emerging technologies. Banff Centre has previously been successful in attracting some one-time funding from external sources, but significant additional resources are required to fully support IT initiatives over the coming five years. Lease financing has been utilized to fund some of these expenditures and is expected to be used where possible going forward.
- **Investments and endowments:** With the addition of new endowment gifts and matching funds from the federal government, Banff Centre's endowment funds continue to grow. Endowment assets experienced significant increases in value as global equity markets rebounded from the lows in fiscal 2008/09; however, equity market conditions more recently have been more volatile, which could impact investment returns going forward.
- **Unfunded pension liability:** Banff Centre participates with other employers in the UAPP. The UAPP is a multi-employer defined benefit pension plan that provides pensions for Banff Centre's management and professional staff members. An actuarial valuation of the UAPP was carried out at December 31, 2016 and further extrapolated to Banff Centre's year ended March 31, 2018. Banff Centre's share of the pension obligation extrapolated to March 31, 2018 is \$2.8 million, down slightly from \$3.0 million in 2017.

Kopernikus, 2017.
Photo by Rita Taylor.





Internationalization

A strong global perspective is absolutely critical to ensuring the high level of quality and relevance in training artists and leaders. On average, 25% of Banff Centre's participants are from outside Canada, bringing with them best practices and ideas, and sharing them with their learning cohorts. Perhaps more importantly, this international presence gives our participants the opportunity to build and take advantage of a professional network that spans the globe.

In accordance with its mandate, Banff Centre will continue to draw participants and funding through its international partnerships which currently include: BMUKK Federal Ministry for Education, Arts and Culture (Austria); Australian Council for the Arts; Creative New Zealand; Ministry of Culture Colombia; Instituto Tomir Ohtake (Brazil); Fondo Nacional para la Cultura y las Artes (FONCA, Mexico); the Institut Francais; the French Consulate; Schubert and Modern Music Competition; English Speaking Union (UK); and Alberta's new sister province of Guangdong, China (among others).

In addition, Banff Centre exports the Banff Centre Mountain Film and Book Festival World Tour to an audience of 550,000 in 550 locations in over 40 countries around the world.

Information Technology

Banff Centre depends on Information Technology (IT) infrastructure and systems to serve our artists, participants and staff efficiently and effectively. A thorough review of Information Technology at Banff Centre in 2015/16 determined that much of the infrastructure and systems had not been maintained appropriately. This has resulted in our institution relying on older and, in some cases, unsupported versions of the technology.

Information protection and security is of the utmost concern for Banff Centre. Continuous improvement in security practices to protect our digital assets and the privacy of users is an absolute requirement. The cost to appropriately protect critical data is increasing rapidly with solutions needing to be updated or supplemented at a quicker pace than in the past.

As part of the 2016-2021 strategic plan, Banff Centre is midway through the implementation of the five-year plan to revitalize its infrastructure and enterprise applications, and by doing so, addressing the backlog of critical infrastructure and application upgrades. An estimated \$7.5 million is required to fund the

plan over the five-year period that started in 2016/17. The financial and budget information provided in this document reflects the portion of the \$7.5 million backlog that was addressed in 2016/17 and 2017/18 and is expected to be addressed in 2018/19, 2019/20, and 2020/21.

Banff Centre recognizes and embraces partnerships with other institutions in Alberta's adult learning system and other organizations to leverage technology solutions that create or shift capacity and reduce costs in managing Information Technology.

Plans for 2018/19 and beyond relating to the above priorities are summarized in the following sections.

Continuous improvement in security practices to protect digital assets and user privacy

Banff Centre completed an in-depth information security assessment in 2016/17. Through that review Banff Centre created a prioritized plan for the implementation of improvements.

Banff Centre's Information Security Policy in its current form was approved by the Board of Governors in May 2017. The main objectives of the policy include:

- Identifying responsibilities to ensure a framework of protection is in place for all information in Banff Centre's custody or control;
- Classifying information into one of five security classification categories: public, internal, confidential, highly confidential, or prohibited;
- Directing users to the Information Storage and Distribution Procedure for further directions on how each category of information impacts access, storage, and distribution; and
- Providing guidance on how to handle a security breach, the details of which are set out in the Information Security - Incident Response Plan Procedure.

It is now expected that it will take until June 2019 to be fully compliant with the new policy.

Five-year plan to revitalize infrastructure and enterprise applications

A new and revitalized IT Steering Committee (ITSC) began meeting in March 2016. The Committee is focused on prioritizing, resourcing, and providing oversight for Banff Centre IT projects. The ITSC has identified a number of projects that need to be addressed over the five-year plan that started in 2016/17. Business cases were created and evaluated with new business cases submitted annually to assist with prioritization, resulting in recommendations that were proposed to and approved by Banff Centre's senior leadership team. The ITSC continues to meet at least every two weeks. Implementation of the five-year plan to revitalize infrastructure and enterprise applications is expected to be substantially complete by the end of 2020/21. A vendor for a new student information system was selected in 2017/18 and the implementation of the system will be completed in fall 2019. This will dramatically increase the ease of access to program information and improve enrolment processes and participant services for future artists and leaders.

Partnerships within Alberta's adult learning system

Banff Centre's involvement with the Shared Data Centre initiative has transformed into support of the collaborative and broader ShareIT initiatives. The specific Shared Data Centre initiative has been replaced with ShareIT's Preferred Cloud Vendor initiative. Banff Centre is also an active participant with the following ShareIT initiatives: End User Computing Hardware, VMWare Licensing, and Managed Security Services.

Banff Centre continues to leverage managed security services through Service Alberta's information security services partner. Service Alberta's selection process enabled Banff Centre to quickly locate a strong yet cost effective security services partner. The vendor is delivering a managed Security Information Environment Management system to actively assess Banff Centre's IT systems and infrastructure.



Marc Mitchell, BAIR
Open Studios 2018.
Photo by Jessica Wittman.

Newly Renovated
Lloyd Hall. Photo by
Tabitha Rhyason.



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 programming needs that impact artists, leaders, faculty, and staff.

The recent \$2.0 million grant approval for the Advanced Education Capital Maintenance and Renewal Grant for the Roofing and

Glazing Program provides much needed funding for these projects, and increased IMP funding in recent years is providing some relief in other areas. Even with recent increases, available infrastructure funding does not meet 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;
- Required fire and safety and current code compliance upgrades;
- Barrier-free accessibility on campus;
- Emergency and exit lighting replacement and other critical electrical components;
- Technological infrastructure deficiencies;
- Elevator repair/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 control replacement.

In addition to annual planning, the strategic planning exercise in 2015/16 included an assessment of long-term needs that resulted in recommendations adopted in Banff Centre's five-year strategic plan. This includes a framework to address deferred maintenance over the longer term and a prioritization of near-term priority capital projects.

Debt Financing for IT Requirements and Essential Equipment

As part of its strategic planning process in 2015/16, Banff Centre reviewed its information technology requirements and its 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 Alberta Advanced Education in 2016/17. During 2017/18, the lease facility was utilized to fund capital expenditures. The amortization and interest related to these and future capital expenditures and related financing have been reflected in the financial and budget information included in this document.

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 10 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). Given the proposed timing and level of uncertainty in terms of the sources of funding for these priority projects, the financial implications related to these

projects have not been reflected in the financial and budget information included in this document.

Priority 1: Performing Arts and Learning Complex – Phase 1 – Preservation and New Construction

Project estimate: \$45 Million

Additional capacity: New 350-400 seat theatre with state-of-the-art digital projection capacity, enlarged shared lobby, and new dance workshop spaces; renovation of the Eric Harvie Theatre facility

Expected completion date: Spring 2022 (assuming timely commitment of Government support)

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 recently resumed conversations with the Government of Alberta to find provincial funding for this critical project in its current or scaled form. Once provincial

funding is secured, Banff Centre intends to also seek funding from the Government of Canada and the private sector.

Feedback on the business case received from Governments and other possible funders has indicated that while there is understanding of the need for the project, it required scaling down the original scope and construction, developing renovation plans that can be phased and greater alignment with programming needs. Consequently, Banff Centre has reviewed its plans and revised the timelines for the project and is now proposing to proceed in two phases as outlined here (Priorities 1 and 2). Funding from the Government of Alberta would be foundational in securing support from other potential funders for Phase 1.

Phase 1 involves redeveloping the existing Laszlo 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.

Phase 1 would also involve the renovation of the existing Eric Harvie Theatre and lobby spaces that would refurbish and rejuvenate the capability of this facility. The focus of this renovation would be to greatly improve accessibility, remove the existing seating, and rebuild the existing theatre floor thereby improving sightlines and the audience experience. The renovated space would provide a theatre with 650-725 seats. The lobby area would be enlarged, with new finishes and lighting to improve audience flow. The increased space would allow the washrooms to be relocated and additional space for public art presentations and hospitality operations.

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

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 building.

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: 2019/20 (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 and exceedingly high rental rates make it a challenge for Banff Centre (one of the largest employers in Banff), 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 by 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 110 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 for a proposal to be put forward to the Ministry of Seniors and Housing and Ministry of Advanced Education to seek provincial investment.

Donors



Measha
Brueggergosman
performing at
Banff Centre's
2017 Midsummer
Ball. Photo by
Rita Taylor.

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Through their generosity and investment in Banff Centre for Arts and Creativity, government, donors, sponsors, and other supporters help inspire artists and leaders to make their unique contribution to society.

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Organization/Association

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Undisclosed Amount

Alice Schultz
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* deceased

† inactive

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† inactive

Organization/Association

Association of Canadian Mountain Guides
 Canmore Folk Music Festival Society
 University of Alberta
 Whyte Museum of the Canadian Rockies

Undisclosed Amount

Alice Schultz
 Betty Schultz



Open Studios, Singer
Songwriter Residency 2017,
Cayley Thomas, guitar/voice.
Photo by Rita Taylor.

Consolidated Financial Statements

Independent Auditor's Report

To The Board of Governors of
The Banff Centre

We have audited the accompanying consolidated financial statements of The Banff Centre, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations and changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Banff Centre as at March 31, 2018, 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.



Chartered Professional Accountants
May 25, 2018

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

As at March 31, 2018

(in thousands of dollars)

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 14,459	\$ 9,886
Accounts and grants receivable (note 5)	6,162	3,793
Inventories and prepaid expenses	714	1,420
	<u>21,335</u>	<u>15,099</u>
Notes receivable and deferred charge (note 6)	687	682
Long-term investments (note 3)	58,461	58,629
Capital assets (note 7)	145,421	137,862
	<u>\$ 225,904</u>	<u>\$ 212,272</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 8,795	\$ 8,389
Unearned revenue and deposits (note 8)	3,014	3,014
Deferred contributions (note 9)	10,429	7,914
Loans and borrowings (note 11)	1,862	3,273
	<u>24,100</u>	<u>22,590</u>
Loans and borrowings (note 11)	15,996	28
Employee future benefit liabilities (note 12)	2,948	3,137
Long-term deferred contributions (note 9)	19,849	22,588
Deferred expended capital contributions (note 10)	106,360	109,511
	<u>169,253</u>	<u>157,854</u>
Net Assets		
Accumulated operating surplus (note 14)	16,175	15,461
Endowments (note 15)	40,476	38,957
	<u>56,651</u>	<u>54,418</u>
	<u>\$ 225,904</u>	<u>\$ 212,272</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, The Banff Centre

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

For the year ended March 31, 2018

(in thousands of dollars)

	Budget 2018	Actual 2018	Actual 2017
Revenue	(Note 20)		
Government of Alberta grants (note 16)	\$ 23,233	\$ 20,765	\$ 20,589
Federal and other government grants (note 16)	3,600	3,605	3,322
Sales, rentals and services	29,145	29,865	29,120
Tuition and related fees	3,242	2,739	2,588
Donations and other grants	6,157	5,391	6,172
Investment earnings (note 17)	4,149	3,203	1,308
Amortization of deferred expended capital contributions (note 10)	4,165	4,247	4,306
	<u>73,691</u>	<u>69,815</u>	<u>67,405</u>
Expense			
Arts and leadership programming (note 22)	28,040	24,062	23,157
Institutional support	15,460	14,379	13,084
Facilities operations and related costs	13,227	14,398	13,413
Ancillary operations	16,866	16,262	16,520
	<u>73,593</u>	<u>69,101</u>	<u>66,174</u>
Excess of revenue over expense	\$ 98	714	1,231
Net assets, beginning of year		54,418	50,412
Endowment contributions and other transfers (note 15)		1,519	2,775
Net assets, end of year		<u>\$ 56,651</u>	<u>\$ 54,418</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, 2018

(in thousands of dollars)

	2018	2017
Operating Transactions		
Excess of revenue over expense	\$ 714	\$ 1,231
Non-cash items:		
Amortization of capital assets (note 7)	6,248	5,922
Amortization of deferred expended capital contributions (note 10)	(4,247)	(4,306)
Change in employee future benefit liabilities	(189)	(154)
Other non-cash adjustments	19	(4)
Change in:		
Accounts and grants receivable	(410)	1,157
Inventories and prepaid expenses	706	(170)
Accounts payable and accrued liabilities	(832)	(498)
Unearned revenue and deposits	-	(52)
Deferred contributions	(4,852)	679
Cash (used in) provided by operating transactions	<u>(2,843)</u>	<u>3,805</u>
Capital Transactions		
Acquisition of capital assets (note 7)	<u>(12,569)</u>	<u>(8,735)</u>
Cash applied to capital transactions	<u>(12,569)</u>	<u>(8,735)</u>
Investing Transactions		
Sales (purchases) of long-term investments, net	359	(2,700)
Realized endowment investment earnings, net of distributions	1,128	979
Other realized restricted investment earnings	134	265
Cash provided by (applied to) investing transactions	<u>1,621</u>	<u>(1,456)</u>
Financing Transactions		
Long-term debenture issuance	14,000	-
Proceeds on sale-leaseback transactions (note 7)	2,587	-
Long-term deferred capital contributions received	2,288	3,274
Endowment contributions and transfers (note 15)	1,519	2,737
Change in demand operating facility	(1,940)	3,260
Long-term loan principal repayments	(90)	(94)
Cash provided by financing transactions	<u>18,364</u>	<u>9,177</u>
Increase in cash and cash equivalents	4,573	2,791
Cash and cash equivalents, beginning of year	9,886	7,095
Cash and cash equivalents, end of year	\$ <u>14,459</u>	\$ <u>9,886</u>
Cash and cash equivalents, end of year, is comprised of:		
Cash on hand and demand deposits	\$ 994	\$ 670
Money market funds and guaranteed investment certificates	13,465	9,216
	<u>\$ 14,459</u>	<u>\$ 9,886</u>

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, 2018

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

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 by Banff Centre and operates exclusively to support the activities of Banff Centre. The 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 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	
Equities	Fair value
Other	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 also include any funds managed within Banff Centre by external investment advisors. Externally managed investments could include equity instruments, bonds, money market funds and other fixed/variable interest investments.

All financial assets measured at 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 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 expensed 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, 2018

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

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 short 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. 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 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, 2018

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

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 or 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 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 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 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 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.

BANFF CENTRE FOR ARTS AND CREATIVITY

Notes to the Consolidated Financial Statements

March 31, 2018

(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

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.

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.

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) Adoption of new accounting standards

Banff Centre has prospectively adopted the following standards from April 1, 2017:

PS 2200 - Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.

PS 3420 - Inter-entity Transactions establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

PS 3210 - Assets provides guidance for applying the definition of assets set out in PS 1000, Financial Statement Concepts, and establishes general disclosure standards for assets.

PS 3320 - Contingent Assets defines and establishes disclosure standards for contingent assets.

PS 3380 - Contractual Rights defines and establishes disclosure standards for contractual rights.

Adoption of these standards did not have a material impact on Banff Centre's consolidated financial statements. Adoption of PS 3420 did not result in a change of accounting policy for the Centre.

(k) Future accounting changes

In June 2015, the Public Sector Accounting Board issued PS 3430 Restructuring transactions. This accounting standard is effective for fiscal years starting on or after April 1, 2018. PS 3430 Restructuring transactions defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction. Management is currently assessing the impact, if any, of this new standard on the consolidated financial statements.

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

March 31, 2018

*(in thousands of dollars, except where specifically expressed in millions)***Note 3 Long-term investments**

	2018	2017
Long-term investments, non-endowment	\$ 17,985	\$ 19,672
Long-term investments, restricted for endowments	40,476	38,957
	<u>\$ 58,461</u>	<u>\$ 58,629</u>
Investments at amortized cost:		
Guaranteed investment certificates (GICs)	\$ 10,719	\$ 6,068
Investments at fair value:		
Cash and cash equivalents held for investment and in brokerage accounts	3,918	3,979
Canadian government bonds	8,360	10,478
Corporate bonds	6,586	7,482
Equity investments	28,878	30,622
	<u>47,742</u>	<u>52,561</u>
	<u>\$ 58,461</u>	<u>\$ 58,629</u>

See note 4 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.

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 these categories above.

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 purchasing power of 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 \$289.

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

March 31, 2018

*(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	\$ 40,368	\$ -
US denominated investments	9,477	95
Investments denominated in other currencies	8,616	86
	<u>\$ 58,461</u>	<u>\$ 181</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 those 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 \$28.1 million, so the impact of each 1% change in interest rates would be \$281 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	-	-	1.70
Money market funds	100.0	-	-	1.10
Guaranteed investment certificates	84.9	15.1	-	1.70
Canadian government and corporate bonds	0.8	30.2	69.0	2.60

(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:

	2018	2017
A or higher	91.0%	89.0%
BBB	9.0%	11.0%

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, 2018

*(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, 2018, \$3.9 million (2017 - \$3.4 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

	2018	2017
Trade accounts receivable, net of allowance for doubtful accounts	\$ 3,418	\$ 2,895
Grant, participant and other receivables	2,744	898
	<u>\$ 6,162</u>	<u>\$ 3,793</u>

Accounts receivable are unsecured and non-interest bearing. No significant amounts are past due more than 90 days at March 31 of these years.

Note 6 Notes receivable and deferred charge

	2018	2017
Discounted present value of advance to RMCHA	\$ 621	\$ 593
Accrued interest	26	26
Deferred charge	40	63
	<u>\$ 687</u>	<u>\$ 682</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 notes were modified to discontinue the accrual of interest. The notes are unsecured and repayable in December 2019. Contractual obligations under these operating leases are included in note 13.

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

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

March 31, 2018

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

	2018				
	Land improvements	Buildings and improvements	Equipment, furnishings and software	Property under development (PUD)	Total
Cost					
Beginning of year	\$ 2,802	168,545	38,039	11,229	\$ 220,615
Additions	-	-	972	12,835	13,807
PUD transfers	-	21,891	2,004	(23,895)	-
	<u>2,802</u>	<u>190,436</u>	<u>41,015</u>	<u>169</u>	<u>234,422</u>
Accumulated amortization					
Beginning of year	2,660	52,353	27,740	-	82,753
Amortization expense	17	3,655	2,576	-	6,248
	<u>2,677</u>	<u>56,008</u>	<u>30,316</u>	<u>-</u>	<u>89,001</u>
Net book value - March 31, 2018	<u>\$ 125</u>	<u>\$ 134,428</u>	<u>\$ 10,699</u>	<u>\$ 169</u>	<u>\$ 145,421</u>

	2017				
	Land improvements	Buildings and improvements	Equipment, furnishings and software	Property under development (PUD)	Total
Cost					
Beginning of year	\$ 2,802	\$ 168,545	\$ 37,265	\$ 468	\$ 209,080
Additions	-	-	774	10,761	11,535
	<u>2,802</u>	<u>168,545</u>	<u>38,039</u>	<u>11,229</u>	<u>220,615</u>
Accumulated amortization					
Beginning of year	2,633	48,994	25,204	-	76,831
Amortization expense	27	3,359	2,536	-	5,922
	<u>2,660</u>	<u>52,353</u>	<u>27,740</u>	<u>-</u>	<u>82,753</u>
Net book value - March 31, 2017	<u>\$ 142</u>	<u>\$ 116,192</u>	<u>\$ 10,299</u>	<u>\$ 11,229</u>	<u>\$ 137,862</u>

Cash flow information

	2018	2017
Total capital asset additions	\$ 13,807	\$ 11,535
Capital assets acquired under capital leases, excluding sale-leasebacks	-	(45)
Change in accounts payable balances related to capital asset additions	(1,238)	(2,755)
Cash used for capital asset additions	<u>\$ 12,569</u>	<u>\$ 8,735</u>

Banff Centre entered into two sale-leaseback transactions during the year where the leasebacks constituted capital assets. Proceeds received were as follows:

	2018	2017
Equipment and furnishings	\$ 827	-
Lloyd Hall furnishings	1,760	-
	<u>\$ 2,587</u>	<u>-</u>

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, 2018

*(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. 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, 2018 is approximately \$2.6 million (2017 - \$45) related to assets under capital leases. The amortization expense related to assets under capital leases for the year ending March 31, 2018 is \$0.2 million (2017 - \$0). The accumulated amortization at March 31, 2018 includes \$0.2 million (2017 - \$0) related to assets under capital leases.

The Lloyd Hall renovations were substantially completed in the fiscal year ended March 31, 2018, and, as such, there was a corresponding transfer of \$23.3 million from PUD to the following capital asset categories: buildings and improvements and equipment, furnishings and software.

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 2018 (2017 - \$8). As of March 31, 2018, the cumulative historical cost of these assets that has not been capitalized is \$1.6 million (2017 - \$1.6 million).

Note 8 Unearned revenue and deposits

	2018	2017
Deposits for accommodations	\$ 1,842	\$ 2,128
Other sales and services	1,172	886
	<u>\$ 3,014</u>	<u>\$ 3,014</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 projects.

	2018			2017
	Operating	Capital	Total	Total
Balance, beginning of year	\$ 28,548	1,954	30,502	\$ 26,995
Grants and contributions received or receivable	1,850	4,271	6,121	9,442
Restricted investment earnings (note 17)	3,008	36	3,044	3,690
Recognized as operating revenue:				
Grants and contributions	(4,200)	(979)	(5,179)	(5,946)
Restricted investment earnings (note 17)	(3,114)	-	(3,114)	(1,190)
Transfers to fund capital acquisitions (note 10)	-	(1,096)	(1,096)	(2,489)
Balance, end of year	26,092	4,186	30,278	30,502
Current portion of deferred contributions	8,036	2,393	10,429	7,914
Long-term deferred contributions	<u>\$ 18,056</u>	<u>\$ 1,793</u>	<u>\$ 19,849</u>	<u>\$ 22,588</u>

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

March 31, 2018

*(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 statement of operations. Changes in the deferred expended capital contributions balances are as follows:

	2018	2017
Balance, beginning of year	\$ 109,511	\$ 111,328
Transferred from deferred contributions to acquire capital assets (note 9)	1,096	2,489
Amortization revenue	(4,247)	(4,306)
Balance, end of year	<u>\$ 106,360</u>	<u>\$ 109,511</u>

Note 11 Loans and borrowings

	Maturity	Interest Rate (%)	2018	2017
Debtenture payable to Alberta Capital				
Financing Authority	June 2027	2.06	\$ 14,000	\$ -
Capital leases	November 2019 - January 2023	2.90 - 3.20	2,538	41
Demand operating facility	On demand	RBC prime	1,320	3,260
			<u>17,858</u>	<u>3,301</u>
Less: current portion			1,862	3,273
Long-term loans and borrowings			<u>\$ 15,996</u>	<u>\$ 28</u>

On February 15, 2017, Banff Centre received approval from the Province of Alberta, by way of an Order in Council, to borrow up to \$14.0 million from the Alberta Capital Finance Authority (ACFA) for a term not to exceed 10 years to fund renovations to Lloyd Hall, one of Banff Centre's residence facilities. On June 15, 2017, the binding agreements were executed and \$14.0 million in proceeds were received by Banff Centre. Interest only is payable in the first two years, with principal and interest payable 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 of each draw. 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 was used as bridge financing to be replaced by borrowings under the lease facility that were not finalized prior to March 31, 2018.

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, 2018, commercial letters of credit of \$75 (2017 - \$75) were issued and outstanding under the CIBC facilities.

Interest expense on loans and borrowings for the year ended March 31, 2018 was \$181 (2017 - \$32). 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, 2018

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

Principal and interest payments are as follows:

	Principal	Interest	Total
2019	\$ 1,862	\$ 365	\$ 2,227
2020	1,369	344	1,713
2021	2,206	301	2,507
2022	2,240	249	2,489
2023	2,025	199	2,224
Thereafter	8,156	426	8,582
	<u>\$ 17,858</u>	<u>\$ 1,884</u>	<u>\$ 19,742</u>

Note 12 Employee future benefit liabilities

	2018	2017
Share of UAPP pension obligation	\$ 2,765	\$ 3,014
Accrued administrative leave	183	123
	<u>\$ 2,948</u>	<u>\$ 3,137</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 \$1.4 million (2017 - \$1.2 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 statement of operations.

An actuarial valuation of the PSPP was carried out as at December 31, 2016 and was then extrapolated to December 31, 2017. At December 31, 2017, the PSPP reported an actuarial surplus of \$1,276.0 million for the plan as a whole. The previous actuarial valuation of the PSPP was carried out as at December 31, 2014, resulting in a deficiency, and was then extrapolated to December 31, 2016. At December 31, 2016, the PSPP reported an actuarial surplus of \$303.0 million.

(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, 2016 and further extrapolated to Banff Centre's year ended March 31, 2018. Banff Centre's share of the benefit liability, which has been allocated based on employer contributions to the plan, is estimated to be \$2.8 million at March 31, 2018 (2017 - \$3.0 million). Banff Centre recorded its share of pension expense of \$1.1 million (2017 - \$1.2 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:

	2018	2017
Accrued benefit obligation at March 31	\$ 24,362	\$ 25,071
Discount rate	6.00%	6.00%
Benefit costs for years ended March 31	\$ 963	\$ 968
Discount rate	6.00%	6.00%
Average compensation increase	3.00%	3.00%
Estimated average remaining service life	10.6 yrs	10.8 yrs

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

March 31, 2018

(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% (2017 - 3.54%) of salaries required to eliminate the unfunded deficiency by December 31, 2043. The Government of Alberta's share of the obligation for the UAPP unfunded deficit at March 31, 2018 is \$244.2 million (2017 - \$293.6 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.

Banff Centre's benefit expense for administrative leave totaled \$60 (2017 - \$60). The accrued benefit liability at March 31, 2018 is \$183 (2017 - \$123), 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

In January 2015, Banff Centre entered into a long-term supply arrangement with an electrical utility supplier for its electrical power needs for the period February 1, 2015 to January 31, 2020, at a rate of \$0.0489 per kilowatt hour subject to minimum and maximum requirements.

Banff Centre is party to an agreement with RMCHA (see note 6) under which Banff Centre is committed to the rental of 42 housing units through December 2019. Under this agreement, the monthly rent is approximately \$48, with a portion recovered from staff and program participants through short-term rental arrangements. The total of this contractual obligation (before recoveries) over the remainder of the lease term is approximately \$1.0 million.

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 2019. 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 \$145.

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, 2023.

Contractual obligations under operating and capital leases are summarized as follows:

	RMCHA & YWCA leases	Other operating leases	Capital leases - principal and interest	Total
2019	\$ 670	\$ 90	\$ 614	\$ 1,374
2020	478	15	615	1,108
2021	-	1	600	601
2022	-	-	582	582
2023	-	-	317	317
Total at March 31, 2018	\$ 1,148	\$ 106	\$ 2,728	\$ 3,982

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

March 31, 2018

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

The changes in accumulated surplus are as follows:

	Unrestricted	UAPP Pension Deficit (note 12)	2018	2017
Accumulated operating surplus (deficit), beginning of year	\$ 18,475	\$ (3,014)	\$ 15,461	\$ 14,230
Excess of revenue over expense	714	-	714	1,231
UAPP pension benefits adjustment	(249)	249	-	-
Accumulated operating surplus (deficit), end of year	<u>\$ 18,940</u>	<u>\$ (2,765)</u>	<u>\$ 16,175</u>	<u>\$ 15,461</u>

Included in accumulated operating surplus is \$16.7 million (2017 - \$20.6 million) representing the amount of surplus that has been invested in capital assets.

Note 15 Endowments

	2018	2017
Endowments, beginning of year	\$ 38,957	\$ 36,182
Contributions and other transfers	1,519	2,775
Endowments, end of year	<u>\$ 40,476</u>	<u>\$ 38,957</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, 2018 are cumulative matching funds received through the Endowment Incentives Component of \$13.7 million (2017 - \$13.0 million). Contributions for the year ending March 31, 2018 include \$660 (2017 - \$898) 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 The Banff Canmore Community Foundation (an unrelated public charitable foundation), with balances as follows:

	2018	2017
The Banff Centre Foundation	\$ 32,336	\$ 30,817
The Banff Canmore Community Foundation	8,140	8,140
	<u>\$ 40,476</u>	<u>\$ 38,957</u>

Under the Post-Secondary Learning Act (Alberta), Banff Centre has the authority to alter the terms and conditions of endowments to enable:

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.

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, 2018

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

	2018	2017
Base operating grant from Alberta Advanced Education	\$ 17,481	\$ 17,138
Other Government of Alberta grants:		
Alberta Advanced Education	3,062	3,287
Alberta Culture and Tourism	222	160
Other ministries	-	4
	<u>\$ 20,765</u>	<u>\$ 20,589</u>
Federal and other government grants:		
Government of Canada - Department of Canadian Heritage		
Canada Arts Training Fund	\$ 2,200	\$ 1,950
Canada 150	950	825
Canada Arts Presentation Fund	125	125
Canada Cultural Spaces Fund	-	134
Celebrate Canada	4	4
Canada Council for the Arts	326	280
Other government grants	-	4
	<u>\$ 3,605</u>	<u>\$ 3,322</u>

Note 17 Investment earnings

	2018	2017
Total investment earnings	\$ 3,133	\$ 3,808
Restricted investment earnings added to deferred contributions (note 9)	(3,044)	(3,690)
Restricted investment earnings expended in accordance with donor requirements (note 9)	3,114	1,190
	<u>\$ 3,203</u>	<u>\$ 1,308</u>

Note 18 Salaries and employee benefits

The salaries and employee benefit expenses of Banff Centre include:

	2018	2017
Salaries, wages and non-pension benefits	\$ 33,592	\$ 32,507
Pension benefits	2,451	2,373
	<u>\$ 36,043</u>	<u>\$ 34,880</u>

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

March 31, 2018

*(in thousands of dollars, except where specifically expressed in millions)***Note 18 Salaries and employee benefits** (continued)

The salaries and benefits of the Board of Governors and senior management are as follows:

	2018				2017
	Base	Other	Other	Total	Total
	Salaries	Cash Benefits (1)	Non-cash Benefits (2)		
Board of Governors (3)	\$ -	\$ -	\$ -	\$ -	\$ -
President and CEO (4)	300	53	121	474	467
Vice-Presidents:					
Interim Arts and Leadership	280	-	4	284	201
Arts and Leadership (5)	50	-	11	61	-
Arts (former) (6)	-	-	-	-	172
Administration and CFO	182	17	55	254	218
Development	175	29	33	237	226
Operations	170	29	33	232	206
Human Resources	170	24	33	227	207
Marketing, Communications and Board Relations (7)	45	-	11	56	-
Marketing and Communications (former) (8)	-	-	-	-	186

(1) other cash benefits include earnings such as vacation payouts, variable pay, housing allowances and other lump sum amounts, including retirement and severance payments.

(2) other non-cash benefits include Banff Centre's share of all employee benefits and payments made on behalf of employees including pension, administrative and retirement leave, health care, life insurance and disability plans, tuition benefits, taxable travel and other benefits for the use of Banff Centre residences, vehicles and services.

(3) the Chair and members of the Board of Governors receive no remuneration for their services.

(4) the President and CEO receives administrative leave benefits that have been included in other non-cash benefits.

(5) the Vice President, Arts and Leadership assumed the position in January 2018.

(6) the former Vice-President, Arts assumed other duties from November 2016.

(7) the Vice President, Marketing, Communications and Board Relations assumed the position in January 2018.

(8) the former Vice President, Marketing and Communications resigned in March 2017.

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, 2018

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

	2018		2017
	Budget	Actual	Actual
Salaries, wages and benefits (note 19)	\$ 37,106	\$ 36,043	\$ 34,880
Purchased services	8,497	6,268	6,771
Materials, goods and supplies	4,712	4,780	4,642
Scholarships and financial assistance	4,392	3,299	2,890
Facility operations and maintenance	3,639	3,608	3,404
Utilities	2,024	1,604	1,511
Travel, training and related costs	2,450	2,226	2,139
Rentals and equipment	1,183	2,187	2,168
Marketing and recruitment	2,151	1,907	1,338
Financial costs	914	931	509
Amortization of capital assets (note 7)	6,525	6,248	5,922
	<u>\$ 73,593</u>	<u>\$ 69,101</u>	<u>\$ 66,174</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 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 Comparative figures

Certain comparative figures have been reclassified to conform to current year financial statement presentation.

Governance

April 2017 - March 2018

Banff Centre Board of Governors

David T. Weyant, Q.C., ICD.D, Chair

Janice Price, President & CEO

Larry Fichtner, Vice Chair

Carolyn Campbell

Eric S. Harvie

Elmer Hildebrand, O.C.

Evaleen Jaeger Roy

Andy Kenins, ICD.D

Judith LaRocque, ICD.D

Grand Chief Wilton Littlechild

Letha J. MacLachlan, Q.C.

Gay Mitchell, ICD.D

Andrew Molson

Patricia Ruby

John Snow P.M.L.M., M.A.

The Banff Centre Foundation Board of Directors

Andrew MacNiven, Chair

Larry Fichtner

Tim Kitchen

Susan P. Kololian

J. Mark MacDonald, ICD.D

Michael S. H. McMillan, MBA, CMA, CPA

Jackson von der Ohe

Janice Price (ex officio)

David T. Weyant, Q.C., ICD.D (ex officio)

Senior Leadership Team

Janice Price, President and CEO

Bruce Byford, Vice President,
Administration and CFO

Michael Code, Vice
President, Operations

Howard R. Jang, Vice President
Arts and Leadership

Neil Johnston, Vice President,
Development

Valerie Kapay, Vice President,
Human Resources

Rosemary Thompson, Vice
President, Marketing and
Communications, Board Relations



Leighton Artists Colony,
Fables for the 21st Century.
Photo by Rita Taylor.



BANFF

**CENTRE
FOR ARTS AND
CREATIVITY**

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.



Banff Centre for Arts and Creativity

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www.banffcentre.ca