

THE BANFF CENTRE ANNUAL REPORT

APRIL 2011 – MARCH 2012





The Banff Centre Board of Governors, July 2012

Standing (left to right): Trina McQueen, Brenda Mackie, Linda Black, Jack Davis, Jill Gardiner, Arni Thorsteinson

Back row (left to right): Susan Peterson, Jeff Melanson, Joseph Shlesinger, Christopher Hilbert

Front row (left to right): Joan Forge, Jeff Kovitz, Christiane Germain, Robert Walker

Absent: Leroy Little Bear, Ralston MacDonnell

THE BANFF CENTRE ANNUAL REPORT

Inspiring Creativity April 2011 — March 2012

Message from the Board Chair and the President

In 2011-2012, The Banff Centre met the strategic goals set by Alberta Enterprise and Advanced Education by offering intensive professional development, creation, and research programs for artists and leaders who contribute to the creative economy in Canada and beyond.

With programming in over a dozen artistic disciplines, The Banff Centre is one of the largest arts incubators on the planet. In 2011-2012, new works created through co-productions, commissions, and residencies at The Banff Centre were widely shared with the world through broadcasts, publications, recordings, online tools, and at The Banff Centre and beyond through live performances. Looking to the future, The Banff Centre will continue to ensure that the works of artists, leadership development participants, conference attendees, faculty, and staff are fully captured and shared as widely as possible through multiple dissemination channels.

Strong partnerships with governments, corporate, private, and foundation donors ensured The Banff Centre could reach significant capital goals over the past year, including the opening of the 1,600-seat Shaw Amphitheatre. Prudent stewardship of financial and human resources enabled the Centre to end the fiscal year with a modest operating surplus, despite challenging economic times.

The 2011-2012 fiscal year also marked the completion of Mary Hofstetter's 12-year term as president and CEO of The Banff Centre — an era marked by transformative change in the Centre's programs and facilities — and the transition to new leadership under incoming president Jeff Melanson.

With a long and proud legacy of creating programs, summits, and training opportunities for Canadian leaders across disciplines and sectors, The Banff Centre moves into our next fiscal year with new initiatives in executive leadership that will focus on creativity and entrepreneurship, social innovation/enterprise, and creative industries/cultural economics. Building on its seven-decade history, The Banff Centre is well poised to assume an international leadership role as the world's foremost centre for the exploration of creativity and innovation across disciplines and without boundaries.

Our ambition is to design and implement the most compelling arts and leadership programming possible — in essence, to provide Centre faculty, staff and creative collaborators with the resources to dream big, to take risks, to tackle tough questions, to lead. Working with our partners and stakeholders, The Banff Centre will continue to support ground-breaking new creative work, inspire pioneering artists and thinkers, and build Alberta and Canada's knowledge economy.



Jeff Kovitz, QC
Chair, Board of Governors



Jeff Melanson
President

Statement of Accountability

The Banff Centre's Annual Report for the 12-month period ended March 31, 2012 was prepared under the Board's direction in accordance with the Government Accountability Act and ministerial guidelines established pursuant to the Government Accountability Act. All material economic, environmental, or fiscal implications of which we are aware have been considered in the preparation of this Report.



Jeff Kovitz, QC
Chair, Board of Governors
July 20, 2012

Management's Responsibility for Reporting

The Banff Centre's 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 of the institution audit committee, as well as approved by the Board of Governors and is prepared in accordance with the Government Accountability Act and the Post-secondary Learning Act.



Jeff Melanson
President



Art Nutt
Vice-president & CFO

2011-12 OPERATIONAL OVERVIEW: INSPIRING CREATIVITY

Mission

The Banff Centre is Canada's creative leader in arts and culture. Our mission is **Inspiring Creativity**. In our powerful mountain setting, exceptional artists and leaders from around the world create and perform new works of art, share skills and knowledge in an interdisciplinary environment, explore ideas, and develop solutions in the arts, and leadership.

Vision

Advancing Canada's contribution to creativity and knowledge through Arts and Culture.

Mandate

The Banff Centre is a public, board-governed institution operating under the authority of the Post-secondary Learning Act, Province of Alberta. Designated by the Minister of Alberta Enterprise and Advanced Education as a Specialized Arts and Culture Institute in the Six Sector model, The Banff Centre plays a unique role among Alberta's post-secondary institutions.

PROGRAM FOCUS

Advancing Careers • Accelerating Ideas • Supporting Leaders

Arts programs are at the core of The Banff Centre. The Banff Centre develops multi-dimensional artists for the international stage by offering intensive programs at a professional, postgraduate level. Programs focus on artistic growth, independent research, and the creation, production, and dissemination of new works.

"This residency was extremely helpful in developing my growth in my brass quintet and in my personal professional development. The faculty was outstanding and gave me and my quintet an enormous amount of attention. It was an extremely creative and productive time."

Tim Dueppen, 2011 Brass Ensemble Residency participant

Close to 100 programs are offered annually in a wide range of art forms including opera, music, theatre, dance, writing, painting, sculpture, print-making, ceramics, photography, and Aboriginal arts. The Banff Centre also provides leading-edge programming in new media, audio sound engineering, and digital film and media production for those working in new technologies related to the cultural industries – a cornerstone of *The Spirit of Alberta: Alberta's Cultural Policy*. No other institution has a comparable combination of diversity of disciplines, range of facilities, and wide provenance of participants and faculty.

Recognizing The Banff Centre's special setting in Banff National Park, a UNESCO World Heritage site, some programs are specifically designed to promote appreciation of the world's mountain places as expressed through photography, film, literature, and other art forms.

All programs are customized to fit the requirements of learners in advancing their artistic careers. While providing a safe place for individual experimentation and risk-taking, The Banff Centre offers the opportunity to connect with exceptional peers and mentors, as well as appreciative audiences. The intent is to make a significant impact on artists' careers – enabling them to make an exponential leap to the next level of their development. Program participants also benefit from learning opportunities presented in summits, think tanks, and conferences. They return to their communities and places of work to share ideas and inspire others—often reporting that their experience at The Banff Centre was “transformative.”

“Banff has given me a space to work, the time needed to practice carefully and diligently, and importantly, a community to think and experiment with.”

Zach Blas, 2011 Visual Arts “On the Commons” program participant

The Banff Centre also expands its creative programming model to **Leadership Development**. Drawing from arts disciplines and the natural environment, programs support the development of leaders in the public, private, and social sectors, including culturally specific programming for Aboriginal leaders. **Aboriginal Leadership & Management** has become a program of choice for aspiring leaders in Aboriginal communities throughout Alberta who want to develop new skills that have long-term benefits for their communities. The Banff Centre's ability to provide excellence in applied research outcomes and social and economic benefits was demonstrated in 2011-12 as research into Wise Practices in Aboriginal communities across Alberta continued, with support from the Rural Alberta Development Fund and the Nexen Chair in Aboriginal Leadership.

“After participating in the Aboriginal leadership program it became clear to me that brighter days are on the horizon for all Aboriginal people. Change is never easy, but in today's world it is necessary. I have learned here that through strategically planned economic development, we can restore self-governance and sovereignty within our Nations.”

April-Eve Wiberg, Mikisew Group of Companies

The primary delivery mechanism for programs at The Banff Centre is on-site presentation. Four types of programs are offered: professional training, creative residencies, workshops, and work study. Program terms range from one to thirteen weeks; work study opportunities last up to one year.

Conferences have been a central activity of The Banff Centre for 60 years, providing delegates from Alberta, Canada, and around the world with meeting facilities in an intellectually rich and thought-provoking environment. Delegates benefit from the creative energies and showcasing of Centre arts and leadership programming. Net revenues from conference activity are an essential source of funding to support arts programming.

Developing Potential • Transforming Lives

In 2011-2012, The Banff Centre continued to attract high-calibre faculty and participants to Alberta, providing the Province with globally competitive post-graduate arts and leadership programming. Competition for program placements at The Banff Centre remained strong with 6,683 applications and 3,859 participants enrolled from around the world. Another 1,884 people participated in Banff Centre Leadership Development programs, of these 384 were Aboriginal leaders. Literary Arts experienced a 50 per cent increase in applications to its spring programs, Audio programs and the Banff Playwrights Colony reported a 6:1 ratio and Summer Music Programs a 3:1 ratio of applicants to enrolments. Annually a quarter of all participants come from outside Canada, 75 per cent of those from the United States and Europe.

“I wouldn't be here tonight if I hadn't gone to Banff, if funding for places like Banff didn't exist... I truly don't know how to write for the stage unless I can look out of the window, at some point in the process, and lock eyes with an elk.”

Playwright Joan MacLeod in her acceptance speech for the 2011 Siminovitch Prize

Participants report that their experience at The Banff Centre advances their careers and changes their lives. Research shows that Banff Centre art's alumni are more likely to have received at least one or two awards, achievements or distinctions than graduates of any other arts training program in Canada; 78 per cent of graduates earn their living from artistic practice; 75 per cent serve as mentors and teachers within their communities; over 90 per cent of Banff Centre alumni are working professionally in their field; and 81 per cent of them secured a position, role, or exhibition within a year of taking a Banff Centre program.

The Centre continued to attract renowned faculty to lead arts programs including such luminaries as Dave Douglas, leader of the Banff International Workshop in Jazz and Creative Music; conductors Lior Shambadal and Anton Kuerti, musicians Colin Carr and Joel Smirnoff, sound designer Ren Klyce, music producers Tony Berg and Howard

Bilerman, writers Ian Brown and Charlotte Gill, opera singers Judith Forst and Adrian Thompson, visual artists Geoffrey Farmer and Pierre Huyghe, playwrights Daniel MacIvor and Carole Frechette, to name but a few.

"You are told about the Banff experience, but cannot begin to fully appreciate it until you've been part of it. In an environment filled with jazz icons and rising artists, I have learned so much in such a short space of time. To sit beside one of your heroes in such an intimate environment, and learn without fear of judgement or grading, can only be described as surreal."

**James Clarke, 2011 Banff International Workshop
in Jazz and Creative Music participant**

Reaching Audiences • Building for the Future

As a catalyst and commissioner of new art and performance by individual artists and arts collectives, the Centre enriches Canada's cultural repertoire. Work is disseminated through public performances, events, and exhibitions throughout the year, including during the annual Banff Summer Arts Festival and Banff Mountain Festival, and through emerging and established online and broadcast media.

In 2011-2012, The Banff Centre produced over 449 performances, concerts, readings, exhibitions, and public presentations to audiences in Banff totalling 80,698. The Banff Centre's Mountain Film Festival world tour presented 750 screenings in 40 countries around the world, reaching audiences totalling 306,000 from Asia to Antarctica.

*"I come to the Banff tour for the films with soul,
and the ones which challenge my perception."*

2011-12 Banff Mountain Film Festival audience member.

It is a priority of The Banff Centre to ensure that works developed here reach far beyond our Rocky Mountains to contribute to building the knowledge economy and to the development of culturally vibrant communities throughout the world. New work created at the Centre was further disseminated to audiences around the world in 2011-12 through live web streaming and podcasts, through iTunesU, Banff Centre Press publications, and through partnerships with other cultural organization such as Vancouver Opera, London's Guildhall School of Music and Drama and Trinity College of Music, and Toronto's Tafelmusik. Creative works also reached new audiences in 2011-12 through media partnerships with CBC Radio, DeutschlandRadio, and National Geographic Television.

In the summer of 2011, the Centre opened the Shaw Amphitheatre, a spectacular outdoor performance venue capable of seating over 1,600, marking the completion of Phase One of The Banff Centre Revitalization Project. Summer 2011 programming in the Shaw Amphitheatre appealed to a wide range of audiences – from classical music lovers to rock-pop fans, with nearly 4,000 tickets sold. Renovations were also completed to the Rolston Recital Hall, significantly

improving the audience experience in this well-used venue. With the support of a grant from Canadian Heritage's Cultural Spaces program, the Centre acquired significant new capital presentation assets, including an outdoor screen for the Shaw Amphitheatre, new theatre projection equipment, improved gallery lighting, and a new audio board.

Building Cultural Capacity

One of the findings that emerged from an Environmental Scan, undertaken by the Centre for the *Towards 2020 Strategic Plan*, is that The Banff Centre is not seen as a competitor, but rather is sought out as a collaborator, both by sister institutions in the post-secondary system and by cultural organizations. This is borne out by the many relationships The Banff Centre has established across institutions.

The Banff Centre and the Alberta College of Art and Design are the institutions that make up one of the Six Sectors in the province's Roles and Mandates Framework, that of Specialized Arts and Culture Institutions. These two institutions have, for many years, shared information and collaborated as active members of the Association of Canadian Institutions of Art and Design.

The Banff Centre is in regular dialogue with other National Arts Training Institutions regarding the needs of post-graduate practitioners in the arts and cultural industries across Canada. In 2011-12, the Centre launched a new program for mid-career francophone theatre practitioners in partnership with l'Association des théâtres francophones du Canada, the National Theatre School, the Canada Council for the Arts, and the Department of Canadian Heritage. We continued our partnership with the University of Alberta for the Banff Research in Culture (BRIC) program. This three-year residency program is designed for scholars engaged in advanced theoretical research on themes and topics in culture.

Internationally, the Centre partnered with the Sundance Institute to offer the Sundance Institute Theatre Lab in Banff, bringing together playwrights, directors, dramaturges, actors, composers, musicians, and designers, from across the United States, Mexico, and from east Africa to develop new works. A new Film & Media work study program, sponsored by NBCUniversal, was launched providing the opportunity for emerging producer/directors, videographers, and editors to advance their creative and technical skills through the development of digital film, television, and transmedia projects. The Centre was named as a satellite site for the world's largest contemporary arts exhibition, Germany's dOCUMENTA, and the U.S.-based Pew Charitable Trust designated the Centre's Leighton Artists' Colony as one of five residency sites (the only non-U.S. location) eligible for its Pew Fellows program. A new partnership with France's Consul in Vancouver, brought French artists to The Banff Centre including Jérôme Delormas, director general of La Gaité Lyrique, and Nicolas Bourriard, French curator, art critic, and former Gulbenkian curator of contemporary art at TateBritain, London.

"I knew the reputation of The Banff Centre as an artists' retreat, and a year later, here we are. At Sundance we use the same language as The Banff Centre, about giving artists a place away from the urban home environments, where the work becomes entirely different."

**Philip Himberg, producing artistic director,
Sundance Institute Theatre Program**

The Paul D. Fleck Library & Archives at The Banff Centre is a member of The Alberta Library and participates in the Lois Hole Campus Alberta Digital Library initiative. The Librarian is active in supporting collaboration between post-secondary libraries in Alberta, serving on The Alberta Library Board of Directors and committees of the Alberta Association of College Librarians. In 2012, the Library acquired the CBC Edmonton record collection, consisting of 7,500 recordings.

The Banff Centre continues to support Canada's major arts institutions by providing post-graduate professional training of the highest calibre. Musicians and performers trained in Banff form the core of Canada's symphony orchestras and dance companies. Banff Centre alumni constitute approximately 50 per cent of the Calgary Philharmonic and of the Edmonton Symphony Orchestra, 75 per cent of Alberta Ballet, 50 per cent of the Royal Winnipeg Ballet, 33 per cent of the Vancouver Symphony Orchestra, 33 per cent of the Toronto Symphony Orchestra, and 25 per cent of the National Arts Centre Orchestra.

Fostering Leadership

Individuals from over 161 different corporations, non-profits, and government agencies attended The Banff Centre's publicly-offered Leadership Development programs in 2011-2012. Many organizations also accessed the Centre's customized leadership programming, including: Cenovus, Encana, Suncor, Enbridge, Nexen, Talisman Energy, TransAlta, Shell Canada, Canadian Natural Resources Ltd, Pan Global, Canadian Pacific Railway, Shaw Communications, Rogers Communications, Crohns and Colitis Foundation of Canada, Alberta Children's Hospital, Canadian Health Library Association, Rural Alberta Development Fund, Human Resources Institute of Alberta, Economic Developers of Alberta, Public Service Alliance of Canada, Ministry of Transportation of Ontario, Saskatchewan Public Service Commission, AgriTeam Canada, Aarhus University (Denmark), Society for Teaching and Learning — McMaster University, Entrepreneurs Organization, Merit Contractors, Demers, SCM Insurance, Sherritt, GE HealthCare, HRJ Consulting, Calgary Olympic Park — WinSport, Norlien Foundation, Delta Bow Valley, ATCO Electric, Magna 4, Worley Parsons, Canalta Hotels, the International Institute for Sustainable Development, Thought Works Canada, Dehcho First Nation Custom Facilitation, and Rama First Nation. The Centre's Aboriginal Leadership and Management programs served participants from First Nations, Metis, and Inuit communities and organizations from across Canada.

"For someone new to a coaching role, this program has provided me with the tools to become a great coach and succeed within the team and organization."

Shawna Ollenberger, The Cooperators Insurance

GOALS AND PERFORMANCE MEASURES

The Banff Centre's progress is measured against the goals and performance measures established in the Banff Centre's *Comprehensive Institutional Plan* and *Towards 2020 Strategic Plan*, and reported to the Banff Centre Boards of Governors on a quarterly basis.

Access Goals

Access Goal One: continue to keep tuition fee increases to a minimum, and to maintain or increase the level of scholarship support provided.

It is a long established practice and core value that The Banff Centre seeks to mitigate the financial burden on program participants, ensuring accessibility to all qualified participants based on merit and not on their ability to pay. Tuition fees account for only 4.2 per cent of The Banff Centre's annual operating revenues. The operating grant from Alberta Advanced Education and Technology currently provides 28 per cent of the Centre's annual operating budget, with the balance coming from other sources, primarily conference and hospitality operations, other earned revenue, donations, grants and endowment income. Some of these revenues are used to defray the cost of tuition, with The Banff Centre providing scholarship assistance to an average level of 61 per cent of total tuition. In 2011-12 tuition fees, including room and board, were increased by three per cent, while scholarship levels remain constant. A total of \$2,344,936 was awarded in Arts scholarship in 2011-12.

The Banff Centre proactively seeks support from corporations, the federal government, and private donors to increase both operating funds and endowment for scholarships, while at the same time aggressively seeking increased revenues from conferences. While fundraising efforts have brought significant donations to the endowment fund over the past year and The Banff Midsummer Ball raised over \$775,000 for scholarships, increasing ancillary revenues remains a challenge.

Access Goal Two: enhance recruitment efforts aimed at Aboriginal learners.

The Banff Centre is committed to ensuring that First Nations, Metis and Inuit learners and communities will have greater access to arts, cultural, and leadership training. Since its inception in 1993, the Aboriginal Arts Program has provided opportunities for Aboriginal artists to create and produce work with cultural integrity and artistic merit. Since 1974

Aboriginal Leadership and Management has used a consultative approach for program design, development, and delivery.

In 2011-12, the Centre provided \$418,386 in scholarships for Aboriginal participants. With support from Rural Alberta Development Fund, Suncor, and Nexen, applied research continued into best practices in Aboriginal Leadership by engaging and working directly with Alberta Aboriginal communities. In 2012-13 findings from this research will be published, showcasing the social innovation undertaken by Alberta's First Nations and Metis. Auditions for Aboriginal Arts applicants were conducted across Canada, and planning began to expand the existing arts programs aimed at Aboriginal dancers, singers, filmmakers, writers, and visual artists to include a new program for editors, filling a gap that has not been addressed in Canada.

Access Goal Three: increase access to our technology-based programs and research in new media, sound engineering, and film and media production

In 2011-12, the Centre provided \$125,000 in scholarships for arts technology-based scholarships and programs. Recognizing that excellence in research, innovation, and commercialization drives Alberta's future success, and understanding that technology is driving global connectivity, the intent is to increase access to The Banff Centre's technology-based programs, while expanding the program offerings in order to better meet market demand. The priorities of Alberta Innovates – Technology Futures, particularly in the Information and Communications Technology (ICT) leadership and capacity areas, highlight the importance to Alberta of research and innovation in this area, and especially in Digital Media.

In order to expand program offerings to include internet streaming and radio broadcasting, as well as digital media production and post-production, the Centre continued to build on existing relationships with the Banff World Media Festival, the CBC, Digital Alberta, and Alberta's new Creative Hub, while adding new partnerships with National Geographic, NBCUniversal, and Shaw Communications. Strategies to expand access are focused on raising sufficient funding to increase the number of work study positions available for post-graduates in the cultural industries, including researchers.

Enrolment Plan

The Enrolment Corridor range that has been established for The Banff Centre is 505-558 Full Load Equivalents (FLEs). In 2011-12, The Banff Centre's total FLE exceeded the budgeted number of 543.07, as it did in 2010-11. Competition for program placements at The Banff Centre remained strong with 6,683 applications and 3,859 participants enrolled from around the world.

Research Plan

Recognizing that the Alberta Research and Innovation Plan articulates the Province's research and innovation priorities in alignment with the Government of Alberta's vision of prosperity and quality of life, The Banff Centre's Research Plan focuses on research priorities that enhance creativity and spur innovation. The Banff Centre supports a wide range of applied research and creative activities through our partnership model of applied research, which includes partners in the Campus Alberta framework, and beyond.

Research Goal One: expand research in Digital Media

The Centre has a record of almost two decades of programming in the world of digital media through the Banff New Media Institute, now part of the Centre's Film and Media department, and will be broadening this applied research focus in the years to come.

Over the past decade and a half, The Banff Centre has undertaken a number of applied research initiatives. In the area of mentoring and connecting business with content creators, the Centre's Accelerator program provided a test-bed in which small and medium enterprises in the Digital Media area acquired business development skills. Elaborated and adjusted to provide focused mentoring to a selected group of digital media start-ups, the program became an incubation program: the Digital Content Creation Entrepreneurs Network. In the area of visualization, Banff has led the way on experimental work, some undertaken in collaboration with Emily Carr and Concordia Universities. In the mobile technology field, recent projects involved applying the Mobile Experience Engine to the wilderness setting of Banff National Park in the "Tracklines" project, and the EasyMap project brought digital media into the public school system in Calgary and Banff.

The Banff Centre has worked closely with the Digital Media industry association, Digital Alberta, other members of Campus Alberta, including the colleges and technical institutes in the AACTI system and Alberta's universities, in advancing Digital Media research. The Centre has significant infrastructure in this area secured through the Canada Foundation for Innovation for the Visualization and Collaboration labs, part of the Centre's engagement in the Westgrid and Compute Canada initiatives. The Banff Centre is one of the few non-university partners in Westgrid which includes, among others, the Universities of Alberta, Calgary and Lethbridge, and Athabasca University.

In 2011-12 The Banff Centre held a summit on the future of Digital Media Technology "To 2020" which involved all of the research directors from Alberta's post-secondary institutions. The outcomes of the Summit will guide not only research at The Banff Centre, but across the Alberta education system. In November the Centre partnered to host Creating Content in the Film, Television and Digital Worlds, designed to give conventional film and TV producers the context and tools needed to develop interactive and multi-platform content and products and to introduce them to Digital Media producers to

generate new collaborations and opportunities. Co-presented with Alberta Media Production Industries Association (AMPIA) and Digital Alberta, with support from Alberta Film and Telefilm Canada, the program attracted 61 participants from across Alberta. The Centre also supported work by three self-directed research artists in 2011-12, exploring the use of sound visualization and motion capture to create new works.

Research Goal Two: expand ideas and knowledge through "Signature Summits" on a variety of issues

The Banff Centre's first research priority builds on the institution's strengths as a convener of summits that focus on social, environmental, economic, cultural and political ideas and challenges. Expanding on the Centre's established reputation as an inspirational venue for reflection and discussions, and its proven competitive advantage in attracting world-class scholars, high-level government representatives, and leading figures in industry (including cultural industries), this strategic direction aims to increase the number and prominence of "signature summits" that occur at the Centre, and to disseminate summit content through the Banff Centre Press, iTunes U, and other broadcast initiatives.

In 2011-12, planning began for a signature summit on multidisciplinary arts projects and for a meeting of under-40 elected officials from across Canada. The Leading Ideas Speakers Series presented seven events ranging from presentations by acclaimed environmentalist Jane Goodall, to award-winning architect Todd Saunders, to Hollywood filmmaker and activist Tom Shadyac.

Research Goal Three: expand research in technology convergence in Theatre and Creative Arts

To meet the needs of theatre practitioners across Canada and around the world, The Banff Centre will conduct research into the role of technology as a key creative element in theatre performance through the Interaction, Design, Experience and Audience (IDEA) project. This interdisciplinary applied research project will explore the relationship between powerful imagery, story-telling, and technology in areas such as theatre projection, visualization, computer-assisted design, audience engagement, advanced imaging, and audio and video over networks. These technologies have the potential to transform both the creation and production processes in theatre arts, as well as the performance experience of the audience.

The Centre has received \$100,000 in funding for IDEA from Alberta Innovates – Technology Futures and began its exploration of the possibilities of manipulating movable digital projectors with a high-level think-tank of industry partners. The Banff Centre's Letter of Intent applying for a College and Community Innovation Enhancement Grant for IDEA was accepted by the Natural Sciences and Engineering Research Council of Canada.

The emphasis on the integration of digital media technology into the theatre arts is consistent with the strategic priorities of the Government of Alberta and Alberta Enterprise and Advanced Education. The creation of enhanced theatre production

capacity, coupled with spin-off technology companies, is aligned with an improved quality of life, enhanced talent and skills recruitment, and a more diversified economy, all of which are priorities of the Government of Alberta.

Research Goal Four: expand opportunities for Applied Research in Audio

The Banff Centre has a distinguished record as a facilitator of research excellence in the area of Audio Engineering, and it is the intention to continue to build and expand upon this record. The programming focus of The Banff Centre brings a steady stream of world-class and emerging musicians to the campus throughout the year for professional development and creative expression. In addition, The Banff Centre hosts an infrastructure of performance venues, practice studios, exceptional support staff, and recording equipment that provides an ideal environment for expanding opportunities for research into musical performance and audio production.

The result is that The Banff Centre has developed a network of partnerships with performers, researchers, and industry that is truly unique in a public post-secondary environment, and which has positioned The Banff Centre to emphasize excellence in this area. The Centre's on-going partnership with faculty at McGill University is reflected in the "Open Orchestra" project, funded by CANARIE, which enables performance and inquiry into technology-mediated musical practice and training (using the so-called "orchestra minus one" model). In addition, the Centre is currently part of a Social Sciences and Humanities Research Council (SSHRC) funded research project, Advancing Interdisciplinary Research in Singing (AIRS), centred at the University of Prince Edward Island. The Centre's ongoing partnership with scholars at Stanford University was most recently reflected in the return visit of Dr. Chris Chafe of Stanford University, previously an Informatics Circle of Research Excellence (iCORE) Visiting Professor, to continue conducting his research into Audio over Networks. The Centre also hosted the Dolby Research Group, a team of researchers from Dolby Laboratories in San Francisco who presented talks on Dolby's research initiatives, and auditory perception.

Currently the Audio research goal is to secure funding for an Industry Chair to work with the graduate students from such institutions and companies as the University of Michigan, the University of British Columbia, the University of Calgary, Universal Audio, and Bang & Olufson.

Partnerships and New Creative Works

The Banff Centre's *Towards 2020 Strategic Plan* commits the Centre to the commissioning, development, and dissemination of new creative works. Notable creative works commissioned and/or developed at the Centre in 2011-2012, and disseminated through national and international partnerships include:

Cecilia String Quartet broadcasts and recordings:

As part of CBC's 75th anniversary programming broadcast across Canada and to the European Broadcasting Union, the Centre and CBC presented a concert by the Banff International String Quartet Competition (BISQC) winning Cecilia String Quartet with Banff Centre alumni Geoff Nuttall, Jamie Parker, and Adrian Fung. This concert was part of BISQC's career development program for the quartet, which included a concert tour of Europe and North America in 2011-12, and a debut recording by Analekta Records, released in March 2012. In partnership with the Honens International Piano Competition, BISQC also presented a Calgary performance by the Cecilia Quartet and Honen's winner Georgy Tchaidze, which was recorded as part of the *Honens Sessions Live Series*.

Ana Sokolovics' *Commedia del Art*: Commissioned for BISQC by the Centre and CBC, this work continues to be performed by the Cecilia Quartet, including at concerts in London's Wigmore Hall and in New York City in 2011-12. A dance/theatre version of this piece, entitled *Commedia Ruzzante*, was supported by a Banff Centre production residency and will premiere in Montreal in October 2012.

Inuksuit: This 80-minute outdoor percussion piece by John Luther Adams, commissioned by and premiered at The Banff Centre in June 2009, received a glowing review in the *New Yorker* magazine in June 2011 by noted critic Alex Ross following the work's New York debut as part of the Tune-In festival.

Bob Becker Commission: The Centre commissioned and premiered a new work by celebrated percussionist Bob Becker in August 2011.

75th Anniversary Violin: In 2008, The Banff Centre commissioned a new violin from Samuel Zygmuntowicz of New York, one of the top contemporary instrument makers in the world. The new violin was delivered in December 2011, to become part of the Centre's instrument loan bank, which provides musicians with access to top-notch instruments they might not be otherwise be able to afford.

House of Dreams: The Centre co-produced this new work by Toronto's Tafelmusik Baroque Orchestra. Sets, film projections, and recordings for *House of Dreams* were completed during a Banff residency. *House of Dreams* premiered in Banff, and its Toronto debut in February 2011 received rave reviews. Tafelmusik's *Galileo Project*, also co-produced by the Centre, toured across Australia in March 2012.

Lillian Alling: The Alberta premiere of this new Canadian opera, co-produced by The Banff Centre and Vancouver Opera, headlined the 2011 Banff Summer Arts Festival.

The Last King of Scotland: A scene from this new opera by composer Stephen McNeff and author/librettist Giles Foden, co-commissioned by The Banff Centre, was presented as part of the Royal Opera House (London) event: *Exposure: Opera Snapshots of New Work*.

The Secret Garden: The Banff Centre commissioned a revised opera version of *The Secret Garden* from composer Stephen McNeff and librettist Joan MacLeod. It will be a co-production with London, England's Trinity College of Music.

Fumbling Towards Ecstasy: In partnership with Alberta Ballet, The Banff Centre provided a residency and production support in preparation for the premiere of this new work based on the music of Sarah McLaughlin and choreographed by Jean-Grande Maitre.

Arigato, Tokyo: This Banff Centre 75th anniversary play commission from Daniel MacIvor has been selected by Toronto's Buddies in Bad Time Theatre to open its 2013 season.

We Are At War: Hannah Moscovitch's 75th anniversary play commission, *We Are At War*, has been chosen by Toronto's Tarragon Theatre for production.

BOULDERPAVEMENT: *BOULDERPAVEMENT*, the multidisciplinary, multimedia, on-line quarterly of arts and ideas published by the Banff Centre Press was a finalist for the Canadian Online Publishing Awards – best website design category.

Banff Centre Press publications: The Banff Centre Press launched three new titles in 2011-12. *Science She Loves Me*, edited by Mary Anne Moser, co-chair of the Centre's Science Communications program, features ideas, discussions, and methods for creative communication about science. *The Spoken Word Workbook*, edited by Sheri-D Wilson, director of the Centre's Spoken Word program, explores the history and methodology of spoken word performance. *Euphoria Dystopia*, edited by the former director of the Banff New Media Institute (BNMI), Sara Diamond, is a compendium of thinking about art and technology based on the research at BNMI from 1995 to 2005, and is available in print or as an e-book.

Dexter Sinister: The Serving Library: The Walter Phillips Gallery summer 2011 exhibition featured the largest version created to date of Dexter Sinister's (artists Stuart Bailey and David Reinfurt) *The Serving Library* — a temporary library space, testing different ideas of the role of the library in society.

Frances Stark: My Best Thing: This companion publication to Frances Stark's video, *My Best Thing*, includes an in-depth essay by British curator Mark Godfrey, and was co-published by the Walter Phillips Gallery, Vancouver's Contemporary Art Gallery, and London's Koenig Books, on the occasion of the exhibition of *My Best Thing* at the Walter Phillips Gallery in fall 2011.

Brian Jungen, The ghosts on top of my head: Supported by a donation from Doug, Linda, Sarah, and Ian Black, this new sculpture by internationally renowned artist and Centre alumnus Brian Jungen was commissioned by The Banff Centre, and officially unveiled in July 2011.

Barbara Hammer exhibition: film/visual arts alumna Barbara Hammer, who created work at the Centre as a Paul D. Fleck Fellow in 2011, opened an exhibition at the Tate Modern in London.

Migration: The Banff Centre partnered with New Zealand's indigenous dance company Black Grace to create and premiere this new dance work at the 2011 Banff Summer Arts Festival.

The Indie Banff Experience: Funding from the Alberta Rural Development Network enabled the Centre to produce a video documentary on the Centre's Indie Band Residency which was distributed online and by DVD to high school and colleges in rural Alberta.

Hi Rez Storytelling: In its second year, this collaborative program offered by Aboriginal Arts and Film & Media for Aboriginal filmmakers and new media practitioners attracted a diversity of artists and new creative projects.

Blast Theory, A machine to see with: *A machine to see with* was the first Locative Cinema Commission awarded by The Banff Centre in conjunction with the Sundance Film Festival and the O1 San Jose Biennial. The new work premiered at the O1SJ Biennial in San Jose, and was presented in Sundance, Minneapolis, Brighton, England, and in Banff as part of the 2011 Banff Summer Arts Festival.

National Geographic's Extreme Expeditions: From a Banff Mountain Film Festival: The Centre partnered with National Geographic, Banff Lake Louise Tourism, and Travel Alberta to produce this 90-minute special showcasing six mountain festival films and their filmmakers on the National Geographic media platform during Expedition Week – reaching a potential 370 million subscribers worldwide. The production also provided Centre's work study participants with an opportunity to work on the creation of a major television special, which will be re-broadcast at least 30 times throughout the year.

New Music: Numerous CDs were recorded by the Centre's Film & Media department in 2011-12, including Elizabeth Dolin, cello; Bernadene Blaha, piano; Arthur Campbell, clarinet; Helen Marlais, piano; and *Land's End*: a project of R Murray Shaffer's music.

Community Engagement

As detailed elsewhere in this Annual Report, The Banff Centre plays an active role in the networks of post-secondary institutions and cultural institutions in Alberta, and beyond.

The Banff Centre maintains a significant ongoing partnership with BIRS (the Banff International Research Station for Mathematical Innovation and Discovery), a partnership that has been extended to 2016. The BIRS initiative is separate from the programming activities of The Banff Centre, yet takes advantage of the Centre's interdisciplinary nature and facilities for live-streaming lectures around the world.

The Banff Centre provides cultural, educational and recreational resources, not only to its program participants, but also to Centre staff, and residents of the Town of Banff, the Bow Valley, and Alberta. As one of the largest employers in the Town of Banff, responsible for an estimated economic impact of some \$60 million annually, The Banff Centre is active in the local community, providing access to recreational facilities and

cultural offerings. As the only contemporary art gallery in the Bow Valley, the Walter Philips Gallery delivers art programs to schools in Canmore, Banff, and the Morley Reserve. As the longest-running performing arts presenter in the Bow Valley, The Banff Centre mounts a series of performances for families alongside the marquee visiting artists series. The Centre's theatre staff contribute professional lighting and sound support to various local club and school events – from the Ice Show to the Community Christmas Concert.

The Banff Centre also partners with entities such as Banff Lake Louise Tourism (BLLT) and Banff National Park to develop events that will add lustre to Banff's tourism offerings and support the economy of the Bow Valley and Alberta, including the annual "Performance in the Park" concert, which attracts visitors to Banff at the beginning of the summer season.

In 2011-12, The Banff Centre was chosen as one of the Host Sites for Alberta Arts Days and participated in the national Culture Days program, working with other arts and cultural organizations in Banff to deliver three days of participatory arts activity.

Financial Sustainability

The Banff Centre faces the ongoing operational challenge of maintaining the viability of our business model during a period of global economic volatility and uncertainty. This challenge is exacerbated by the fact that the Centre's business model requires 72 per cent of revenues to be generated by sources other than the base operating grant provided by Alberta Enterprise and Advanced Education, with the largest components coming from the Centre's conference, leadership development and hospitality operations. However, it is in these same operational areas where the uncertainty in the economy has impacted the Centre the most. Companies and organizations have significantly reduced discretionary expenditures and fewer people are able to attend conferences, educational seminars, and external training and development sessions, all of which provide substantial revenue for the Centre. Over the past four years, the net revenue contribution from conferences and leadership development programming alone has been reduced by some 42%. However, 2011-12 saw a continuation of the gradual restoration of the Centre's conference business with a modest increase in the net contribution of some \$243,000. This positive result can be attributed to increased economic optimism, particularly in the province of Alberta, and the completion of Phase 1 of the Banff Centre Revitalization Project.

The economic uncertainty also adversely impacted the Centre's endowment funds, the income from which is an essential funding source for our extensive scholarship and student assistance programs. On a positive note, the Centre received notification of \$1.6 million in funding from the Canada Cultural Investment Fund Endowment Incentives Matching Program. This represents approximately 81.5 per cent of eligible donations raised in 2011-12. Since the start of this program in 2005-06, the Centre has received in the order of \$7.2 million in matching funds

To meet the current fiscal challenge, the Centre is continuing a number of cost control measures. All non-salary expenditures are scrutinized, discretionary expenses such as travel and training have been significantly reduced where feasible and practical, vacant positions continue to be frozen in the first instance, staffing levels are aligned with anticipated business levels, and salary increases will be modest. The Centre and CUPE, the union which represents the majority of support staff, negotiated a new three-year collective agreement that runs from January 1st, 2012 to December 31st, 2014. The new agreement provides cost of living adjustments of zero per cent in year one and 2 per cent in each of year two and three.

At the end of the fiscal year, work to develop and implement a new Time and Attendance System and a new Payroll System was near completion and the development and implementation of a new Participant and Faculty Information System is ongoing. This system will replace the legacy registration system that was developed some 25 years ago.

Careful stewardship of resources and dedication to delivering exceptional service to program participants and conference guests helped The Banff Centre sustain its operations in 2011-12, resulting in a modest operating surplus of \$196,000 at fiscal year-end.

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) should be read in conjunction with The Banff Centre's annual audited consolidated financial statements and accompanying footnotes which are reviewed and approved by the Board of Governors. The Centre's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are expressed in Canadian dollars.

The Centre reported an excess of revenue over expense totaling \$196 thousand for the year ended March 31, 2012 (2011 - \$291,000). Over the year, total revenue increased by \$3.6 million to \$57.7 million and total expenses increased by \$3.7 million to \$57.5 million.

The increase in revenue reflects a higher utilization of restricted grants and donations to support special purpose programming and additional facilities maintenance expenditures in 2012. Earned revenues from conference and leadership development activities have improved but are substantially below the high mark in 2008, representing the impact a downturn in the economy has had on the Centre over the past three years. The increase in expenditures also reflects the special purpose activities in 2012, one-time wage payments for employees, and the higher cost of utilities.

This MD&A provides an overview of the results the Centre achieved in 2012 with a detailed discussion and analysis of the Centre's:

1. Business Planning and Management
2. Financial / Budget Information
3. Areas of Significant Financial Risk
4. Progress in Capital Projects

1. BUSINESS PLANNING AND MANAGEMENT

The Centre's three-year Consolidated Institutional Plan provides the fiscal framework to enable the Centre to achieve its strategic goals and objectives. Performance measures identified in the Plan monitor and communicate progress to the Centre's provincial, national and international stakeholders.

The Centre establishes balanced operating and capital budgets each year. Both budgets are monitored by management on a monthly basis and any variations from the plan are adjusted quarterly to ensure the required year-end results are achieved.

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

2. FINANCIAL / BUDGET INFORMATION

Revenue

Total revenue increased in 2012 to \$57.7 million from the \$54.1 million level achieved in the previous year. The following table shows the composition of the Centre's total revenue for the year ended March 31, 2012 with comparative information for 2011 and 2010 (prior year data has been restated to conform to the 2012 presentation).

In 2012, the base operating grant provided by Alberta Advanced Education and Technology was \$16.1 million and the base programming grant from the Government of Canada was \$1.9 million, which together were slightly higher than in 2011 by \$225 thousand. Restricted grant and donation funding increased again in 2012 for special purpose activities, and revenues from tuition, accommodations and meals reflects an increasing volume of business from the conferences and Leadership Development areas. Increases in tuition and fees from Arts Programming participants are largely offset by correspondingly higher levels of expense for financial assistance.

CONSOLIDATED REVENUE

(IN THOUSANDS OF DOLLARS)

	YEAR ENDED MAR 31, 2012	YEAR ENDED MAR 31, 2011	YEAR ENDED MAR 31, 2010
Grants	\$ 20,911	\$ 19,905	\$ 19,093
Accommodations and meals	16,782	15,534	15,166
Other sales, rentals and services	5,768	5,822	5,606
Donations and other contributions	5,685	5,941	4,785
Tuition and related fees	4,500	4,018	3,799
Amortization of deferred expended capital contributions	3,487	2,405	2,426
Investment income	554	492	694
TOTAL REVENUE	\$ 57,687	\$ 54,117	\$ 51,569

Expense

Total expense increased from \$53.8 million in 2011 to \$57.5 million in 2012. The following table shows the composition of the Centre's total expense for the year ended March 31, 2012 with comparative information for 2011 and 2010 (prior year data has been restated to conform to the 2012 presentation).

Salary and benefit increases reflect one-time payments for all staff and the higher costs of employee benefits. Utilities expenses increased as a result of additional system-wide distribution charges for electricity, while other expenditures remained stable except where driven by a higher volume of business or where supported by special purpose funding sources.

The Centre also recorded an increase in its portion of the unfunded liability related to the Universities Academic Pension Plan. The 2012 expense is \$104 thousand which is shown as an increase in the "change in employee future benefit obligation" cost category.

Budget to Actual

A balanced operating budget of \$54.7 million for the fiscal year 2011-12 was approved by the Board of Governors. Revenues and expenses were greater than budget by \$3.0 million and \$2.8 million respectively, resulting in an excess of revenue over expenses of \$196 thousand.

Revenue and expenses were higher than budgeted due primarily to the utilization of restricted grants and donations for special purpose activities and a higher volume of conference business. Other operating revenues and expenditures reflected budgeted levels.

CONSOLIDATED EXPENSE

(IN THOUSANDS OF DOLLARS)

	YEAR ENDED MAR 31, 2012	YEAR ENDED MAR 31, 2011	YEAR ENDED MAR 31, 2010
Salaries, wages and benefits	\$ 30,159	\$ 29,018	\$ 28,931
Change in employee future benefit obligation	104	88	781
Materials, goods and supplies	3,780	3,635	3,725
Amortization of capital assets	4,927	3,743	3,759
Scholarships and financial assistance	3,457	3,343	3,659
Purchased services	4,913	4,972	4,115
Facility operations and maintenance	3,115	2,967	1,524
Utilities	1,752	1,561	1,447
Travel, training and related costs	2,013	1,733	1,224
Rentals and equipment	1,304	1,092	971
Marketing and recruitment	1,311	955	532
Financial costs	660	723	795
Gain on disposal of capital assets	(4)	(4)	(13)
TOTAL EXPENSE	\$ 57,491	\$ 53,826	\$ 51,450

Financial Position

Net assets

The Centre's net asset balance at March 31, 2012 totaled \$38.6 million, an increase of \$2.0 million for the fiscal year. The net asset balance is reported in two major categories:

Unrestricted Net Assets

Unrestricted net assets increased by \$300 thousand to \$17.5 million from \$17.2 million in 2011. Included in unrestricted net assets is \$22.2 million (2011 - \$24.4) representing the Centre's investment in capital assets and collections.

The balance of unrestricted net assets for employee future benefits totaled a negative \$2.3 million in 2012. This represents the Centre's estimated share of the Universities Academic Pension Plan unfunded liability (negative \$2.2 million in 2011).

Endowment

Net assets restricted for endowment purposes increased by \$1.8 million to \$23.5 million from \$21.7 million in 2011. The increase is the result of investment income of \$0.7 million, realized and unrealized losses of \$0.8 million, new contributions of \$2.6 million and a distribution of earnings for spending of \$0.7 million.

3. AREAS OF SIGNIFICANT FINANCIAL RISK

Unfunded pension liability

The Centre participates with other employers in the Universities Academic Pension Plan (UAPP). The UAPP is a multi-employer defined benefit pension plan that provides pensions for management and professional staff members.

As of March 31, 2012 the estimated funding deficiency of the Plan is \$1.153 billion. During the year, the Centre's portion of the liability increased by \$0.1 million to \$2.3 million from \$2.2 million in 2011. Based on an extrapolation of the latest actuarial valuation it is estimated there will not be a significant change in the funding deficiency for 2013.

Infrastructure Maintenance Program funding and deferred maintenance

The Centre has identified deferred maintenance as a top priority and is addressing this priority annually through a combination of judicious allocation of Infrastructure Maintenance Program grants from the Province of Alberta and internal resource reallocation whenever possible. Wherever possible, the Centre addresses deferred maintenance as part of other capital projects within the existing building inventory.

Technology

A key component of the Centre's Strategic Plan "Towards 2020" is the strategic use of technology. A technology task force has been established to develop a plan for an interactive online presence. Significant resources beyond the Centre's current level of funding will be required to bring the plan to fruition.

Economy

Global economic conditions have adversely impacted the Centre over the past three years. The Centre has experienced significant revenue erosion which in turn impacts the level of funding available to support programming. In particular, there have been reductions in conference business and leadership development revenue. For both of these areas, revenues are showing signs of improvement and are expected to gain some forward momentum as general economic conditions improve.

Investments and endowments

With the addition of new endowment gifts and matching funds available from provincial and federal programs, the Centre's endowment fund continues to experience significant growth. In recent years the endowment investments have generated only modest returns, and general market conditions remain volatile in response to global economic concerns. As of March 31, 2012 the market value of the endowment investments exceeded the cost by \$180 thousand (2011 - \$497 thousand).

Provincial funding and tuition fees

The Centre's Consolidated Institutional Plan assumes that there will be a 2.0% increase in the provincial base operating and deferred maintenance grants for the next three fiscal years. The Government of Alberta Tuition Fee Policy establishes the maximum amount by which tuition can be increased each year. The Centre will continue to review and refine its business model to reflect the funding realities without unduly impacting the quantity and quality of programming.

Capacity utilization

Over the past three years, capacity utilization has stabilized. The Centre supported 543 full-time learning equivalents (FLEs) in 2011-12 and expects this level to be maintained in the short term. In the longer term as Conference and Leadership Development revenues recover, program enrollments will be increased to the extent that the capacity of the Centre's facilities permits.

Salaries and benefits

Management and professional staff salaries were frozen for the last two fiscal years, but annual increases are expected to be distributed again beginning in 2012-13. The current Collective Agreement with the Canadian Union of Public Employees, which represents the Centre's support staff, was ratified in 2011 and covers the calendar years 2012-2014 and provides for base pay increments in 2013 and 2014. Higher costs for employee benefits are expected, in particular for both management and support staff pensions.

4. PROGRESS OF CAPITAL PROJECTS

Capital planning at the Centre is guided by the Campus Master Plan and a five-year capital plan which is updated annually.

Construction of the new 1600-seat Shaw Communications Inc. Outdoor Amphitheatre was completed and officially opened in July 2011.

The Centre engaged an architectural consultant to assist in developing a preliminary concept for Phase II of Campus Redevelopment.

The Centre will continue to work with Alberta Enterprise and Advanced Education and Alberta Infrastructure to support the Centre's needs for additional funding to finance the next phase of campus redevelopment.



The Banff Centre
inspiring **creativity**

Consolidated Financial Statements

March 31, 2012



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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, 2012, and the consolidated statements of operations and changes in net assets and cash flows for the year then ended, and the notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, 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 is sufficient and appropriate to provide a basis for our audit opinion.

The Banff Centre
May 30, 2012
Page 2

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, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


Chartered Accountants

Calgary, Alberta
May 30, 2012

THE BANFF CENTRE

Consolidated Statement of Financial Position

As at March 31, 2012

(in thousands of dollars)

	As at March 31, 2012	As at March 31, 2011
Assets		
Current assets		
Cash	\$ 594	\$ 319
Short-term investments (Note 3)	316	4,565
Accounts receivable	3,984	3,204
Pledges receivable	7,429	4,341
Inventories	412	395
Prepaid expenses	576	323
	<u>13,311</u>	<u>13,147</u>
Notes receivable and deferred charge (Note 4)	675	677
Long-term pledges receivable	2,720	7,950
Endowment and other investments (Note 3)	24,534	21,843
Capital assets and collections (Note 5)	146,746	143,543
	<u>\$ 187,986</u>	<u>\$ 187,160</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,051	\$ 2,096
Accrued vacation pay	1,596	1,498
Unearned revenue and deposits (Note 6)	1,338	1,463
Deferred contributions (Note 7)	4,624	6,433
Current portion of long-term debt (Note 8)	294	288
	<u>10,903</u>	<u>11,778</u>
Long-term debt (Note 8)	1,156	1,444
Employment related liabilities (Note 9)	28	240
Employee future benefit obligation (Note 10)	2,263	2,159
Long-term deferred contributions (Note 7)	11,847	17,470
Deferred expended capital contributions (Note 11)	123,140	117,406
	<u>149,337</u>	<u>150,497</u>
Net assets		
Unrestricted (Note 12)	17,460	17,160
Unrestricted - employee future benefits (Note 12)	(2,263)	(2,159)
Endowments (Note 13)	23,452	21,662
	<u>38,649</u>	<u>36,663</u>
	<u>\$ 187,986</u>	<u>\$ 187,160</u>

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

Signed on behalf of The Banff Centre Board of Governors:



Chair, Board of Governors



President, The Banff Centre

THE BANFF CENTRE

Consolidated Statement of Operations and Changes in Net Assets

For the year ended March 31, 2012

(in thousands of dollars)

	Year Ended March 31, 2012	Year Ended March 31, 2011
Revenue		
Accommodations and meals	\$ 16,782	\$ 15,534
Grants (Note 14)	20,911	19,905
Other sales, rentals and services	5,768	5,822
Tuition and related fees	4,500	4,018
Donations and other contributions	5,685	5,941
Investment income	554	492
Amortization of deferred expended capital contributions (Note 11)	3,487	2,405
	<u>57,687</u>	<u>54,117</u>
Expense		
Salaries, wages and benefits (Note 15)	30,159	29,018
Change in employee future benefit obligation	104	88
Purchased services	4,913	4,972
Materials, goods and supplies	3,780	3,635
Scholarships and financial assistance	3,457	3,343
Facility operations and maintenance	3,115	2,967
Utilities	1,752	1,561
Travel, training and related costs	2,013	1,733
Rentals and equipment	1,304	1,092
Marketing and recruitment	1,311	955
Financial costs	660	723
Amortization of capital assets	4,927	3,743
Gain on disposal of capital assets	(4)	(4)
	<u>57,491</u>	<u>53,826</u>
Excess of revenue over expense	196	291
Internally designated funds for endowments	-	(102)
Internally designated funds for capital acquisitions	(110)	(105)
	<u>86</u>	<u>84</u>
Excess of revenue over expense, net of transfers	86	84
Net assets, beginning of year	36,663	33,169
Endowment contributions and other transfers	2,554	2,357
Endowment earnings retained in (distributed from) the fund	(446)	525
Endowment unrealized appreciation (depreciation)	(318)	423
Internally designated funds for capital acquisitions	110	105
Net assets, end of year	\$ 38,649	\$ 36,663

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

THE BANFF CENTRE**Consolidated Statement of Cash Flows**

For the year ended March 31, 2012

(in thousands of dollars)

	Year Ended March 31, 2012	Year Ended March 31, 2011
Cash flows from (used in) operating activities		
Excess of revenue over expense	\$ 196	\$ 291
Non-cash transactions:		
Amortization of deferred expensed capital contributions	(3,487)	(2,405)
Amortization and gain on disposal of capital assets	4,923	3,739
Change in notes receivable and deferred charge	2	2
Change in employment related liabilities	66	64
Change in long-term employee future benefit obligation	104	88
(Appreciation) depreciation on natural gas storage investment	99	(9)
Changes in:		
Non-cash working capital (Note 16)	958	(5,748)
Employment related liabilities	(278)	(278)
Deferred contributions and pledges receivable	(962)	106
Net cash from (used in) operating activities	<u>1,621</u>	<u>(4,150)</u>
Cash flows from (used in) investing activities		
Acquisition of capital assets	(9,205)	(18,160)
Endowment earnings retained in (distributed from) the fund	(446)	525
Disposition of short-term investments	4,249	10,336
Acquisition of long-term investments	(3,108)	(2,882)
Net cash used in investing activities	<u>(8,510)</u>	<u>(10,181)</u>
Cash flows from (used in) financing activities		
Capital and other deferred contributions	4,097	6,425
Pledges receivable	796	2,622
Debt principal repayments	(283)	(282)
Endowment contributions and other transfers	2,554	2,255
Net cash from financing activities	<u>7,164</u>	<u>11,020</u>
Increase (decrease) in cash	275	(3,311)
Cash, beginning of year	<u>319</u>	<u>3,630</u>
Cash, end of year	<u>\$ 594</u>	<u>\$ 319</u>
Supplementary Information:		
Cash interest paid	<u>\$ 62</u>	<u>\$ 82</u>

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

THE BANFF CENTRE

Notes to the Consolidated Financial Statements

As at March 31, 2012

(tabular amounts in thousands of dollars)

Note 1 Authority and Purpose

The Banff Centre (the "Centre") is a corporation which operates under the Post-Secondary Learning Act (Alberta). The Centre is a registered charity, and under section 149 of the Income Tax Act (Canada), is exempt from income tax.

The Centre provides public access to a broad range of learning and professional development experiences with emphasis on the arts, leadership development, and the exploration of issues related to mountain culture and the environment.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

(a) *General - GAAP and Use of Estimates*

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (Part V), known as GAAP. 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. The Centre's management uses judgment to determine such estimates. Employee future benefit liabilities, amortization of capital assets, accrued liabilities, and the provision for bad debts 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. These significant accounting policies are presented to assist the reader in evaluating these financial statements and, together with the following notes, should be considered an integral part of the financial statements.

(b) *Consolidated Financial Statements*

The financial statements are prepared on a consolidated basis and include the accounts of The Banff Centre Foundation which is a registered charity controlled by the Centre and operated exclusively to support the activities of the Centre.

(c) *Financial Instruments*

Financial instruments are recognized at fair value when acquired. Measurement in subsequent periods depends upon the classification of financial instruments as held for trading, loans and receivables, or other financial liabilities. Items classified as held for trading are adjusted for changes in fair value which are recognized in income in the period in which they arise; items classified as loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

Financial instruments are comprised of cash, short-term investments, accounts receivable, notes receivable, pledges receivable, endowment and other investments, accounts payable and accrued liabilities, accrued vacation pay, employment related liabilities and long-term debt, which includes obligations under capital leases. Notes, pledges and accounts receivable are classified as loans and receivables and carried at amortized cost, which approximates fair value. At each consolidated statement of financial position date, these financial assets are assessed for impairment and the amount of any loss is measured as the difference between the carrying amount of the asset and its fair value and is recorded in the statement of operations. All other financial assets are carried at fair value as these assets are held for trading. All financial liabilities are classified as other liabilities and carried at amortized cost, which approximates fair value. As permitted for Not-for-Profit Organizations, the Centre has elected not to apply the standards of CICA Handbook Section 3862: Financial Instruments - Disclosure and Section 3863: Financial Instruments - Presentation, but the Centre has elected to continue to follow CICA Handbook Section 3861: Financial Instruments - Disclosure and Presentation.

Credit, Interest Rate and Market Risk - The Centre's accounts receivable and pledges receivable are subject to normal credit risks due to the nature of the Centre's customers and donors. The carrying values of these receivables reflect management's assessment of the credit risk associated with these customers and donors. A portion of the Centre's endowment and short-term investments are exposed to fluctuations in interest rates. The Centre's foreign currency holdings and long-term investments are subject to market risk. The Centre does not hold any derivative investments or floating-rate notes in its investment portfolios. The Centre maintains short-term lines of credit to ensure that sufficient funds are available to meet current and forecasted financial requirements. At March 31, 2012 there were no amounts outstanding under these credit facilities.

(d) 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.

(e) Pledges Receivable

Pledges receivable are recorded as assets when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

(f) Capital Assets

Purchased capital assets are recorded at cost. In-kind contributions are recorded at fair value when a fair value can be reasonably determined. Capital assets, except property under development and the artwork collection, 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
Furnishings and equipment	5-10 years
Computer equipment	4 years

Artworks are recorded at cost if purchased or at the appraised value at the time of donation. The artwork collection is made up of numerous pieces of art that are held for display in the Walter Phillips Gallery and other public areas of the Centre. Artworks are not amortized.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(g) Revenue Recognition

Amounts received 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. Accommodations, investment income and other sales, rentals and services are recognized as revenue when earned.

The Centre follows the deferral method of accounting for contributions.

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.

Any externally restricted contributions containing stipulations that the amounts and related earnings be retained as net assets or that the contributions not be expended are recorded as direct increases in net assets. Such stipulations would include contributions made for endowment purposes or to acquire non-amortizable property.

Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. External funds invested in capital assets are then 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 amortization expense and capital contributions revenue are matched to indicate that the amortization expense has been funded externally.

Unrestricted contributions are recognized as revenue when received.

Donations of materials that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

(h) Scholarships and Financial Assistance

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

(i) Foreign Currency Translation

Financial assets and liabilities recorded in foreign currencies are translated to Canadian dollars at the year-end exchange rate. Revenues and expenses are translated when recorded during the year using the prior month-end exchange rates. Gains or losses from these translations are included in operating financial costs and endowment fund investment income.

(j) Endowment and Other Investments

Endowment and other investments are classified as held for trading and stated at fair value. Fair values are determined based on quoted market prices at year-end. Realized gains and losses and unrealized appreciation and depreciation of endowment investments are reflected in the statement of changes in net assets. Realized and unrealized gains and losses on other investments are recognized in revenue.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(k) Employee Future Benefits

The 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 their respective percentage of employer contributions to the plan. Actuarial gains or losses on the accrued benefit obligation are amortized over the expected average remaining service life.

The 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 provide the plan's respective future benefits.

(l) Contributed Services

Volunteers as well as members of the staff of the Centre contribute an indeterminable number of hours per year to assist the Centre in carrying out its mission. Such contributed services are not recognized in these financial statements.

(m) Capital Disclosures

As a Not-For-Profit Organization, the Centre operates under a framework established by the Post-Secondary Learning Act of the Province of Alberta, which includes capital restrictions imposed on the institution. The Centre defines its capital as the amounts included in its deferred contribution and net asset balances. The Centre's objective when managing capital is to safeguard its ability to sustain itself as a going concern so that it can continue to support education and service delivery to the Centre's community and other stakeholders.

A portion of the Centre's capital is externally restricted and must meet certain requirements. The Centre has restricted capital balances in deferred contributions (Note 7), deferred expended capital contributions (Note 11) and investment earnings from endowments (Note 13). The Centre has internal control processes to ensure the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the year.

Management and the Board of Governors carefully consider fundraising campaigns, grants, sponsorship and investment income to ensure that sufficient funds will be available to meet the Centre's short and long-term objectives. The Centre monitors its financial performance against an annual budget. In the event that revenues decline or there are forecasted operating deficits, management will reduce costs to minimize operating expenditures.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)*(n) Future Accounting Changes*

The Public Sector Accounting Board of the CICA (PSAB) has issued a framework for financial reporting by government not-for-profit organizations. This framework is effective for fiscal periods beginning on or after January 1, 2012. Under this framework, the Government of Alberta elected to apply the PSA Handbook to post-secondary institutions in the Province, therefore the Centre will adopt the Canadian public sector accounting standards without the PS 4200 series effective with its fiscal year beginning April 1, 2012. Adopting these new standards will impact the Centre's financial statements, however the quantitative impact cannot be fully and reasonably determined at this time.

Note 3 Short-term Investments, Endowments and Other Investments**Short-term**

Short-term investments carried at fair value include Canadian and US dollar money market funds, Treasury Bill funds and Guaranteed Investment Certificates.

Long-term

	2012		2011	
	Market	Cost	Market	Cost
Cash and cash equivalents	\$ 1,532	\$ 1,531	\$ 666	\$ 668
Government bonds	632	602	662	666
Corporate bonds	7,706	7,937	6,993	6,971
Equities	14,231	13,849	13,738	13,257
	<u>24,101</u>	<u>23,919</u>	<u>22,059</u>	<u>21,562</u>
Endowment earnings and other receivables	<u>(648)</u>	<u>(648)</u>	<u>(397)</u>	<u>(397)</u>
Endowment investments	23,453	23,271	21,662	21,165
Other investments	1,081	337	181	337
	<u>\$ 24,534</u>	<u>\$ 23,608</u>	<u>\$ 21,843</u>	<u>\$ 21,502</u>

Note 4 Notes Receivable and Deferred Charge

In prior years, the Centre advanced a total of \$672,800 to Rocky Mountain Cooperative Housing Association (the "Cooperative") for the right to lease 42 accommodation units. In December 2005, the terms of the notes were modified to discontinue the accrual of interest (interest accrued to that date was \$26,037). The notes are unsecured and repayable in 2019. Commitments under these operating leases are included in Note 8 - Long-Term Debt and Commitments.

The notes receivable are discounted to a present value of \$471,980 (2011 - \$450,879). The discount is amortized using the effective interest method. The deferred charge of \$177,017 (2011- \$199,858) is amortized over the lease period.

Note 5 Capital Assets and Collections

	2012			2011		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land improvements	\$ 2,722	\$ 2,455	\$ 267	\$ 2,722	\$ 2,414	\$ 308
Buildings and improvements	174,627	44,423	130,204	171,810	41,222	130,588
Furnishings and equipment	27,008	16,222	10,786	20,431	14,798	5,633
Computer equipment	1,288	488	800	1,016	234	782
Artwork collection	1,346	-	1,346	1,278	-	1,278
Property under development	3,343	-	3,343	4,954	-	4,954
	<u>\$ 210,334</u>	<u>\$ 63,588</u>	<u>\$ 146,746</u>	<u>\$ 202,211</u>	<u>\$ 58,668</u>	<u>\$ 143,543</u>

Land is leased from the Government of Canada. The current lease expires on July 31, 2043 and is renewable.

Included in furnishings and equipment as at March 31, 2012 is net book value of approximately \$119,000 related to assets under capital leases (2011 - \$152,000).

Note 6 Unearned Revenue and Deposits

	2012	2011
Accommodation deposits	\$ 755	\$ 818
Other sales and services	583	645
	<u>\$ 1,338</u>	<u>\$ 1,463</u>

Note 7 Deferred Contributions

	<u>2012</u>	<u>2011</u>
Deferred contributions, beginning of year	\$ 23,903	\$ 29,856
Contributions:		
Operating	2,435	1,267
Capital and other	4,097	6,425
Distributed endowment earnings	677	646
Transferred to operations:		
Grants and contributions	(4,917)	(3,221)
Endowment earnings utilized and returned to the fund	(503)	(434)
Transferred to deferred expended capital contributions (Note 11)	<u>(9,221)</u>	<u>(10,636)</u>
Deferred contributions, end of year	16,471	23,903
Current portion of non-capital deferred contributions	<u>(4,624)</u>	<u>(6,433)</u>
Long-term deferred contributions	<u>\$ 11,847</u>	<u>\$ 17,470</u>
Deferred contributions are comprised of:		
Operating	\$ 11,557	\$ 12,548
Capital and other	<u>4,914</u>	<u>11,355</u>
	<u>\$ 16,471</u>	<u>\$ 23,903</u>

Note 8 Long-Term Debt and Commitments

Long-Term Debt	<u>2012</u>	<u>2011</u>
Term loan - Professional Development Centre	\$ 1,354	\$ 1,594
Capital leases	<u>96</u>	<u>138</u>
	1,450	1,732
Less debt due within one year	<u>(294)</u>	<u>(288)</u>
Long-term debt	<u>\$ 1,156</u>	<u>\$ 1,444</u>

In April 2010, the Centre refinanced the unsecured term loan for a three-year period with blended principal and interest repayments of approximately \$297,000 per annum. Interest is at 3.79% per annum.

In January 2010, the Centre entered into a capital lease for new theatre lighting. The lease is for a 48-month period ending in January 2014 and has an implicit interest rate of 4.11% per annum. The payments are approximately \$4,000 per month.

Interest expense on long-term debt for the years ended March 31, 2012 and 2011 was \$62,145 and \$81,597, respectively. Interest expense approximates interest paid for both fiscal years.

Note 8 Long-Term Debt and Commitments (continued)

Commitments

In October 2009, the Centre entered into a long-term supply arrangement with an electrical utility supplier for its electrical power needs for the period January 1, 2011 to December 31, 2014, at a rate of \$0.0652 per kwh.

The Centre is party to an agreement with Rocky Mountain Cooperative Housing Association under which the Centre is committed to the rental of 42 housing units through December 2019. Under this agreement, the monthly rent is approximately \$47,733, and the total of all commitments over the remainder of the lease term is approximately \$4,439,000.

The Centre is party to an agreement with YWCA Banff under which the Centre is committed to the rental of 13 single rooms through August 31, 2012. Under this agreement, the approximate monthly rent is \$6,000, and the total of all commitments over the remainder of the lease term is approximately \$30,000.

In December 2011, the Centre entered into a construction contract for facility renovations to be completed in 2012. Remaining contractual commitments for this project total \$461,000.

The Banff Centre maintains a Letter of Credit Facility of up to \$200,000 ("Credit Facility") at an interest rate of 1.3%. Amounts drawn under this Credit Facility are available through commercial letters of credit. At March 31, 2012, \$75,000 is issued and outstanding.

Future expected minimum repayments are as follows:

Year Ending March 31	Professional Development Centre	Capital Lease	Construction Contractual Obligations	Operating Leases
2013	250	44	461	758
2014	1,104	52	-	651
2015	-	-	-	585
2016	-	-	-	584
2017	-	-	-	578
thereafter	-	-	-	1,575
	<u>\$ 1,354</u>	<u>\$ 96</u>	<u>\$ 461</u>	<u>\$ 4,731</u>

Note 9 Employment Related Liabilities

Under the terms of executive employment contracts, executives may receive administrative, professional or retirement leave benefits based on years of service. These amounts are period expenses for rights to future benefits payable at specified dates or upon retirement. The accrued liabilities for executive leaves are as follows:

	2012	2011
Balance, beginning of year	\$ 518	\$ 732
Benefits accrued	62	64
Benefits paid	<u>(278)</u>	<u>(278)</u>
	302	518
Less current portion (1)	<u>(274)</u>	<u>(278)</u>
Balance, end of year	<u>\$ 28</u>	<u>\$ 240</u>

(1) included in accounts payable and accrued liabilities

Note 10 Employee Future Benefit Obligation

The 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 the Centre's participating employees based on years of service and earnings.

PSPP

The Centre does not have sufficient plan information on the PSPP required to follow the standards for defined benefit accounting. Accordingly, pension expense of \$862,726 (2011 - \$801,828) recorded for the PSPP is comprised of employer contributions to the plan that are required for the Centre's employees during the year. The contributions are calculated based on actuarially predetermined amounts that are expected to provide the plan's respective future benefits. The unfunded position of the plan as a whole was \$1.790 billion as at December 31, 2011 (2010 - \$2.067 billion).

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 as at December 31, 2008 and further extrapolated to the Centre's year end of March 31, 2012. The Centre's portion of the benefit obligation, which has been allocated based on employer contributions to the plan, is estimated to be \$2,263,000 at March 31, 2012 (2011 - \$2,159,000).

Note 10 Employee Future Benefit Obligation (continued)

The significant actuarial assumptions used to measure the UAPP accrued benefit obligation are as follows:

	<u>2012</u>	<u>2011</u>
Accrued benefit obligation at March 31	\$ 15,599	\$ 15,018
Discount rate	6.50%	6.50%
Benefit costs for years ended March 31	\$ 708	\$ 675
Discount rate	6.50%	6.90%
Average compensation increase	3.50%	3.50%

The unfunded deficiency for service prior to January 1, 1992 is financed by additional contributions of 1.25% of salaries by the Province of Alberta. Employees and employers equally share the balance of the contributions of 2.34% (2011 - 2.03%) of salaries required to eliminate the unfunded deficiency by December 31, 2043. The Government of Alberta's obligation for the future additional contributions was \$314.8 million at March 31, 2012.

The unfunded deficiency for service after December 31, 1991 is financed by special payments of 5.24% (2011 - 5.09%) of pensionable earnings shared equally between employees and employers until December 31, 2021 and 1.46% (2011 - 1.01%) of salaries for 2022 and 2023, and 0.45% (2011 - 0.00%) of salaries for 2024 and 2025, all shared equally between employees and employers.

Note 11 Deferred Expended Capital Contributions

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

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 117,406	\$ 109,175
Transferred from deferred contributions to acquire capital assets (Note 7)	9,221	10,636
Transferred to revenue	<u>(3,487)</u>	<u>(2,405)</u>
Balance, end of year	<u>\$ 123,140</u>	<u>\$ 117,406</u>

Note 12 Net Assets

	<u>Unrestricted</u>	Employee Future Benefit Obligation (Note 10)	<u>2012</u>	<u>2011</u>
Operating net assets, beginning of year	\$ 17,160	\$ (2,159)	\$ 15,001	\$ 14,812
Excess of revenue over expense, net of transfers	86	-	86	84
Internally designated funds for capital acquisitions	110	-	110	105
Employee future benefit obligation	104	(104)	-	-
Operating net assets, end of year	<u>\$ 17,460</u>	<u>\$ (2,263)</u>	<u>\$ 15,197</u>	<u>\$ 15,001</u>

Included in unrestricted net assets is \$22,156,000 (2011 - \$24,405,000) representing the Centre's investment in capital assets and collections.

Note 13 Endowments

	<u>2012</u>	<u>2011</u>
Endowments, beginning of year	\$ 21,662	\$ 18,357
Contributions and other transfers	2,554	2,357
Investment income	736	732
Net change in value		
Realized	(505)	439
Unrealized	(318)	423
Distribution of earnings available for spending	(677)	(646)
Endowments, end of year	<u>\$ 23,452</u>	<u>\$ 21,662</u>

The Centre receives matching funds on eligible endowment contributions from Canadian Heritage under the Endowment Incentives program. These contributions and matching funds are held by The Banff Centre Foundation and The Banff Community Foundation (an unrelated public charitable foundation) and managed as a permanent endowment for the sole benefit of the Centre. The market and book values of these funds are as follows:

	2012		2011	
	<u>Market</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>
The Banff Centre Foundation	\$ 7,773,000	\$ 7,790,000	\$ 4,979,000	\$ 4,949,000
The Banff Community Foundation	\$ 8,051,000	\$ 7,688,000	\$ 7,938,000	\$ 7,534,000

Endowments consist of externally restricted donations received by the Centre and are managed in accordance with the terms of the agreements between the Centre and the individual donors.

Investment income earned on endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. Benefactors as well as the Centre's policy stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and reinvesting unexpended income.

Note 13 Endowments (continued)

Under the Post-Secondary Learning Act, the 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 the Centre and does not impair the long-term value of the fund

In any year, if the investment earnings on endowments is insufficient to fund the spending allocation, the spending allocation is funded from the cumulative earnings reinvested in the fund. However, for individual endowment funds without sufficient cumulative reinvested earnings, endowment principal may be used in that year. This amount is expected to be recovered by future investment income.

Note 14 Grants

	2012	2011
Base operating grant from Alberta Advanced Education and Technology	\$ 16,105	\$ 15,955
Other grants:		
Province of Alberta		
Advanced Education and Technology	1,223	1,018
Alberta Innovates Technology Futures	-	133
Innovation and Science	-	27
Culture and Community Spirit	241	340
Other	24	5
Government of Canada - Canadian Heritage		
Canada Arts Training Fund	1,950	1,875
Canada Arts Presentation Fund	124	124
Canada Cultural Investment Fund	792	-
Other Government	452	428
	<u>4,806</u>	<u>3,950</u>
	<u>\$ 20,911</u>	<u>\$ 19,905</u>

Note 15 Salaries, Wages and Benefits

	2012	2011
Salaries, wages and non-pension benefits	\$ 28,316	\$ 27,232
Pension benefits	<u>1,843</u>	<u>1,786</u>
	<u>\$ 30,159</u>	<u>\$ 29,018</u>

Note 16 Changes in Non-Cash Working Capital

	2012	2011
Changes in:		
Accounts receivable	\$ (780)	\$ 2,040
Inventories	(17)	29
Prepaid expenses	(253)	(248)
Accounts payable and accrued liabilities related to operations	2,035	(7,324)
Accrued vacation pay	98	64
Unearned revenue and deposits	(125)	(309)
	<u>\$ 958</u>	<u>\$ (5,748)</u>

Note 17 Salary Disclosure

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

	2012			2011
	Salaries (1)	Non-Cash Benefits (2)	Total	Total
Board of Governors (3)	\$ -	\$ -	\$ -	\$ -
President - Incumbent (4) (5)	71	23	94	-
President and CEO - Former (4)(5)	234	34	268	344
Chief Operating Officer (4)(5)	70	23	93	-
Vice-Presidents				
Programming	181	35	216	220
Finance (4)	221	75	296	261
	<u>\$ 777</u>	<u>\$ 190</u>	<u>\$ 967</u>	<u>\$ 825</u>

- (1) salaries include regular base pay and other direct cash remuneration
- (2) non-cash benefits include the Centre's share of all employee benefits and payments made on behalf of employees including pension, health care, insurance and disability plans, tuition benefits and taxable benefits for the use of Banff Centre residences and vehicles
- (3) the Chair and members of the Board of Governors receive no remuneration for their services
- (4) executives in these roles may receive administrative, professional or retirement leave benefits (Note 9)
- (5) positions held for less than a year

Note 18 Budget

The following represents The Banff Centre's operating budget for the fiscal year ended March 31, 2012.

	<u>Unaudited</u>
Revenue	
Accommodations and meals	\$ 16,291
Grants	20,405
Other sales, rentals and services	4,840
Tuition and related fees	5,110
Donations and other contributions	4,269
Investment income	519
Amortization of deferred expensed capital contributions	3,299
	<u>54,733</u>
Expense	
Salaries, wages and benefits	30,067
Purchased services	4,277
Materials, goods and supplies	3,856
Scholarships and financial assistance	3,781
Facility operations and maintenance	2,771
Utilities	1,972
Travel, training and related costs	1,417
Rentals and equipment	839
Marketing and recruitment	552
Financial costs	545
Amortization of capital assets	4,656
	<u>54,733</u>
Excess of revenue over expense	\$ <u>-</u>

Note 19 Prior Year Figures

Certain prior year figures have been reclassified to conform to the current year presentation.

GOVERNANCE

The Banff Centre Board of Governors (April 2011—March 2012)

Jeff Kovitz, QC	Chair	Canmore
Mary E. Hofstetter	(to December 31, 2011)	Banff
President & CEO		
Jeff Melanson	(from January 1, 2012)	Banff
President		
Linda Black, QC		Calgary/ Canmore
Jack Davis		Calgary
Joan Forge		Edmonton
Jill V. Gardiner		Vancouver
Christiane Germain		Montreal
Christopher Hilbert		New York
Leroy Little Bear		Lethbridge
Ralston E. MacDonnell		Halifax
Brenda Mackie		Calgary
Trina McQueen, O.C.		Toronto
Susan Peterson		Ottawa
Joseph C. Shlesinger		Toronto
Arni C. Thorsteinson, CFA		Winnipeg
Robert D. Walker		Edmonton

Executive Officers

Mary E. Hofstetter,
President & CEO (to December 31, 2011)
Jeff Melanson, President
(from January 1, 2012)
J.A. (Art) Nutt,
Vice-president & Chief Financial Officer
Sarah J.E. Iley,
Vice-president, Programming

2011-12 DONORS AND SUPPORTERS

Through their generosity and investment, donors, sponsors and other supporters of The Banff Centre enrich many aspects of The Banff Centre experience. Their contributions support talented artists and leaders who will continue to inspire others in their communities and beyond. In addition to the names listed below, The Banff Centre expresses appreciation to the many other donors, supporters and volunteers whose contribution to the achievement of the Centre's goals has been invaluable.

INDIVIDUALS

Malcolm and Shairole Albery
Kenny Alhadeff
Christine and David Anderson
Ken Anderson
Gail Andrew and Richard Haagsma
Joseph Armbrust
Marjorie and Neil Armstrong, CM
Kathy and Paul Arney
Barbara and Donald Ashley
Kristen Av
Bob Baird
Irene M. Bakker
Bakstad Stone Family
Alfred and Phyllis Balm
Ed Bamiling
Christian Bayle and Nicole Cramer
Barbara R. Beaton
John Beckel
Al and Nancy Bellstedt
Adriana and Stephan Benediktson
Paul and Beth Bennett
Bruce and Carol Bentley
Jean and Gary Bews
Linda Black, QC and Doug Black, QC
Richard Bremner and Clare Jarman
Wendy and Don Brownie
Andrea Brussa
Adrian Burns and Gregory Kane
Neil Camarta
David and Kathryn Carey
Pat and Connie Carlson
Christopher and Tania Carnegie

Marc and Elaine Chaisson
Cyril and Elizabeth Challice
Alice Chan and Chen Fong
Denise Chartrand
Gerald and Barbara Chipeur
Jonathan Choy and Isabelle Vonder Muhll
Margaret Clarke
Patricia Claxton
Michael and Sandra Code
Cheryl Cooney and Richard Huddleston
Chris Cran
The Crichton Family
Elizabeth Crockford
Patricia Cullimore
Thomas d'Aquino and Susan Peterson
Maria David-Evans
Michael B.C. Davies
Linda and Owen De Bathe
William and Francesca Dejong
Audrey C. Denison
Richard Dingeldein and Benjamin Brannen
Jim Dinning and Evelyn Main
Clem and Diane Dumett
Ed and Maureen Eberts
Glen Edwards
Heather and N. Murray Edwards
Shannon Ernst
Kent Ferguson and Carrie Giroux
Margaret and Jim Fleck
Chris and Mary Fong
Joan Forge and Rick LeLacheur
Sharon and Ronald Friesen
Mirjana Galovich and John Gordon
Jill Gardiner and Mary Taylor
Julie and Rick George
Asim and Sanjukta Ghosh
Gordon and Patti Giffin
Shirley Gifford
Susan Glass and Arni Thorsteinson
Colin Glassco
Norman and Kelly Green
Rod and Lois Green
Sandra and Ernie Green
Janet Griesdale and Doug Kingsford
Ian and Judy Griffin
William Haber
Tim Hamilton
Dick and Lois Haskayne
Ross and Nancy Hayes
Sarah Hayes and Clare Prosser
Christopher R. Head
Pamela Heard
Lyman Henderson
Mark and Nancy Heule
Christopher and Claudia Hilbert

Scott Hindle
 Diane Hobson
 Mary E. Hofstetter and R. David Riggs
 Dale Hohm
 Craig and Yin Hoskins
 Diane and Daryl Howard
 Heidi Hubner
 Larry Hursh and Carolyn Richardson-Hursh
 Sarah and Stephen Iley
 David and Tanys Jackson
 Michelle Jacobson
 R. David Jarvis
 Rob and Elizabeth Jennings
 The Jolliffe and Godlonton Families
 Vernon and Barbara Jones
 Jim and Marilyn Kalman
 Kevin Kanashiro
 Abbas Keshmiri
 Frank Kettner
 Richard and Sidney Killmer
 Cleo Kilroe
 Rob and Jennifer King
 James S. Kinnear
 Margot and David Kitchen
 Tim and Alana Kitchen
 Douglas Knight and Shelley Ambrose
 Jeff Kovitz, QC
 Ajai Lakhanpal
 John and Sheilagh Langille
 Debra and Darrell Law
 Malcolm Lim
 Jens Lindemann
 Jeanne and Peter Lougheed
 Mary and Stephen Lougheed
 Susan Lynch
 Wayne and Sue Lyons
 Kim and Linda Mackenzie
 Helen Mackie
 Jamie and Brenda Mackie
 Letha J. MacLachlan, QC and John Ridge
 Jim Madro
 Mark Maier
 Murray Malley and Jacqueline Nowak
 Norman and Sandra Marenych
 Judith and Sam Mastromonaco
 M. Ann McCaig
 Jeff and Marilyn McCaig
 John McCall
 Murray McCartney and Janet Connors-McCartney
 Vickie and Russell McKinnon, QC
 Brent McLean and Sheila Wappel-McLean
 Trina McQueen
 Tony Meggs and Victoria Preston
 Jay Mehr
 Jeff Melanson and Jennifer Snowdon

Marc and Michelle Mereau
 Kevin and Dore Meyers
 Arliss Miller
 Jack and Anne Mirtle
 David Miyauchi and Mary Elizabeth MacRae
 Alan and Geri Moon
 J. Sherrold and Patricia Moore
 Angela Morgan
 Patricia and Norbert Morgenstern
 Fred and Heather Morrissey
 Sandra Morrison and Joe Horton
 Derek and Sherri Neldner
 Margareta and Benno Nigg
 Earle and Janice O'Born
 Philip and Gayle Olsson
 Barbara and James Palmer
 Judy and Gordon Paterson
 Robert and Patricia Peabody
 Barbara and Eric Pelham
 Irene Pfeiffer
 Frances Alan Plaunt
 Jim and Karin Prentice
 Bryan Price
 Gerry and Jo Prodor
 Arlene and Erik Quackenbush
 Laura Rapp and Jay Smith
 Donald Rees and Donna Scott Rees
 Gordon and Robyn Ritchie
 John Roach
 Lauren and Jeri-Lynn Robertson
 Kelly Robinson
 Bev Rodin
 Brian and Gayla Rogers
 Irving Rotter
 Mary Rozsa de Coquet
 Ethan and Delaney Schlegel
 Alice Schultz and Betty Schultz
 Andre and Laurel Schwarz
 George and Rosalie Schwarz
 The Scotlyn Award in Audio Arts
 Allan and Marianne Scott
 Eleanor and Donald Seaman
 Toshimi and William Sembo
 Kathy and Richard Sendall
 Paul Shapiro
 Carol and JR Shaw
 Joseph Shlesinger
 Dennis R. Shuler
 Sandy Shysh
 Richard Singleton
 Betty and David Smith
 Grant and Elsie Smith
 Jane and S.G. Snyder
 Elizabeth Sorochan
 Ronald and Margaret Southern

Myron and Jennifer Stadnyk
 Janice Tanton
 Carolyn and David Tavender, QC
 Joanne Taylor and Jack Davis
 Richard Todd
 Shirley and Greg Turnbull
 Frances and Raul Urtauson
 Paul Van Ginkel
 Jeff and Kim van Steenberg
 Wendy Wacko
 Robert and Barbara Walker
 Adam and Jan Waterous
 Tim and Patricia Watson
 Jim Webb
 John Webster
 Christopher Wein and Suzie Hutchenson
 Barry Weiss
 Norma and Ron Westcott
 Peter and Joanne Whidden
 Joan and Marshall Williams
 William Williams
 Andrew and Nancy Wiswell
 Shirley Wolfe
 Vladimir and Yachiyo Wolodarsky
 Debra Wong
 Betty Jane Wylie
 Carla Yuill
 Shirley Zielsdorf
 Johann Zietsman
 Anonymous (6)

CORPORATIONS

Alliance Pipeline
 Amazon.com Inc.
 Apache Canada Limited
 ARC Resources Ltd.
 Arctos and Bird
 Avid
 B&E Electronics Ltd.
 Backroads
 Banff Airporter
 Banff Lake Louise Tourism
 Banff Ski Lounge
 Batstar Adventure Tours
 Bavin Glassworks
 Bexel
 Big Rock Brewery
 Bird Construction Company Limited
 BKDI Architects
 Blake, Cassels and Graydon LLP
 BMO Financial Group
 Bowmore
 BP Canada Energy Company
 Calgary Herald

