

Financial Statements of

**SWAN LAKE CHRISTMAS
HILL NATURE SANCTUARY
SOCIETY**

Year ended December 31, 2013



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INDEPENDENT AUDITORS' REPORT

To the Members of Swan Lake Christmas Hill Nature Sanctuary Society

Report on the Financial Statements

We have audited the accompanying financial statements of Swan Lake Christmas Hill Nature Sanctuary Society, which comprise the statement of financial position as at December 31, 2013, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Swan Lake Christmas Hill Nature Sanctuary Society as at December 31, 2013 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia) we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

Chartered Accountants

date

Victoria, Canada

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Financial Position

December 31, 2013, with comparative information for 2012

| | Operating Fund | Capital Fund | 2013 Total | 2012 Total |
|--|----------------|--------------|---------------|---------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 107,257 | \$ 68,399 | \$ 175,656 | \$ 124,132 |
| Term deposits | - | 60,154 | 60,154 | 60,154 |
| Accounts receivable | 3,510 | - | 3,510 | 11,329 |
| Prepaid expenses and deposits | 4,254 | - | 4,254 | - |
| Gift shop inventory | 5,673 | - | 5,673 | 4,907 |
| Receivable from (payable to) other funds | (4,517) | 4,517 | - | - |
| | 116,177 | 133,070 | 249,247 | 200,522 |
| Property and equipment (note 2) | - | 376,339 | 376,339 | 313,772 |
| | \$ 116,177 | \$ 509,409 | \$ 625,586 | \$ 514,294 |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 23,047 | \$ - | \$ 23,047 | \$ 14,070 |
| Deferred revenue (note 3) | 47,235 | - | 47,235 | 8,031 |
| | 70,282 | - | 70,282 | 22,101 |
| Fund Balances | | | | |
| Invested in capital assets | - | 376,339 | 376,339 | 313,772 |
| Unrestricted | 45,895 | - | 45,895 | 166,362 |
| Internally restricted | - | - | - | 12,059 |
| Externally restricted | - | 133,070 | 133,070 | - |
| | 45,895 | 509,409 | 555,304 | 492,193 |
| | \$ 116,177 | \$ 509,409 | \$ 625,586 | \$ 514,294 |

See accompanying notes to financial statements.

Approved by the Board:

_____ Director

_____ Director

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Operations

Year ended December 31, 2013, with comparative information for 2012

| | Operating Fund | Capital Fund | 2013 Total | 2012 Total |
|---|--------------------|------------------|------------------|------------------|
| | | | | (Schedule) |
| Revenue: | | | | |
| The Corporation of the District of Saanich grant | \$ 320,000 | \$ - | \$ 320,000 | \$ 310,000 |
| Donations re capital campaign | - | 125,445 | 125,445 | 32,122 |
| Victoria Natural History Society grant | 4,000 | - | 4,000 | 4,000 |
| Public gaming funds | 10,000 | - | 10,000 | 40,000 |
| Other grants | 16,266 | - | 16,266 | 43,854 |
| Society memberships | 5,520 | - | 5,520 | 4,540 |
| Donations | 19,886 | - | 19,886 | 24,354 |
| Facility rental | 6,605 | - | 6,605 | 2,569 |
| Native plant sales | 28,124 | - | 28,124 | 31,396 |
| Gift shop sales | 10,542 | - | 10,542 | 12,953 |
| Interest | 1,958 | 30 | 1,988 | 2,319 |
| Property rent | 52,512 | - | 52,512 | 39,840 |
| School programs | 30,192 | - | 30,192 | 26,221 |
| Public programs | 39,115 | - | 39,115 | 36,359 |
| | 544,720 | 125,475 | 670,195 | 610,527 |
| Expenses: | | | | |
| Site salaries | 116,949 | - | 116,949 | 93,031 |
| Site materials and services | 34,816 | - | 34,816 | 27,209 |
| Program salaries | 118,692 | - | 118,692 | 110,048 |
| School and public contracts | 5,081 | - | 5,081 | 7,314 |
| Program materials and services | 8,709 | - | 8,709 | 6,843 |
| Native plant sale cost | 21,651 | - | 21,651 | 18,044 |
| Rental property expenses | 16,622 | - | 16,622 | 536 |
| Other events | - | - | - | 10,455 |
| Administrative salaries and wages | 141,921 | - | 141,921 | 145,031 |
| Janitorial and security | 12,718 | - | 12,718 | 13,501 |
| Administrative materials and services | 83,282 | - | 83,282 | 77,884 |
| Fundraising | 7,554 | - | 7,554 | - |
| Amortization | - | 39,089 | 39,089 | 37,794 |
| | 567,995 | 39,089 | 607,084 | 547,690 |
| Excess (deficiency) of revenue over expenses | \$ (23,275) | \$ 86,386 | \$ 63,111 | \$ 62,837 |

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Changes in Fund Balances

Year ended December 31, 2013, with comparative information for 2012

| | Operating Fund | Capital Fund | Total |
|--|----------------|--------------|------------|
| Fund balance, December 31, 2011 | \$ 102,129 | \$ 327,227 | \$ 429,356 |
| Excess (deficiency) of revenue over expenses | 67,897 | (5,060) | 62,837 |
| Interfund transfer re restriction for future capital purchases | (3,000) | 3,000 | - |
| Interfund transfer | (664) | 664 | - |
| Fund balance, December 31, 2012 | 166,362 | 325,831 | 492,193 |
| Excess (deficiency) of revenue over expenses | (23,275) | 86,386 | 63,111 |
| Interfund transfer | (97,192) | 97,192 | - |
| Fund balance, December 31, 2013 | \$ 45,895 | \$ 509,409 | \$ 555,304 |

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

| | 2013 | 2012 |
|--|-------------|------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess (deficiency) of revenue over expenses: | | |
| Operating Fund | \$ (23,275) | \$ 67,897 |
| Capital Fund | 86,386 | (5,060) |
| | 63,111 | 62,837 |
| Add amortization not involving cash | 39,089 | 37,794 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | 7,819 | 7,169 |
| Prepaid expenses and deposits | (4,254) | 588 |
| Gift shop inventory | (767) | (1,802) |
| Accounts payable and accrued liabilities | 8,977 | (14,137) |
| Deferred revenue | 39,205 | (20,208) |
| | 153,180 | 72,241 |
| Investing activities: | | |
| Additions to capital assets | (101,656) | (80,571) |
| Increase in term deposits | - | (60,154) |
| | (101,656) | (140,725) |
| Increase (decrease) in cash and cash equivalents | 51,524 | (68,484) |
| Cash and cash equivalents, beginning of year | 124,132 | 192,616 |
| Cash and cash equivalents, end of year | \$ 175,656 | \$ 124,132 |

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2013

The Swan Lake Christmas Hill Nature Sanctuary Society (the "Society") is incorporated under the Society Act (British Columbia). Its principal activity is the operation of the Nature House and wildlife sanctuary at Swan Lake on land owned by The Corporation of the District of Saanich. The Society operates on this land under an operating agreement with The Corporation of the District of Saanich. The Society is a charitable organization under the Income Tax Act and as such is exempt from income taxes and able to issue donation receipts for income tax purposes.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

(a) Fund accounting:

The Society follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the Society's program delivery and administrative activities. This Fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Society's capital assets.

(b) Capital assets:

Capital assets are recorded at cost and are amortized over their estimated useful lives.

Amortization is provided on all capital assets on the straight-line method using annual rates of 10%, with the exception of the Nature House building which is amortized at 5% and computer equipment, which is amortized at 20%.

(c) Revenue recognition:

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to operations are recognized as revenue of the Operating Fund in the year in which the related expense is incurred. All other restricted contributions are recognized as revenue of the appropriate fund in the year received or receivable.

(d) Cash and cash equivalents:

The Society considers deposits in banks and short term deposits with original maturities of three months or less from the acquisition date as cash and cash equivalents.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2013

1. Significant accounting policies (continued):

(e) Term deposits:

The Society holds term deposits with maturities of greater than three months recorded at cost plus accrued interest. Investment income is reported as revenue in the period earned.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society carries its cash and cash equivalents at fair value with changes in fair value recognized in the statement of operations. Term deposits, accounts receivable and accounts payable and accrued liabilities are all initially recorded at fair value and then carried at amortized cost thereafter.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(h) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2013

2. Property and equipment:

| December 31, 2013 | Cost | Accumulated amortization | Net book value |
|--|--------------------|-----------------------------|-------------------|
| Nature House building | \$ 419,370 | \$ 320,541 | \$ 98,829 |
| Building improvements - caretakers' residences | 167,179 | 23,373 | 143,806 |
| Displays | 195,646 | 191,184 | 4,462 |
| Computer equipment | 42,519 | 31,352 | 11,167 |
| Furniture and equipment | 157,433 | 133,045 | 24,388 |
| Trucks | 10,887 | 10,887 | - |
| Boardwalks | 441,763 | 406,897 | 34,866 |
| Trails and signs | 278,448 | 233,487 | 44,961 |
| Native plant garden | 47,909 | 45,807 | 2,102 |
| Fencing | 12,944 | 9,542 | 3,402 |
| Floating Boardwalk in Progress | 8,356 | - | 8,356 |
| | \$1,782,454 | \$ 1,406,115 | \$ 376,339 |

| December 31, 2012 | Cost | Accumulated amortization | Net book value |
|--|--------------------|-----------------------------|-------------------|
| Nature House building | \$ 419,370 | \$ 314,488 | \$ 104,882 |
| Building improvements - caretakers' residences | 74,070 | 15,748 | 58,321 |
| Displays | 195,646 | 190,162 | 5,484 |
| Computer equipment | 33,971 | 30,304 | 3,667 |
| Furniture and equipment | 157,433 | 127,956 | 29,477 |
| Trucks | 10,887 | 10,224 | 663 |
| Boardwalks | 441,763 | 401,162 | 40,602 |
| Trails and signs | 278,448 | 222,141 | 56,307 |
| Native plant garden | 47,909 | 45,784 | 2,125 |
| Fencing | 12,944 | 9,056 | 3,888 |
| Floating Boardwalk in Progress | 8,356 | - | 8,356 |
| | \$1,680,797 | \$ 1,367,025 | \$ 313,772 |

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2013

3. Deferred revenue, operating fund:

| | 2013 | 2012 |
|---------------------|-----------------|----------------|
| Prepaid programs | \$ 4,030 | \$ 4,763 |
| Royal Bank grant | 205 | - |
| Public gaming funds | 40,000 | - |
| Others | 3,000 | 3,268 |
| | <hr/> \$ 47,235 | <hr/> \$ 8,031 |

4. Donated labour:

Volunteers from the community work to improve the Swan Lake Christmas Hill Nature Sanctuary. In 2013 the Society estimated that volunteers provided a total of 8,597 hours of donated labour. The value of this labour, although not recorded in these financial statements, is equivalent to approximately \$190,595 using a median wage rate of \$22.17 per hour as published in *Statistics Canada Labour Force Survey*.

5. Financial risks and concentrations of risk:

The Society's financial instruments consist of cash and cash equivalents, term deposits, accounts receivable and accounts payable and accrued liabilities.

It is management's opinion that the Society is not exposed to significant interest, currency or credit risk arising from these financial instruments.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Operations

Schedule

Year ended December 31, 2012

| | Operating Fund | Capital Fund | Total |
|--|----------------|---------------|----------------|
| Revenue: | | | |
| The Corporation of the District of Saanich grant | \$ 310,000 | \$ - | \$ |
| Donations re capital campaign | - | 32,122 | 32,122 |
| Victoria Natural History Society grant | 4,000 | - | 4,000 |
| Public gaming funds | 40,000 | - | 40,000 |
| Other grants | 43,854 | - | 43,854 |
| Society memberships | 4,540 | - | 4,540 |
| Donations | 24,354 | - | 24,354 |
| Facility rental | 2,569 | - | 2,569 |
| Native plant sales | 31,396 | - | 31,396 |
| Gift shop sales | 12,953 | - | 12,953 |
| Interest | 1,707 | 612 | 2,319 |
| Property rent | 39,840 | - | 39,840 |
| School programs | 26,221 | - | 26,221 |
| Public programs | 36,359 | - | 36,359 |
| | 577,793 | 32,734 | 610,527 |
| Expenses: | | | |
| Site salaries | 93,031 | - | 93,031 |
| Site materials and services | 27,209 | - | 27,209 |
| Program salaries | 110,048 | - | 110,048 |
| School and public contracts | 7,314 | - | 7,314 |
| Program materials and services | 6,843 | - | 6,843 |
| Native plant sale cost | 18,044 | - | 18,044 |
| Rental property expenses | 536 | - | 536 |
| Other events | 10,455 | - | 10,455 |
| Administrative salaries and wages | 145,031 | - | 145,031 |
| Janitorial and security | 13,501 | - | 13,501 |
| Administrative materials and services | 77,884 | - | 77,884 |
| Amortization | - | 37,794 | 37,794 |
| | 509,896 | 37,794 | 547,690 |
| Excess (deficiency) of revenue over expenses | \$ 67,897 | \$ (5,060) | \$ 62,837 |