

Financial Statements of

**SWAN LAKE CHRISTMAS  
HILL NATURE SANCTUARY  
SOCIETY**

Year ended December 31, 2014



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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, 2014, 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, 2014 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 basis consistent with that of the preceding year.

*KPMG LLP*

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that extends to the right.

Chartered Accountants

April 2, 2015

Victoria, Canada

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

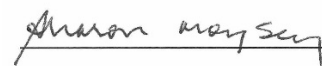
## Statement of Financial Position

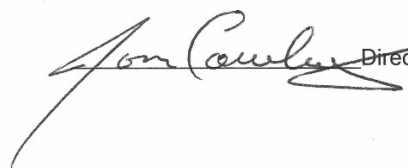
December 31, 2014, with comparative information for 2013

	Operating Fund	Restricted Funds Capital	Endowment	2014 Total	2013 Total
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 280,435	\$ 11,933	\$ 2,000	\$ 294,368	\$ 175,656
Term deposits	-	115,414	-	115,414	60,154
Accounts receivable	13,016	-	-	13,016	3,510
Prepaid expenses and deposits	2,693	-	-	2,693	4,254
Gift shop inventory	9,635	-	-	9,635	5,673
Receivable from (payable to) other funds	(102,218)	102,218	-	-	-
	203,561	229,565	2,000	435,126	249,247
Property and equipment (note 2)	-	340,629	-	340,629	376,339
	\$ 203,561	\$ 570,194	\$ 2,000	775,755	\$ 625,586
<b>Liabilities</b>					
Current liabilities:					
Accounts payable and accrued liabilities (note 4)	\$ 24,323	\$ -	\$ -	\$ 24,323	\$ 23,047
Deferred revenue (note 5)	53,002	-	-	53,002	47,235
	77,325	-	-	77,325	70,282
<b>Fund Balances</b>					
Invested in capital assets	-	340,629	-	340,629	376,339
Unrestricted	126,236	-	-	126,236	45,895
Capital Fund - Externally restricted	-	169,565	-	169,565	133,070
Capital Fund – Internally restricted	-	60,000	-	60,000	-
Endowment Fund - Externally restricted (note 2)	-	-	2,000	2,000	-
	126,236	570,194	2,000	698,430	555,304
	\$ 203,561	\$ 570,194	\$ 2,000	\$ 775,755	\$ 625,586

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, 2014, with comparative information for 2013

	Operating Fund	Restricted Funds Capital	Endowment	2014 Total	2013 Total
					(Schedule)
<b>Revenue:</b>					
<b>Grants and donations:</b>					
Corporation of the District of Saanich grant	\$ 334,830	\$ -	\$ -	\$ 334,830	\$ 320,000
Donations and contributions	22,055	46,661	2,000	70,716	145,331
Other grants	50,615	-	-	50,615	16,266
Public gaming funds	50,000	-	-	50,000	10,000
Victoria Natural History Society grant	4,000	-	-	4,000	4,000
<b>Programs:</b>					
School programs	31,354	-	-	31,354	30,192
Public programs	40,627	-	-	40,627	39,115
Facility rental	11,695	-	-	11,695	6,605
Gift shop sales	10,639	-	-	10,639	10,542
Interest	782	33	-	815	1,988
Native plant sales	19,831	-	-	19,831	28,124
Property rent	52,459	-	-	52,459	52,512
Society memberships	8,785	-	-	8,785	5,520
	637,672	46,694	2,000	686,366	670,195
<b>Expenses:</b>					
Administrative salaries and wages	70,858	-	-	70,858	141,921
Program salaries and wages	115,038	-	-	115,038	118,692
Site salaries and wages	64,868	-	-	64,868	116,949
Administrative materials and services	105,424	-	-	105,424	83,282
Community outreach and marketing	57,588	-	-	57,588	7,554
Janitorial and security	10,290	-	-	10,290	12,718
Native plant sale cost	9,522	-	-	9,522	21,651
Program materials and services	15,137	-	-	15,137	8,709
Rental property expenses	18,014	-	-	18,014	16,622
Site materials and services	25,802	-	-	25,802	34,816
School and public contracts	5,512	-	-	5,512	5,081
Amortization	-	45,187	-	45,187	39,089
	498,053	45,187	-	543,240	607,084
<b>Excess of revenue over expenses</b>	<b>\$ 139,619</b>	<b>\$ 1,507</b>	<b>\$ 2,000</b>	<b>\$ 143,126</b>	<b>\$ 63,111</b>

See accompanying notes to financial statements.

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

## Statement of Changes in Fund Balances

Year ended December 31, 2014, with comparative information for 2013

	Operating Fund	Restricted Funds		Total
		Capital	Endowment	
Fund balance, December 31, 2013	\$ 45,895	\$ 509,409	\$ -	\$ 555,304
Excess of revenue over expenses	139,619	1,507	2,000	143,126
Interfund Transfers	(59,278)	59,278	-	-
Fund balance, December 31, 2014	\$ 126,236	\$ 570,194	\$ 2,000	\$ 698,430

See accompanying notes to financial statements.

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

## Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses:		
Operating Fund	\$ 139,619	\$ (23,275)
Restricted Fund	3,507	86,386
	<u>143,126</u>	<u>63,111</u>
Add amortization not involving cash	45,187	39,089
Changes in non-cash operating working capital:		
Accounts receivable	(9,506)	7,819
Prepaid expenses and deposits	1,561	(4,254)
Gift shop inventory	(3,962)	(767)
Accounts payable and accrued liabilities	1,276	8,977
Deferred revenue	5,767	39,205
	<u>183,449</u>	<u>153,180</u>
Investing activities:		
Additions to capital assets	(9,477)	(101,656)
Increase in term deposits	(55,260)	-
	<u>(64,737)</u>	<u>(101,656)</u>
Increase in cash and cash equivalents	118,712	51,524
Cash and cash equivalents, beginning of year	175,656	124,132
Cash and cash equivalents, end of year	<u>\$ 294,368</u>	<u>\$ 175,656</u>

See accompanying notes to financial statements.

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2014

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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.

#### **Operating Fund:**

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

#### **Restricted Funds:**

The restricted fund is comprised of the following:

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

The Endowment Fund includes donations for which the Society and/or the donor have specified that the principal is to be held intact in perpetuity.

### (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.



# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2014

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## 1. Significant accounting policies (continued):

### (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.

### (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. Contributed services are not recognized in the financial statements.

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2014

## 1. Significant accounting policies (continued):

### (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.

## 2. Endowment Fund:

In 2014, the Society amended its constitution and bylaws to establish Endowment Funds. The capital portion of these Funds are restricted in perpetuity and a minimum of 10% of the annual earnings are reinvested in the funds. The first contribution to the funds is the Rolston Family Legacy Fund, established in memory of long-time area residents Fred and Nancy Rolston by their family and friends.

## 3. Property and equipment:

2014	Cost	Accumulated amortization	Net book value
Nature House building	\$ 419,370	\$ 326,594	\$ 92,776
Building improvements – Martelli House and other buildings	173,839	38,899	134,940
Displays	196,402	192,114	4,288
Computer equipment	44,580	33,461	11,118
Furniture and equipment	157,433	137,651	19,782
Trucks	10,887	10,887	-
Boardwalks	441,763	412,632	29,132
Trails and signs	278,448	243,206	35,242
Native plant garden	47,909	45,830	2,079
Fencing	12,944	10,028	2,916
Floating Boardwalk in Progress	8,356	-	8,356
	<u>\$ 1,791,931</u>	<u>\$ 1,451,302</u>	<u>\$ 340,629</u>

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2014

### 3. Property and equipment (continued):

2013	Cost	Accumulated amortization	Net book value
Nature House building	\$ 419,370	\$ 320,541	\$ 98,829
Building improvements – Martelli House and other buildings	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
	<b>\$ 1,782,454</b>	<b>\$ 1,406,115</b>	<b>\$ 376,339</b>

Floating Boardwalk in Progress represents design costs incurred to date. Construction is expected to begin in 2015.

### 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$6,588 (2013 - \$4,053), which includes amounts payable for payroll remittances and workers' safety insurance.

### 5. Deferred revenue, operating fund:

	2014	2013
Prepaid programs	\$ 5,610	\$ 4,030
Royal Bank grant	205	205
Public gaming funds	30,000	40,000
Canadian Heritage	15,523	-
Others	1,664	3,000
	<b>\$ 53,002</b>	<b>\$ 47,235</b>

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2014

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## **6. Donated labour:**

Volunteers from the community work to improve the Swan Lake Christmas Hill Nature Sanctuary. In 2014 the Society estimated that volunteers provided a total of 7,630 hours of donated labour. The value of this labour, although not recorded in these financial statements, is equivalent to approximately \$186,782 using a median wage rate of \$24.48 per hour as published in *Statistics Canada Labour Force Survey*.

## **7. 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.

## **8. Subsequent events:**

The Society signed a land management agreement with the Corporation of the District of Saanich for a period of period of 5 years commencing on the 1<sup>st</sup> day of January 2015 and terminating on the 31<sup>st</sup> day of December 2019. The Municipality has agreed to pay the Society an annual management fee.

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Operations

Schedule

Year ended December 31, 2013

	Operating Fund	Restricted Funds		Total
		Capital	Endowment	
<b>Revenue:</b>				
<b>Grants and donations:</b>				
Corporation of the District of Saanich grant	\$ 320,000	\$ -	\$ -	\$ 320,000
Donations and contributions	19,886	125,445	-	145,331
Other grants	16,266	-	-	16,266
Public gaming funds	10,000	-	-	10,000
Victoria Natural History Society grant	4,000	-	-	4,000
<b>Programs:</b>				
School programs	30,192	-	-	30,192
Public programs	39,115	-	-	39,115
Facility rental	6,605	-	-	6,605
Gift shop sales	10,542	-	-	10,542
Interest	1,958	30	-	1,988
Native plant sales	28,124	-	-	28,124
Property rent	52,512	-	-	52,512
Society memberships	5,520	-	-	5,520
	544,720	125,475	-	670,195
<b>Expenses:</b>				
Administrative salaries and wages	141,921	-	-	141,921
Program salaries and wages	118,692	-	-	118,692
Site salaries and wages	116,949	-	-	116,949
Administrative materials and services	83,282	-	-	83,282
Community outreach and marketing	7,554	-	-	7,554
Janitorial and security	12,718	-	-	12,718
Native plant sale cost	21,651	-	-	21,651
Program materials and services	8,709	-	-	8,709
Rental property expenses	16,622	-	-	16,622
Site materials and services	34,816	-	-	34,816
School and public contracts	5,081	-	-	5,081
Amortization	-	39,089	-	39,089
	567,995	39,089	-	607,084
Excess (deficiency) of revenue over expenses	\$ (23,275)	\$ 86,386	\$ -	\$ 63,111