

Financial Statements of

**SWAN LAKE CHRISTMAS HILL  
NATURE SANCTUARY SOCIETY**

Year ended December 31, 2015



**KPMG LLP**  
**Chartered Professional Accountants**  
St. Andrew's Square II  
800-730 View Street  
Victoria BC V8W 3Y7  
Canada

Telephone (250) 480-3500  
Telefax (250) 480-3539  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## 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, 2015, 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, 2015 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*

Chartered Professional Accountants

March 17, 2016  
Victoria, Canada

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

## Statement of Financial Position

December 31, 2015, with comparative information for 2014

	Operating Fund	Restricted Funds		2015	2014
		Capital	Endowment	Total	Total
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 271,055	\$ 13,023	\$ 2,000	\$ 286,078	\$ 294,368
Term deposits	-	-	-	-	115,414
Accounts receivable (note 2)	9,043	-	-	9,043	13,016
Prepaid expenses and deposits	2,100	-	-	2,100	2,693
Gift shop inventory	6,860	-	-	6,860	9,635
Receivable from (payable to) other funds	10,651	(10,651)	-	-	-
	299,709	2,372	2,000	304,081	435,126
Property and equipment (note 3)	-	649,962	-	649,962	340,629
	\$ 299,709	\$ 652,334	\$ 2,000	954,043	\$ 775,755
<b>Liabilities</b>					
Current liabilities:					
Accounts payable and accrued liabilities (note 4)	\$ 38,304	\$ -	\$ -	\$ 38,304	\$ 24,323
Deferred revenue (note 5)	79,605	-	-	79,605	53,002
	117,909	-	-	117,909	77,325
<b>Fund Balances</b>					
Invested in capital assets	-	649,962	-	649,962	340,629
Unrestricted	181,800	-	-	181,800	126,236
Capital Fund - Externally restricted	-	2,372	-	2,372	169,565
Capital Fund - Internally restricted	-	-	-	-	60,000
Endowment Fund - Externally restricted (note 6)	-	-	2,000	2,000	2,000
	181,800	652,334	2,000	836,134	698,430
	\$ 299,709	\$ 652,334	\$ 2,000	\$ 954,043	\$ 775,755

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, 2015, with comparative information for 2014

	Operating Fund	Restricted Funds		2015 Total	2014 Total
		Capital	Endowment		
(Schedule)					
<b>Revenue:</b>					
<b>Management Fee:</b>					
Corporation of the District of Saanich Management Fee	\$ 340,000	\$ -	\$ -	\$ 340,000	\$ 319,830
<b>Grants and donations:</b>					
Corporation of the District of Saanich grant	-	15,000	-	15,000	15,000
Donations and contributions	20,250	7,728	-	27,978	70,716
Other grants	40,382	-	-	40,382	50,615
Public gaming funds	55,447	-	-	55,447	50,000
Victoria Natural History Society grant	4,000	75,000	-	79,000	4,000
<b>Programs:</b>					
School programs	37,753	-	-	37,753	31,354
Public programs	32,341	-	-	32,341	40,627
Facility rental	11,936	-	-	11,936	11,695
Gift shop sales	15,895	-	-	15,895	10,639
Interest	510	1,885	-	2,395	815
Native plant sales	27,053	-	-	27,053	19,831
Property rent	44,314	-	-	44,314	52,459
Society memberships	9,625	-	-	9,625	8,785
	639,506	99,613	-	739,119	686,366
<b>Expenses:</b>					
Administrative salaries and wages	114,686	-	-	114,686	70,858
Program salaries and wages	139,087	-	-	139,087	115,038
Site salaries and wages	87,820	-	-	87,820	64,868
Outreach salaries and wages	35,857	-	-	35,857	8,052
Administrative materials and services	63,084	-	-	63,084	101,634
Community outreach and marketing	10,120	-	-	10,120	49,536
Fundraising and grant expenses	11,758	-	-	11,758	-
Gift shop	9,118	-	-	9,118	3,790
Janitorial and security	13,891	-	-	13,891	10,290
Native plant sale	17,894	-	-	17,894	9,522
Program materials and services	10,119	-	-	10,119	15,137
Rental property expenses	9,458	-	-	9,458	18,014
Site materials and services	19,428	-	-	19,428	25,802
School and public contracts	5,899	-	-	5,899	5,512
Amortization	-	53,196	-	53,196	45,187
	548,219	53,196	-	601,415	543,240
Excess of revenue over expenses	\$ 91,287	\$ 46,417	\$ -	\$ 137,704	\$ 143,126

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

## Statement of Changes in Fund Balances

Year ended December 31, 2015

	Operating Fund	Restricted Funds Capital	Endowment	Total
Fund balance, December 31, 2014	\$ 126,236	\$ 570,194	\$ 2,000	\$ 698,430
Excess of revenue over expenses	91,287	46,417	-	137,704
Interfund transfers	(35,723)	35,723	-	-
Fund balance, December 31, 2015	\$ 181,800	\$ 652,334	\$ 2,000	\$ 836,134

See accompanying notes to financial statements.

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

## Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses:		
Operating Fund	\$ 91,287	\$ 139,619
Restricted Fund	46,417	3,507
	<u>137,704</u>	<u>143,126</u>
Add amortization not involving cash	53,196	45,187
Changes in non-cash operating working capital:		
Accounts receivable	3,973	(9,506)
Prepaid expenses and deposits	593	1,561
Gift shop inventory	2,775	(3,962)
Accounts payable and accrued liabilities	13,981	1,276
Deferred revenue	26,603	5,767
	<u>238,825</u>	<u>183,449</u>
Investing activities:		
Additions to capital assets	(362,529)	(9,477)
Decrease in term deposits	115,414	(55,260)
	<u>(247,115)</u>	<u>(64,737)</u>
Increase in cash and cash equivalents	(8,290)	118,712
Cash and cash equivalents, beginning of year	294,368	175,656
Cash and cash equivalents, end of year	<u>\$ 286,078</u>	<u>\$ 294,368</u>

See accompanying notes to financial statements.

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2015

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) Property and equipment:

Property and equipment are stated at cost, less accumulated amortization. Amortization is provided using the followings methods and annual rates:

Asset	Basis	Rate
Nature House Building	Straight-line	5%
Building improvements	Straight-line	10%
Displays	Straight-line	10%
Computer equipment	Straight-line	20%
Furniture and equipment	Straight-line	10%
Boardwalks	Straight-line	4% to 10%
Trails and signs	Straight-line	10%
Native plant garden	Straight-line	10%
Fencing	Straight-line	10%



# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2015

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## 1. Significant accounting policies (continued):

### (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.

### (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 has not elected to carry any such financial instruments at fair value.

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.

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2015

## 1. Significant accounting policies (continued):

### (f) Financial instruments (continued):

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.

### (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. Accounts receivable:

Included in accounts receivable as at December 31, 2015 are government remittances receivable of \$9,043 (2014 - nil) relating to federal and provincial sales taxes.

## 3. Property and equipment:

2015	Cost	Accumulated amortization	Net book value
Nature House building	\$ 426,131	\$ 332,648	\$ 93,483
Building improvements – Martelli House and other buildings	178,290	54,918	123,372
Displays	196,402	193,082	3,320
Computer equipment	45,330	35,851	9,479
Furniture and equipment	160,777	142,320	18,457
Boardwalks	797,343	425,520	371,823
Trails and signs	278,448	252,737	25,711
Native plant garden	47,909	45,853	2,056
Fencing	12,944	10,683	2,261
	<u>\$ 2,143,574</u>	<u>\$ 1,493,612</u>	<u>\$ 649,962</u>

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2015

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

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>

### 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$10,758 (2014 - \$6,588), which includes amounts payable for payroll remittances and workers' safety insurance.

### 5. Deferred revenue, operating fund:

	2015	2014
Prepaid programs	\$ 9,730	\$ 5,610
Royal Bank grant	-	205
Public gaming funds	61,000	30,000
Canadian Heritage	-	15,523
New Horizon	8,280	-
Others	595	1,664
	<u>\$ 79,605</u>	<u>\$ 53,002</u>

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2015

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## 6. 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.

## 7. Donated labour:

Volunteers from the community work to improve the Swan Lake Christmas Hill Nature Sanctuary. In 2015 the Society estimated that volunteers provided a total of 7,631 hours of donated labour. The value of this labour, although not recorded in these financial statements, is equivalent to approximately \$192,225 using a median wage rate of \$25.19 per hour as published in *Statistics Canada Labour Force Survey*.

## 8. 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.

## 9. Comparative information:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Operations

Schedule

Year ended December 31, 2014

	Operating Fund	Restricted Funds		Total
		Capital	Endowment	
<b>Revenue:</b>				
Corporation of the District of Saanich Management Fee	\$ 319,830	\$ -	\$ -	\$ 319,830
<b>Grants and donations:</b>				
Corporation of the District of Saanich grant	-	15,000	-	15,000
Donations and contributions	22,055	46,661	2,000	70,716
Other grants	50,615	-	-	50,615
Public gaming funds	50,000	-	-	50,000
Victoria Natural History Society grant	4,000	-	-	4,000
<b>Programs:</b>				
School programs	31,354	-	-	31,354
Public programs	40,627	-	-	40,627
Facility rental	11,695	-	-	11,695
Gift shop sales	10,639	-	-	10,639
Interest	782	33	-	815
Native plant sales	19,831	-	-	19,831
Property rent	52,459	-	-	52,459
Society memberships	8,785	-	-	8,785
	622,672	61,694	2,000	686,366
<b>Expenses:</b>				
Administrative salaries and wages	70,858	-	-	70,858
Program salaries and wages	115,038	-	-	115,038
Site salaries and wages	64,868	-	-	64,868
Outreach salaries and wages	8,052	-	-	8,052
Administrative materials and services	101,634	-	-	101,634
Community outreach and marketing	49,536	-	-	49,536
Janitorial and security	10,290	-	-	10,290
Native plant sale cost	9,522	-	-	9,522
Gift shop sale cost	3,790	-	-	3,790
Program materials and services	15,137	-	-	15,137
Rental property expenses	18,014	-	-	18,014
Site materials and services	25,802	-	-	25,802
School and public contracts	5,512	-	-	5,512
Amortization	-	45,187	-	45,187
	498,053	45,187	-	543,240
Excess of revenue over expenses	\$ 124,619	\$ 16,507	\$ 2,000	\$ 143,126