

Financial Statements of

**SWAN LAKE CHRISTMAS HILL
NATURE SANCTUARY SOCIETY**

Year ended December 31, 2018



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INDEPENDENT AUDITORS' REPORT

To the Members of Swan Lake Christmas Hill Nature Sanctuary Society

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Swan Lake Christmas Hill Nature Sanctuary Society (the Entity), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of changes in fund balance for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the *Societies Act (British Columbia)*, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with 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

Victoria, Canada
March 28, 2019

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY


Statement of Financial Position

December 31, 2018, with comparative information for 2017

	Operating Fund	Restricted Funds Capital	Endowment	2018 Total	2017 Total
(Schedule 1)					
Assets					
Current assets:					
Cash and cash equivalents	\$ 325,007	\$ 3,180	\$ -	\$ 328,187	\$ 760,706
Accounts receivable (note 2)	34,140	-	-	34,140	3,175
Prepaid expenses and deposits	1,871	-	-	1,871	1,871
Gift shop inventory	5,637	-	-	5,637	3,865
Receivable from (payable to) other funds	(15,023)	10,000	5,023	-	-
	351,632	13,180	5,023	369,835	769,617
Property and equipment (note 3)	-	1,309,362	-	1,309,362	545,853
	\$ 351,632	\$ 1,322,542	\$ 5,023	\$ 1,679,197	\$ 1,315,470
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities (note 4)	\$ 41,275	\$ -	\$ -	\$ 41,275	\$ 58,992
Deferred revenue (note 5)	15,954	-	-	15,954	63,650
	57,229	-	-	57,229	122,642
Fund Balances					
Invested in capital assets	-	1,309,362	-	1,309,362	545,853
Unrestricted	294,403	-	-	294,403	297,967
Capital Fund - Externally restricted	-	13,180	-	13,180	343,985
Endowment Fund - Externally restricted (note 6)	-	-	5,023	5,023	5,023
	294,403	1,322,542	5,023	1,621,968	1,192,828
	\$ 351,632	\$ 1,322,542	\$ 5,023	\$ 1,679,197	\$ 1,315,470

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, 2018, with comparative information for 2017

	Operating Fund	Restricted Funds		2018	2017
		Capital	Endowment	Total	Total
					(Schedule 2)
Revenue:					
Management Fee:					
Corporation of the District of Saanich Management Fee	\$ 378,726	\$ -	\$ -	\$ 378,726	\$ 369,750
Grants and donations:					
Donations and contributions	54,545	25,902	-	80,447	297,510
Other grants	41,248	532,622	-	573,870	57,109
Public gaming funds	61,000	-	-	61,000	61,000
Programs:					
School programs	53,296	-	-	53,296	35,890
Public programs	26,461	-	-	26,461	34,054
Sponsorship	5,000	-	-	5,000	500
Facility rental	6,991	-	-	6,991	11,477
Gift shop sales	27,345	-	-	27,345	15,568
Interest	470	4	-	474	323
Native plant sales	34,300	-	-	34,300	23,587
Property rent	36,087	-	-	36,087	26,460
Society memberships	8,156	-	-	8,156	9,020
	733,625	558,528	-	1,292,153	942,248
Expenses:					
Salaries and wages	437,829	-	-	437,829	425,871
Administrative materials and services	80,477	-	-	80,477	62,441
Community outreach and marketing	17,777	-	-	17,777	3,514
Fundraising and grant expense	25,001	6,232	-	31,233	28,151
Plant sale cost	14,205	-	-	14,205	17,878
Gift shop sale cost	7,288	-	-	7,288	15,563
Program materials and services	14,477	-	-	14,477	13,675
Rental property expense	21,196	-	-	21,196	27,036
Site materials and services	103,375	-	-	103,375	62,065
Loss on disposal of property and equipment	-	18,824	-	18,824	-
Amortization	-	116,332	-	116,332	61,613
	721,625	141,388	-	863,013	717,808
Excess of revenue over expenses	\$ 12,000	\$ 417,140	\$ -	\$ 429,140	\$ 224,440

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Changes in Fund Balances

Year ended December 31, 2018

	Operating Fund	Restricted Funds		Total
		Capital	Endowment	
Fund balance, December 31 2017	\$ 297,967	\$ 889,838	\$ 5,023	\$ 1,192,828
Excess of revenue over expenses	12,000	417,140	-	429,140
Transfer from operating to capital fund	(15,564)	15,564	-	-
Fund balance, December 31, 2018	\$ 294,403	\$ 1,322,542	\$ 5,023	\$ 1,621,968

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses:		
Operating Fund	\$ 12,000	\$ 23,186
Endowment Fund	-	23
Restricted Fund	417,140	201,231
	429,140	224,440
Add amortization not involving cash	116,332	61,613
Loss on disposal of property and equipment	18,824	-
Changes in non-cash operating working capital:		
Accounts receivable	(30,965)	(244)
Prepaid expenses and deposits	-	33
Gift shop inventory	(1,772)	8,101
Accounts payable and accrued liabilities	(17,717)	15,466
Deferred revenue	(47,696)	(5,435)
	466,146	303,974
Investing activities:		
Additions to capital assets	(898,665)	(13,251)
Increase in cash and cash equivalents	(432,519)	290,723
Cash and cash equivalents, beginning of year	760,706	469,983
Cash and cash equivalents, end of year	\$ 328,187	\$ 760,706

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2018

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. On November 28, 2016, the new *Societies Act (British Columbia)* became effective. On June 1, 2018, the Society transitioned to the new Act.

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.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2018

1. Significant accounting policies (continued):

(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%

When property and equipment no longer contributes to the Society's ability to provide services, its carrying amount is written down to its residual value.

(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. Cashable GIC's are included in cash and cash equivalents. Investment income is reported as revenue in the period earned.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2018

1. Significant accounting policies (continued):

(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.

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 as the services would not have otherwise been purchased by the Society.

(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, 2018 are government remittances receivable of \$32,131 (2017 - \$1,975) relating to federal and provincial sales taxes.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2018

3. Property and equipment:

2018	Cost	Accumulated amortization	Net book value
Nature House building	\$ 429,317	\$ 366,720	\$ 62,597
Building improvements - Martelli House and other buildings	178,290	105,038	73,252
Displays	196,401	196,401	-
Computer equipment	65,146	45,330	19,816
Furniture and equipment	173,800	160,777	13,023
Boardwalks	1,641,833	514,804	1,127,029
Trails and signs	278,447	278,447	-
Native plant garden	47,909	47,909	-
Fencing	28,707	15,062	13,645
	<u>\$ 3,039,850</u>	<u>\$ 1,730,488</u>	<u>\$ 1,309,362</u>

2017	Cost	Accumulated amortization	Net book value
Nature House building	\$ 429,317	\$ 345,254	\$ 84,063
Building improvements - Martelli House and other buildings	178,290	87,402	90,888
Displays	196,401	195,017	1,384
Computer equipment	45,330	43,483	1,847
Furniture and equipment	160,777	151,399	9,378
Boardwalks	797,343	466,020	331,323
Trails and signs	278,447	265,356	13,091
Native plant garden	47,909	47,909	-
Fencing	26,196	12,317	13,879
	<u>\$ 2,160,010</u>	<u>\$ 1,614,157</u>	<u>\$ 545,853</u>

During the year, boardwalks with a net book value of \$18,824 (2017 - \$nil) was written off.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$3,819 (2017 - \$14,096), which includes amounts payable for payroll remittances and workers' safety insurance.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2018

5. Deferred revenue, operating fund:

	2018	2017
Prepaid programs	\$ 1,548	\$ 1,975
Public gaming funds	-	61,000
Others	14,406	675
	<u>\$ 15,954</u>	<u>\$ 63,650</u>

In 2017, public gaming funds were received in December 2017. In 2018, public gaming funds were received in March 2019.

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.

7. Donated labour:

Volunteers from the community work to improve the Swan Lake Christmas Hill Nature Sanctuary. In 2018 the Society estimated that volunteers provided a total of 7,510 (2017 - 6,884) hours of donated labour. The value of this labour, although not recorded in these financial statements, is equivalent to approximately \$202,169 (2017 - \$180,085) using a median wage rate of \$26.92 (2017 - \$26.16) 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, 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 information has been reclassified from those previously presented to conform to the presentation of the 2018 financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Financial Position

Schedule 1

December 31, 2017

	Operating Fund	Restricted Funds Capital	Endowment	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 387,038	\$ 368,645	\$ 5,023	\$ 760,706
Accounts receivable	3,175	-	-	3,175
Prepaid expenses and deposits	1,871	-	-	1,871
Gift shop inventory	3,865	-	-	3,865
Receivable from (payable to) other funds	24,660	(24,660)	-	-
	420,609	343,985	5,023	769,617
Property and equipment	-	545,853	-	545,853
	\$ 420,609	\$ 889,838	\$ 5,023	\$ 1,315,470
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 58,992	\$ -	\$ -	\$ 58,992
Deferred revenue	63,650	-	-	63,650
	122,642	-	-	122,642
Fund Balances				
Invested in capital assets	-	545,853	-	545,853
Unrestricted	297,967	-	-	297,967
Capital Fund - Externally restricted	-	343,985	-	343,985
Endowment Fund - Externally restricted	-	-	5,023	5,023
	297,967	889,838	5,023	1,192,828
	\$ 420,609	\$ 889,838	\$ 5,023	\$ 1,315,470

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Operations

Schedule 2

Year ended December 31, 2017

	Operating Fund	Restricted Funds		Total
		Capital	Endowment	
Revenue:				
Management Fee:				
Corporation of the District of Saanich Management Fee	\$ 369,750	\$ -	\$ -	\$ 369,750
Grants and donations:				
Donations and contributions	34,187	263,323	-	297,510
Other grants	57,109	-	-	57,109
Public gaming funds	61,000	-	-	61,000
Programs:				
School programs	35,890	-	-	35,890
Public programs	34,054	-	-	34,054
Sponsorship	500	-	-	500
Facility rental	11,477	-	-	11,477
Gift shop sales	15,568	-	-	15,568
Interest	132	168	23	323
Native plant sales	23,587	-	-	23,587
Property rent	26,460	-	-	26,460
Society memberships	9,020	-	-	9,020
	678,734	263,491	23	942,248
Expenses:				
Salaries and wages	425,871	-	-	425,871
Administrative materials and services	62,441	-	-	62,441
Community outreach and marketing	3,514	-	-	3,514
Fundraising and grant expenses	27,504	647	-	28,151
Plant sale cost	17,878	-	-	17,878
Gift shop	15,563	-	-	15,563
Program materials and services	13,675	-	-	13,675
Rental property expenses	27,036	-	-	27,036
Site materials and services	62,065	-	-	62,065
Amortization	-	61,613	-	61,613
	655,548	62,260	-	717,808
Excess of revenue over expenses	\$ 23,186	\$ 201,231	\$ 23	\$ 224,440