

Financial Statements of

**SWAN LAKE CHRISTMAS HILL
NATURE SANCTUARY SOCIETY**

And Independent Auditors' Report thereon

Year ended December 31, 2019



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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, 2019
- 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, 2019, 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.

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 horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Victoria, Canada
July 30, 2020

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	Operating Fund	Capital Fund	2019 Total	2018 Total
(Schedule 1)				
Assets				
Current assets:				
Cash and cash equivalents	\$ 376,562	\$ 3,055	\$ 379,617	\$ 328,187
Accounts receivable (note 2)	10,183	-	10,183	34,140
Prepaid expenses and deposits	957	-	957	1,871
Gift shop inventory	7,715	-	7,715	5,637
Receivable from (payable to) other funds	(16,945)	16,945	-	-
	378,472	20,000	398,472	369,835
Property and equipment (note 3)	-	1,243,780	1,243,780	1,309,362
	\$ 378,472	\$ 1,263,780	\$ 1,642,252	\$ 1,679,197

Liabilities

Current liabilities:

Accounts payable and accrued liabilities (note 4)	\$ 41,396	\$ -	\$ 41,396	\$ 41,275
Deferred revenue (note 5)	88,925	-	88,925	15,954
	130,321	-	130,321	57,229

Fund Balances

Invested in capital assets	-	1,243,780	1,243,780	1,309,362
Unrestricted	113,151	-	113,151	294,403
Internally restricted	135,000	-	135,000	-
Capital Fund - Externally restricted	-	20,000	20,000	13,180
Endowment Fund - Externally restricted (note 6)	-	-	-	5,023
	248,151	1,263,780	1,511,931	1,621,968

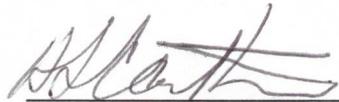
Subsequent event (note 11)

	\$ 378,472	\$ 1,263,780	\$ 1,642,252	\$ 1,679,197
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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, 2019, with comparative information for 2018

	Operating Fund	Restricted Funds Capital	Endowment	2019 Total	2018 Total
					(Schedule 2)
Revenue:					
Management Fee:					
Corporation of the District of Saanich Management Fee	\$ 387,650	\$ -	\$ -	\$ 387,650	\$ 378,726
Grants and donations:					
Donations and contributions	45,709	14,099	-	59,808	80,447
Other grants	32,371	12,111	-	44,482	573,870
Public gaming funds	61,000	-	-	61,000	61,000
Programs:					
School programs	39,117	-	-	39,117	53,296
Public programs	26,517	-	-	26,517	26,461
Sponsorship	1,163	-	-	1,163	5,000
Facility rental	10,541	-	-	10,541	6,991
Gift shop sales	26,310	-	-	26,310	27,345
Interest	741	1	-	742	474
Native plant sales	31,718	-	-	31,718	34,300
Property rent	48,313	-	-	48,313	36,087
Society memberships	8,575	-	-	8,575	8,156
	719,725	26,211	-	745,936	1,292,153
Expenses:					
Salaries and wages	463,922	-	-	463,922	437,829
Administrative materials and services	97,946	-	-	97,946	91,070
Community outreach and marketing	36,900	-	-	36,900	29,370
Fundraising and grant expense	14,816	-	5,023	19,839	19,245
Plant sale cost	15,570	-	-	15,570	14,205
Gift shop sale cost	9,521	-	-	9,521	6,775
Program materials and services	2,405	-	-	2,405	9,337
Rental property expense	29,371	-	-	29,371	20,446
Site materials and services	46,060	-	-	46,060	118,404
Amortization	-	134,439	-	134,439	116,332
	716,511	134,439	5,023	855,973	863,013
Excess (deficiency) of revenue over expenses	\$ 3,214	\$ (108,228)	\$ (5,023)	\$ (110,037)	\$ 429,140

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Changes in Fund Balances

Year ended December 31, 2019

	Operating Fund		Restricted Funds		Total
	Operating	Internally Restricted	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
Excess (deficiency) of revenue over expenses	3,214	-	(108,228)	(5,023)	(110,037)
Transfer from operating to capital fund	(49,466)	-	49,466	-	-
Transfer from operating to internally restricted fund	(135,000)	135,000	-	-	-
Fund balance, December 31, 2019	\$ 113,151	\$ 135,000	\$ 1,263,780	\$ -	\$ 1,511,931

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses:		
Operating Fund	\$ 3,214	\$ 12,000
Endowment Fund	(5,023)	-
Restricted Fund	(108,228)	417,140
	(110,037)	429,140
Add amortization not involving cash	134,439	116,332
Loss on disposal of property and equipment	-	18,824
Changes in non-cash operating working capital:		
Accounts receivable	23,957	(30,965)
Prepaid expenses and deposits	914	-
Gift shop inventory	(2,078)	(1,772)
Accounts payable and accrued liabilities	121	(17,717)
Deferred revenue	72,971	(47,696)
	120,287	466,146
Investing activities:		
Additions to capital assets	(68,857)	(898,665)
Increase in cash and cash equivalents	51,430	(432,519)
Cash and cash equivalents, beginning of year	328,187	760,706
Cash and cash equivalents, end of year	\$ 379,617	\$ 328,187

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2019

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 current agreement is for a 5 year term ending December 31, 2024, with a 5 year renewal term ending December 31, 2029. 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.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2019

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, 2019

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 are government remittances receivable of \$6,465 (2018 - \$32,131) relating to federal and provincial sales taxes.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2019

3. Property and equipment:

2019	Cost	Accumulated amortization	Net book value
Nature House building	\$ 467,850	\$ 389,149	\$ 78,701
Building improvements - Martelli House and other buildings	178,290	121,066	57,224
Displays	201,204	196,642	4,562
Computer equipment	66,162	58,406	7,756
Furniture and equipment	174,959	173,800	1,159
Boardwalks	1,644,145	580,524	1,063,621
Trails and signs	278,447	278,447	-
Native plant garden	47,909	47,909	-
Fencing	31,674	18,081	13,593
Truck	18,067	903	17,164
	<u>\$ 3,108,707</u>	<u>\$ 1,864,927</u>	<u>\$ 1,243,780</u>

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>

There were no write-offs capital assets during the year of 2019 (2018 - \$18,824).

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$4,558 (2018 - \$3,819), 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, 2019

5. Deferred revenue, operating fund:

	2019	2018
Prepaid programs	\$ 13,825	\$ 1,548
Public gaming funds	65,000	-
Others	10,100	14,406
	<u>\$ 88,925</u>	<u>\$ 15,954</u>

6. Endowment Fund with Victoria Foundation:

In 2019, the Society established the Swan Lake Christmas Hill Sanctuary Fund with the Victoria Foundation, a permanent endowment fund. The balance of the Society's Endowment Fund was transferred to Victoria Foundation, with additional funding provided by the Operating Fund of \$2,477 for a total contribution of \$7,500. The Victoria Foundation provided a matching contribution of \$7,500 thus establishing a \$15,000 fund with the Victoria Foundation.

7. Donated labour:

Volunteers from the community work to improve the Swan Lake Christmas Hill Nature Sanctuary. In 2019 the Society estimated that volunteers provided a total of 7,265 (2018 - 7,510) hours of donated labour. The value of this labour, although not recorded in these financial statements, is equivalent to approximately \$190,851 (2018 - \$202,169) using a median wage rate of \$26.27 (2018 - \$26.92) 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 2019 financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2019

10. Employee remuneration:

The BC Societies Act has a requirement for the disclosure in the financial statements of the remuneration of directors, employees and contractors for financial statements prepared after November 28, 2016. For employee and contractor remuneration the requirement is to disclose amounts paid to individuals whose remuneration was greater than \$75,000. For the fiscal year ending December 31, 2019, the Society paid remuneration of \$88,000 (2018 - \$74,000) to one (2018 - nil) employee for services, who received total annual remuneration of \$75,000 or greater. The remuneration paid in the current year includes non-recurring retroactive pay earned in previous years and paid in 2019.

11. Subsequent event:

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Society is not known at this time. The Society temporarily suspended programs and access to its premises in March 2020 to help stop the spread of COVID-19. It has since partially re-opened in June 2020 and is gradually re-introducing programs using a limited schedule.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Financial Position

Schedule 1

December 31, 2018

	Operating Fund	Restricted Funds Capital	Endowment	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 325,007	\$ 3,180	\$ -	\$ 328,187
Accounts receivable	34,140	-	-	34,140
Prepaid expenses and deposits	1,871	-	-	1,871
Gift shop inventory	5,637	-	-	5,637
Receivable from (payable to) other funds	(15,023)	10,000	5,023	-
	351,632	13,180	5,023	369,835
Property and equipment	-	1,309,362	-	1,309,362
	\$ 351,632	\$ 1,322,542	\$ 5,023	\$ 1,679,197
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 41,275	\$ -	\$ -	\$ 41,275
Deferred revenue	15,954	-	-	15,954
	57,229	-	-	57,229
Fund Balances				
Invested in capital assets	-	1,309,362	-	1,309,362
Unrestricted	294,403	-	-	294,403
Capital Fund - Externally restricted	-	13,180	-	13,180
Endowment Fund - Externally restricted	-	-	5,023	5,023
	204,403	1,322,542	5,023	1,621,968
	\$ 351,632	\$ 1,322,542	\$ 5,023	\$ 1,679,197

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Operations

Schedule 2

Year ended December 31, 2018

	Operating Fund	Restricted Funds		Total
		Capital	Endowment	
Revenue:				
Management Fee:				
Corporation of the District of Saanich Management Fee	\$ 378,726	\$ -	\$ -	\$ 378,726
Grants and donations:				
Donations and contributions	54,545	25,902	-	80,447
Other grants	41,248	532,622	-	573,870
Public gaming funds	61,000	-	-	61,000
Programs:				
School programs	53,296	-	-	53,296
Public programs	26,461	-	-	26,461
Sponsorship	5,000	-	-	5,000
Facility rental	6,991	-	-	6,991
Gift shop sales	27,345	-	-	27,345
Interest	470	4	-	474
Native plant sales	34,300	-	-	34,300
Property rent	36,087	-	-	36,087
Society memberships	8,156	-	-	8,156
	733,625	558,528	-	1,292,153
Expenses:				
Salaries and wages	437,829	-	-	437,829
Administrative materials and services	80,477	-	-	80,477
Community outreach and marketing	17,777	-	-	17,777
Fundraising and grant expenses	25,001	6,232	-	31,233
Plant sale cost	14,205	-	-	14,205
Gift shop	7,288	-	-	7,288
Program materials and services	14,477	-	-	14,477
Rental property expenses	21,196	-	-	21,196
Site materials and services	103,375	-	-	103,375
Loss on disposal of property and equipment	-	18,824	-	18,824
Amortization	-	116,332	-	116,332
	721,625	141,388	-	863,013
Excess of revenue over expenses	\$ 12,000	\$ 417,140	\$ -	\$ 429,140