

Financial Statements of

**SWAN LAKE CHRISTMAS HILL
NATURE SANCTUARY SOCIETY**

And Independent Auditors' Report thereon

Year ended December 31, 2020



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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, 2020
- 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, 2020, 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' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Victoria, Canada
March 25, 2021

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	Operating Fund	Capital Fund	2020 Total	2019 Total
(Schedule 1)				
Assets				
Current assets:				
Cash and cash equivalents	\$ 465,591	\$ 3,136	\$ 468,727	\$ 379,617
Accounts receivable (note 2)	7,384	-	7,384	10,183
Prepaid expenses and deposits	2,113	-	2,113	957
Gift shop inventory	4,322	-	4,322	7,715
Receivable from (payable to) other funds	(26,264)	26,264	-	-
	453,146	29,400	482,546	398,472
Property and equipment (note 3)	-	1,162,685	1,162,685	1,243,780
	\$ 453,146	\$ 1,192,085	\$ 1,645,231	\$ 1,642,252
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities (note 4)	\$ 25,785	\$ -	\$ 25,785	\$ 41,396
Deferred revenue (note 5)	78,138	-	78,138	88,925
	103,923	-	103,923	130,321
Fund Balances				
Invested in capital assets	-	1,162,685	1,162,685	1,243,780
Unrestricted	212,198	-	212,198	113,151
Internally restricted	137,025	-	137,025	135,000
Capital Fund – Externally restricted	-	9,400	9,400	20,000
Capital Fund – Internally restricted	-	20,000	20,000	-
	349,223	1,192,085	1,541,308	1,511,931
	\$ 453,146	\$ 1,192,085	\$ 1,645,231	\$ 1,642,252

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, 2020, with comparative information for 2019

	Operating Fund	Capital Fund	2020 Total	2019 Total
				(Schedule 2)
Revenue:				
Management fee:				
Corporation of the District of Saanich Management Fee	\$ 387,650	\$ -	\$ 387,650	\$ 387,650
Grants and donations:				
Donations and contributions	113,056	-	113,056	59,808
Other grants	51,395	32,651	84,046	44,482
Public gaming funds	65,000	-	65,000	61,000
Programs:				
School programs	9,459	-	9,459	39,117
Public programs	10,596	-	10,596	26,517
Sponsorship	-	-	-	1,163
Facility rental	5,304	-	5,304	10,541
Gift shop sales	25,875	-	25,875	26,310
Interest	2,150	1	2,151	742
Native plant sales	16,281	-	16,281	31,718
Property rent	40,679	-	40,679	48,313
Society memberships	6,510	-	6,510	8,575
	733,955	32,652	766,607	745,936
Expenses:				
Salaries and wages	462,693	-	462,693	463,922
Administrative materials and services	88,423	-	88,423	97,946
Community outreach and marketing	8,778	-	8,778	36,900
Fundraising and grant expense	-	-	-	19,839
Plant sale cost	6,578	-	6,578	15,570
Gift shop sale cost	6,186	-	6,186	9,521
Program materials and services	5,035	-	5,035	2,405
Rental property expense	11,805	-	11,805	29,371
Site materials and services	23,385	-	23,385	46,060
Loss on disposal of property and equipment	-	-	-	-
Amortization	-	124,347	124,347	134,439
	612,883	124,347	737,230	855,973
Excess (deficiency) of revenue over expenses	\$ 121,072	\$ (91,695)	\$ 29,377	\$ (110,037)

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Changes in Fund Balances

Year ended December 31, 2020

	Operating Fund		Restricted Funds		Total
	Operating	Internally Restricted	Capital	Endowment	
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
Excess (deficiency) of revenue over expenses	119,047	2,025	(91,695)	-	29,377
Transfer from operating to capital fund	(20,000)	-	20,000	-	-
Fund balance, December 31, 2020	\$ 212,198	\$ 137,025	\$ 1,192,085	\$ -	\$ 1,541,308

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses:		
Operating Fund	\$ 121,072	\$ 3,214
Endowment Fund	-	(5,023)
Capital Fund	(91,695)	(108,228)
	29,377	(110,037)
Add amortization not involving cash	124,348	134,439
Changes in non-cash operating working capital:		
Accounts receivable	2,799	23,957
Prepaid expenses and deposits	(1,156)	914
Gift shop inventory	3,393	(2,078)
Accounts payable and accrued liabilities	(15,612)	121
Deferred revenue	(10,787)	72,971
	132,362	120,287
Investing activities:		
Additions to capital assets	(43,252)	(68,857)
Increase in cash and cash equivalents	89,110	51,430
Cash and cash equivalents, beginning of year	379,617	328,187
Cash and cash equivalents, end of year	\$ 468,727	\$ 379,617

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2020

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. The balance of the Endowment Fund was transferred to the Swan Lake Christmas Hill Sanctuary Fund with the Victoria Foundation in 2019.

The Board of Directors has internally restricted certain funds for purposes of future capital projects and contingency.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2020

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%
Vehicles	Straight-line	10%
Tent	Straight-line	10%
Shed	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, 2020

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 \$1,558 (2019 - \$6,465) relating to federal and provincial sales taxes.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2020

3. Property and equipment:

2020	Cost	Accumulated amortization	Net book value
Nature House building	\$ 467,851	\$ 412,542	\$ 55,309
Building improvements - Martelli House and other buildings	178,290	137,093	41,197
Displays	201,204	201,204	-
Computer equipment	66,162	66,162	-
Furniture and equipment	174,959	174,959	-
Boardwalks	1,644,145	646,289	997,856
Trails and signs	298,947	278,446	20,501
Native plant garden	47,909	47,909	-
Fencing	31,674	21,249	10,425
Vehicles	18,068	2,710	15,358
Tent	14,197	711	13,486
Shed	8,553	-	8,553
	\$ 3,151,959	\$ 1,989,274	\$ 1,162,685

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
Vehicles	18,067	903	17,164
	\$ 3,108,707	\$ 1,864,927	\$ 1,243,780

There were no write-offs capital assets during the year of 2020 (2019 - nil).

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of nil (2019 - \$4,558), for amounts payable for payroll remittances and workers' safety insurance.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2020

5. Deferred revenue, operating fund:

	2020	2019
Prepaid programs	\$ 554	\$ 13,825
Public gaming funds	65,000	65,000
Others	12,584	10,100
	<u>\$ 78,138</u>	<u>\$ 88,925</u>

6. Endowment Fund with Victoria Foundation:

In 2020, 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. The balance of the fund as at December 31, 2020 was \$15,937. During 2020, \$605 of grants were distributed.

7. Donated labour:

Volunteers from the community work to improve the Swan Lake Christmas Hill Nature Sanctuary. In 2020 the Society estimated that volunteers provided a total of 3,366 (2019 - 7,265) hours of donated labour. The value of this labour, although not recorded in these financial statements, is equivalent to approximately \$94,517 (2019 - \$190,851) using a median wage rate of \$28.08 (2019 - \$26.27) 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.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. The Society suspended programs and access to its premises in March 2020 as required by Provincial Health Orders to help stop the spread of COVID-19. It re-opened in June 2020 and re-introduced programs on a reduced schedule and managing capacity requirements. The impact of COVID-19 reduced certain revenue from programs, rental and other sources and related expenses as well as the ability for volunteers to contribute their time. The Society will continue to monitor the ongoing impact and adjust operations as required to ensure financial sustainability and the safety of the community.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2020

9. 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. In 2020, the Society did not pay any employees annual remuneration greater than \$75,000. In 2019, the Society paid remuneration of \$88,000 to one employee for services, who received total annual remuneration of \$75,000 or greater. The remuneration paid in 2019 includes non-recurring retroactive pay earned in previous years.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Financial Position

Schedule 1

December 31, 2019

	Operating Fund	Restricted Funds Capital	Endowment	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 376,562	\$ 3,055	\$	\$ 379,617
Accounts receivable	10,183	-		10,183
Prepaid expenses and deposits	957	-		957
Gift shop inventory	7,715	-		7,715
Receivable from (payable to) other funds	(16,945)	16,945		-
	378,472	20,000		398,472
Property and equipment	-	1,243,780		1,243,780
	\$ 378,472	\$ 1,263,780	\$	\$ 1,642,252
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 41,396	\$ -	\$	\$ 41,396
Deferred revenue	88,925	-		88,925
	130,321	-		130,321
Fund Balances				
Invested in capital assets	-	1,243,780		1,243,780
Unrestricted	113,151	-		113,151
Capital Fund - Externally restricted	135,000	-		135,000
Endowment Fund - Externally restricted	-	20,000		20,000
	248,151	1,263,780		1,511,931
	\$ 378,472	\$ 1,263,780	\$	\$ 1,642,252

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Operations

Schedule 2

Year ended December 31, 2019

	Operating Fund	Restricted Funds		Total
		Capital	Endowment	
Revenue:				
Management fee:				
Corporation of the District of Saanich				
Management Fee	\$ 387,650	\$ -	\$ -	\$ 387,650
Grants and donations:				
Donations and contributions	45,709	14,099	-	59,808
Other grants	32,371	12,111	-	44,482
Public gaming funds	61,000	-	-	61,000
Programs:				
School programs	39,117	-	-	39,117
Public programs	26,517	-	-	26,517
Sponsorship	1,163	-	-	1,163
Facility rental	10,541	-	-	10,541
Gift shop sales	26,310	-	-	26,310
Interest	741	1	-	742
Native plant sales	31,718	-	-	31,718
Property rent	48,313	-	-	48,313
Society memberships	8,575	-	-	8,575
	719,725	26,211	-	745,936
Expenses:				
Salaries and wages	463,922	-	-	463,922
Administrative materials and services	97,946	-	-	97,946
Community outreach and marketing	36,900	-	-	36,900
Fundraising and grant expense	14,816	-	5,023	19,839
Plant sale cost	15,570	-	-	15,570
Gift shop sale cost	9,521	-	-	9,521
Program materials and services	2,405	-	-	2,405
Rental property expense	29,371	-	-	29,371
Site materials and services	46,060	-	-	46,060
Amortization	-	134,439	-	134,439
	716,511	134,439	5,023	855,973
Excess (deficiency) of revenue over expenses	\$ 3,214	\$ (108,228)	\$ (5,023)	\$ (110,037)