

Financial Statements of

**SWAN LAKE CHRISTMAS HILL
NATURE SANCTUARY SOCIETY**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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INDEPENDENT AUDITOR'S 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, 2022
- 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, 2022, 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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' with a horizontal line underneath.

Chartered Professional Accountants

Victoria, Canada
April 27, 2023

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	Operating Fund	Capital Fund	2022 Total	2021 Total
(Schedule 1)				
Assets				
Current assets:				
Cash and cash equivalents	\$ 628,122	\$ 3,117	\$ 631,239	\$ 597,622
Accounts receivable (note 2)	5,847	-	5,847	51,151
Prepaid expenses and deposits	-	-	-	2,759
Gift shop inventory	4,308	-	4,308	4,208
Receivable from (payable to) other funds	36,409	(36,409)	-	-
	674,686	(33,292)	641,394	655,740
Property and equipment (note 3)	-	943,500	943,500	1,085,192
	\$ 674,686	\$ 910,208	\$ 1,584,894	\$ 1,740,932

Liabilities

Current liabilities:

Accounts payable and accrued liabilities (note 4)	\$ 37,607	\$ -	\$ 37,607	\$ 27,187
Deferred revenue (note 5)	111,241	-	111,241	159,889
	148,848	-	148,848	187,076

Fund Balances

Invested in capital assets	-	907,091	907,091	1,054,549
Unrestricted	186,251	(134,419)	51,832	216,772
Internally restricted (note 10)	339,587	-	339,587	144,999
Externally restricted	-	137,536	137,536	137,536
	525,838	910,208	1,436,046	1,553,856
	\$ 674,686	\$ 910,208	\$ 1,584,894	\$ 1,740,932

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, 2022, with comparative information for 2021

	Operating Fund	Capital Fund	2022 Total	2021 Total
(Schedule 2)				
Revenue:				
Management fee:				
Corporation of the District of Saanich Management Fee	\$ 387,500	\$ -	\$ 387,500	\$ 387,649
Grants and donations:				
Donations and contributions	114,463	-	114,463	96,468
Other grants	55,093	82,086	137,179	125,189
Public gaming funds	65,000	-	65,000	65,000
Programs:				
School programs	11,889	-	11,889	2,514
Public programs	14,058	-	14,058	10,439
Facility rental	13,370	-	13,370	10,452
Gift shop sales	22,794	-	22,794	25,312
Interest	2,217	-	2,217	344
Native plant sales	20,984	-	20,984	19,635
Property rent	47,037	-	47,037	47,037
Society memberships	5,425	-	5,425	4,585
	759,830	82,086	841,916	794,624
Expenses:				
Salaries and wages	508,344	-	508,344	416,122
Administrative materials and services	92,136	-	92,136	74,575
Community outreach and marketing	4,809	-	4,809	2,264
Plant sale cost	21,173	-	21,173	12,315
Gift shop sale cost	10,031	-	10,031	9,387
Program materials and services	26,691	-	26,691	19,412
Rental property expense	18,575	-	18,575	2,532
Facility expense	-	82,086	82,086	74,612
Site materials and services	48,423	-	48,423	36,438
Amortization	-	147,458	147,458	134,419
	730,182	229,544	959,726	782,076
Excess (deficiency) of revenue over expenses	\$ 29,648	\$ (147,458)	\$ (117,810)	\$ 12,548

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Changes in Fund Balances

Year ended December 31, 2022

	Operating Fund		Restricted Funds		Total
	Operating	Internally Restricted	Capital	Endowment	
Fund balance, December 31, 2020	\$ 212,198	\$ 137,025	\$ 1,192,085	\$ -	\$ 1,541,308
Excess (deficiency) of revenue over expenses	146,967	-	(134,419)	-	12,548
Transfer from operating to internally restricted fund	(7,974)	7,974	-	-	-
Fund balance, December 31, 2021	351,191	144,999	1,057,666	-	1,553,856
Excess (deficiency) of revenue over expenses	29,648	-	(147,458)	-	(117,810)
Transfer from operating to internally restricted fund	(194,588)	194,588	-	-	-
Fund balance, December 31, 2022	\$ 186,251	\$ 339,587	\$ 910,208	\$ -	\$ 1,436,046

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses:		
Operating Fund	\$ 29,648	\$ 146,967
Endowment Fund	-	-
Capital Fund	(147,458)	(134,419)
	(117,810)	12,548
Add amortization not involving cash	147,458	134,419
Changes in non-cash operating working capital:		
Accounts receivable	45,304	(43,767)
Prepaid expenses and deposits	2,759	(646)
Gift shop inventory	(100)	114
Accounts payable and accrued liabilities	10,420	1,402
Deferred revenue	(48,648)	81,751
	39,383	185,821
Investing activities:		
Additions to property and equipment	(5,766)	(56,926)
Increase in cash and cash equivalents	33,617	128,895
Cash and cash equivalents, beginning of year	597,622	468,727
Cash and cash equivalents, end of year	\$ 631,239	\$ 597,622

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2022

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 and Christmas Hill 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 2021.

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, 2022

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, 2022

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.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2022

2. Accounts receivable:

Included in accounts receivable are government remittances receivable of \$2,769 (2021 - \$4,146) relating to federal and provincial sales taxes.

3. Property and equipment:

2022	Cost	Accumulated amortization	Net book value
Nature House building	\$ 467,851	\$ 459,327	\$ 8,524
Building improvements - Martelli House and other buildings	178,290	171,726	6,564
Displays	201,204	201,204	-
Computer equipment	66,162	66,162	-
Furniture and equipment	174,959	174,959	-
Boardwalks	1,644,145	777,818	866,327
Trails and signs	335,532	330,450	5,082
Native plant garden	47,909	47,909	-
Fencing	45,794	26,535	19,259
Vehicles	18,068	6,324	11,744
Tent	14,197	3,552	10,645
Shed	11,606	2,016	9,590
New construction	5,765	-	5,765
	\$ 3,211,482	\$ 2,267,982	\$ 943,500

2021	Cost	Accumulated amortization	Net book value
Nature House building	\$ 467,851	\$ 435,934	\$ 31,917
Building improvements - Martelli House and other buildings	178,290	154,922	23,368
Displays	201,204	201,204	-
Computer equipment	66,162	66,162	-
Furniture and equipment	174,959	174,959	-
Boardwalks	1,644,145	712,055	932,090
Trails and signs	335,532	297,922	37,610
Native plant garden	47,909	47,909	-
Fencing	45,794	21,955	23,839
Vehicles	18,068	4,517	13,551
Tent	14,197	2,131	12,066
Shed	11,606	855	10,751
	\$ 3,205,717	\$ 2,120,525	\$ 1,085,192

There were no write-offs capital assets during the year (2021 - nil).

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2022

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2021 - nil), for amounts payable for payroll remittances and workers' safety insurance.

5. Deferred revenue, operating fund:

	2022	2021
Public gaming funds	\$ -	\$ 65,000
Others	111,241	94,889
	<u>\$ 111,241</u>	<u>\$ 159,889</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, 2022 was \$15,541. During 2022, \$730 of grants were distributed (2021 - \$624).

7. Donated labour:

Volunteers from the community work to improve the Swan Lake Christmas Hill Nature Sanctuary. In 2022, the Society estimated that volunteers provided a total of 7,720 (2021 - 4,706) hours of donated labour. The value of this labour, although not recorded in these financial statements, is equivalent to approximately \$238,322 (2021 - \$134,711) using a median wage rate of \$30.87 (2021 - \$28.62) 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.

The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2022

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 2022, the Society paid one employee annual remuneration greater than \$75,000, totaling \$101,750 (2021 - one employee \$97,328).

10. Internally restricted funds:

	2022	2021
Holdback Dissolution	\$ 138,776	\$ -
Future Projects	200,811	-
	<hr/> \$ 339,587	<hr/> \$ -

On November 24, 2022, the Board approved a Motion to internally restrict \$137,644 of the unrestricted operating fund balance as "Holdback Dissolution Funds" to cover any costs associated with the dissolution of the Society, including any contractual obligations to pay out salary to employees as well as any wind down costs. Holdback dissolution funds are segregated from operating funds and are invested in a Guaranteed Investment Certificate with interest earned added to the principle.

On November 24, 2022, the Board approved a Motion to establish, through transfer from the unrestricted operating fund balance, an internally restricted fund named the "Future Projects Fund" for large expenditures, with an initial allocation of \$200,000. The funding amount is based on anticipated future projects. Interest earned is added to the principle.

11. Comparative amounts:

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2022 financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Financial Position

Schedule 1

December 31, 2021

	Operating Fund	Capital Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 594,505	\$ 3,117	\$ 597,622
Accounts receivable (note 2)	51,151	-	51,151
Prepaid expenses and deposits	2,759	-	2,759
Gift shop inventory	4,208	-	4,208
Receivable from (payable to) other funds	30,643	(30,643)	-
	683,266	(27,526)	655,740
Property and equipment (note 3)	-	1,085,192	1,085,192
	\$ 683,266	\$ 1,057,666	\$ 1,740,932
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities (note 4)	\$ 27,187	\$ -	\$ 27,187
Deferred revenue (note 5)	159,889	-	159,889
	187,076	-	187,076
Fund Balances			
Invested in capital assets	-	1,054,549	1,054,549
Unrestricted	351,191	(134,419)	216,772
Internally restricted	144,999	-	144,999
Capital Fund - Externally restricted	-	137,536	137,536
	496,190	1,057,666	1,553,856
	\$ 683,266	\$ 1,057,666	\$ 1,740,932

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Operations

Schedule 2

Year ended December 31, 2021

	Operating Fund	Capital Fund	Total
Revenue:			
Management fee:			
Corporation of the District of Saanich Management Fee	\$ 387,649	\$ -	\$ 387,649
Grants and donations:			
Donations and contributions	96,468	-	96,468
Other grants	50,577	74,612	125,189
Public gaming funds	65,000	-	65,000
Programs:			
School programs	2,514	-	2,514
Public programs	10,439	-	10,439
Sponsorship	-	-	-
Facility rental	10,452	-	10,452
Gift shop sales	25,312	-	25,312
Interest	344	-	344
Native plant sales	19,635	-	19,635
Property rent	47,037	-	47,037
Society memberships	4,585	-	4,585
	720,012	74,612	794,624
Expenses:			
Salaries and wages	416,122	-	416,122
Administrative materials and services	74,575	-	74,575
Community outreach and marketing	2,264	-	2,264
Fundraising and grant expense	-	-	-
Plant sale cost	12,315	-	12,315
Gift shop sale cost	9,387	-	9,387
Program materials and services	19,412	-	19,412
Rental property expense	2,532	-	2,532
Facility expense	-	74,612	74,612
Site materials and services	36,438	-	36,438
Amortization	-	134,419	134,419
	573,045	209,031	782,076
Excess (deficiency) of revenue over expenses	\$ 146,967	\$ (134,419)	\$ 12,548