

Financial Statements of

**SWAN LAKE CHRISTMAS HILL
NATURE SANCTUARY SOCIETY**

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP

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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, 2023
- 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, 2023, 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'. 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
May 14, 2024

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	Operating Fund	Capital Fund	2023 Total	2022 Total
(Schedule 1)				
Assets				
Current assets:				
Cash and cash equivalents	\$ 523,928	\$ 3,118	\$ 527,046	\$ 631,239
Accounts receivable (note 2)	9,182	-	9,182	5,847
Prepaid expenses and deposits	2,500	-	2,500	-
Gift shop inventory	5,329	-	5,329	4,308
Receivable from (payable to) other fund	97,896	(97,896)	-	-
	638,835	(94,778)	544,057	641,394
Property and equipment (note 3)	-	907,342	907,342	943,500
	\$ 638,835	\$ 812,564	\$ 1,451,399	\$ 1,584,894

Liabilities

Current liabilities:

Accounts payable and accrued liabilities	\$ 25,875	\$ -	\$ 25,875	\$ 37,607
Deferred revenue (note 4)	105,174	-	105,174	111,241
	131,049	-	131,049	148,848

Fund Balances

Invested in capital assets	-	809,446	809,446	907,091
Unrestricted	156,148	(134,418)	21,730	51,832
Internally restricted (note 10)	351,638	-	351,638	137,536
Externally restricted	-	137,536	137,536	339,587
	507,786	812,564	1,320,350	1,436,046
	\$ 638,835	\$ 812,564	\$ 1,451,399	\$ 1,584,894

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, 2023, with comparative information for 2022

	Operating Fund	Capital Fund	2023 Total	2022 Total
				(Schedule 2)
Revenue:				
Management fee:				
Corporation of the District of Saanich Management Fee (note 8)	\$ 387,500	\$ -	\$ 387,500	\$ 387,500
Grants and donations:				
Donations and contributions	188,789	-	188,789	114,463
Other grants	59,295	70,819	130,114	137,179
Public gaming funds		-		65,000
Programs:				
School programs	31,518	-	31,518	11,889
Public programs	14,962	-	14,962	14,058
Facility rental	15,500	-	15,500	13,370
Gift shop sales	23,237	-	23,237	22,794
Interest	14,024	-	14,024	2,217
Native plant sales	44,577	-	44,577	20,984
Property rent	47,742	-	47,742	47,037
Society memberships	7,560	-	7,560	5,425
	834,704	70,819	905,523	841,916
Expenses:				
Salaries and wages	599,423	-	599,423	508,344
Administrative materials and services	82,133	-	82,133	92,136
Community outreach and marketing	8,939	-	8,939	4,809
Fundraising and grant expense	9,075	-	9,075	-
Plant sale cost	24,414	-	24,414	21,173
Gift shop sale cost	8,845	-	8,845	10,031
Program materials and services	45,865	-	45,865	26,691
Rental property expense	850	-	850	2,436
Facility expense	20,548	90,801	111,349	98,225
Site materials and services	32,664	-	32,664	48,423
Amortization	-	97,662	97,662	147,458
	832,756	188,463	1,021,219	959,726
Excess (deficiency) of revenue over expenses	\$ 1,948	\$ (117,644)	\$ (115,696)	\$ (117,810)

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Changes in Fund Balances

Year ended December 31, 2023

	Operating Fund		Restricted Funds		Total
	Operating	Internally Restricted	Capital	Endowment	
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
Excess (deficiency) of revenue over expenses	1,948	-	(117,644)	-	(115,696)
Transfer from operating to internally restricted fund	(12,051)	12,051	-	-	-
Transfer from operating to capital fund	(20,000)	-	20,000	-	-
Fund balance, December 31, 2023	\$ 156,148	\$ 351,638	\$ 812,564	\$ -	\$ 1,320,350

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses:		
Operating Fund	\$ 1,948	\$ 29,648
Capital Fund	(117,644)	(147,458)
	(115,696)	(117,810)
Add amortization not involving cash	97,662	147,458
Changes in non-cash operating working capital:		
Accounts receivable	(3,335)	45,304
Prepaid expenses and deposits	(2,500)	2,759
Gift shop inventory	(1,021)	(100)
Accounts payable and accrued liabilities	(11,732)	10,420
Deferred revenue	(6,067)	(48,648)
	(42,689)	39,383
Investing activities:		
Additions to property and equipment	(61,504)	(5,766)
Increase (decrease) in cash and cash equivalents	(104,193)	33,617
Cash and cash equivalents, beginning of year	631,239	597,622
Cash and cash equivalents, end of year	\$ 527,046	\$ 631,239

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 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. Assets under construction are not amortized until the year the asset is available for use.

(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 \$nil (2022 - \$2,769) relating to federal and provincial sales taxes.

3. Property and equipment:

2023	Cost	Accumulated amortization	Net book value
Nature House building	\$ 523,940	\$ 470,127	\$ 53,813
Building improvements - Martelli House and other buildings	178,290	178,290	-
Displays	203,444	201,316	2,128
Computer equipment	66,162	66,162	-
Furniture and equipment	174,959	174,959	-
Boardwalks	1,644,145	843,587	800,558
Trails and signs	344,474	335,905	8,569
Native plant garden	47,909	47,909	-
Fencing	45,794	31,115	14,679
Vehicles	18,068	8,130	9,938
Tent	14,197	4,969	9,228
Shed	11,606	3,177	8,429
	\$ 3,272,988	\$ 2,365,646	\$ 907,342

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
Assets under construction	5,765	-	5,765
	\$ 3,211,482	\$ 2,267,982	\$ 943,500

There were no write-offs capital assets during the year (2022 - nil).

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2022

4. Deferred revenue, operating fund:

	2023	2022
Others	105,174	111,241
	\$ 105,174	\$ 111,241

5. 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, 2023 was \$22,024. During 2023, \$777 of grants were distributed (2022 - \$730).

6. Donated labour:

Volunteers from the community work to improve the Swan Lake Christmas Hill Nature Sanctuary. In 2023, the Society estimated that volunteers provided a total of 10,428 (2022 - 7,720) hours of donated labour. The value of this labour, although not recorded in these financial statements, is equivalent to approximately \$339,937 (2022 - \$238,322) using a median wage rate of \$32.60 (2022 - \$30.87) per hour as published in Statistics Canada Labour Force Survey.

7. Economic dependency:

The Society received 41% (2022 - 46%) of its revenue from the Corporation of the District of Saanich and remains dependent upon this funding.

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 2023, the Society paid one employee annual remuneration greater than \$75,000, totaling \$110,010 (2022 - one employee \$101,750).

10. Internally restricted funds:

	2023	2022
Holdback Dissolution	\$ 143,162	\$ 138,776
Future Projects	208,476	200,811
	<u>\$ 351,638</u>	<u>\$ 339,587</u>

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 information:

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

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Financial Position

Schedule 1

December 31, 2022

	Operating Fund	Capital Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 628,122	\$ 3,117	\$ 631,239
Accounts receivable (note 2)	5,847	-	5,847
Prepaid expenses and deposits	-	-	-
Gift shop inventory	4,308	-	4,308
Receivable from (payable to) other funds	36,409	(36,409)	-
	674,686	(33,292)	641,394
Property and equipment (note 3)	-	943,500	943,500
	\$ 674,686	\$ 910,208	\$ 1,584,894
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities (note 4)	\$ 37,607	\$ -	\$ 37,607
Deferred revenue (note 5)	111,241	-	111,241
	148,848	-	148,848
Fund Balances			
Invested in capital assets	-	907,091	907,091
Unrestricted	186,251	(134,419)	51,832
Internally restricted	339,587	-	339,587
Capital Fund - Externally restricted	-	137,536	137,536
	525,838	910,208	1,436,046
	\$ 674,686	\$ 910,208	\$ 1,584,894

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Operations

Schedule 2

Year ended December 31, 2022

	Operating Fund	Capital Fund	Total
Revenue:			
Management fee:			
Corporation of the District of Saanich Management Fee	\$ 387,500	\$ -	\$ 387,500
Grants and donations:			
Donations and contributions	114,463	-	114,463
Other grants	55,093	82,086	137,179
Public gaming funds	65,000	-	65,000
Programs:			
School programs	11,889	-	11,889
Public programs	14,058	-	14,058
Facility rental	13,370	-	13,370
Gift shop sales	22,794	-	22,794
Interest	2,217	-	2,217
Native plant sales	20,984	-	20,984
Property rent	47,037	-	47,037
Society memberships	5,425	-	5,425
	759,830	82,086	841,916
Expenses:			
Salaries and wages	508,344	-	508,344
Administrative materials and services	92,136	-	92,136
Community outreach and marketing	4,809	-	4,809
Plant sale cost	21,173	-	21,173
Gift shop sale cost	10,031	-	10,031
Program materials and services	26,691	-	26,691
Rental property expense	2,436	-	2,436
Facility expense	16,139	82,086	98,225
Site materials and services	48,423	-	48,423
Amortization	-	147,458	147,458
	730,182	229,544	959,726
Excess (deficiency) of revenue over expenses	\$ 29,648	\$ (147,458)	\$ (117,810)