

Financial Statements of

**SWAN LAKE CHRISTMAS  
HILL NATURE SANCTUARY  
SOCIETY**

Year ended December 31, 2010



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## Independent Auditors' Report

### *To the Members Swan Lake Christmas Hill Nature Sanctuary Society*

We have audited the accompanying financial statements of Swan Lake Christmas Hill Nature Sanctuary Society which comprise the statement of financial position as at December 31, 2010, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Audit Opinion*

In our opinion the financial statements present fairly, in all material respects, the financial position of Swan Lake Christmas Hill Nature Sanctuary Society as at December 31, 2010, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



*Report on Other Legal and Regulatory Requirements*

As required by the Society Act (British Columbia) we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

*Comparative Information*

We were not engaged to report on the 2009 comparative information, and as such, it is unaudited.

*KPMG LLP*

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April 21, 2011

Victoria, Canada

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

## Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	Operating Fund	Capital Fund	Special Purpose Fund	2010 Total	2009 Total
<b>Assets</b>					
(Unaudited)					
Current assets:					
Cash and cash equivalents:					
Unrestricted	\$ 18,266	\$ -	\$ -	\$ 18,266	\$ 28,641
Restricted - Capital campaign	-	31,905	-	31,905	-
Restricted - Public gaming funds	1,080	-	-	1,080	31,708
Term deposits	120,000	-	-	120,000	135,000
Accounts receivable	15,405	-	-	15,405	9,876
Prepaid expenses and deposits	112	-	-	112	613
Gift shop inventory	6,458	-	-	6,458	2,036
Receivable from (payable to) other funds	(46,415)	46,415	-	-	-
	114,906	78,320	-	193,226	207,874
Capital assets (note 2)	-	244,257	-	244,257	129,071
	\$ 114,906	\$ 322,577	\$ -	\$ 437,483	\$ 336,945
<b>Liabilities</b>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 26,024	\$ -	\$ -	\$ 26,024	\$ 17,166
Deferred revenue (note 3)	72,278	-	-	72,278	52,546
	98,302	-	-	98,302	69,712
<b>Fund Balances</b>					
Invested in capital assets	-	244,257	-	244,257	129,071
Unrestricted	16,604	-	-	16,604	138,162
Externally restricted	-	78,320	-	78,320	-
	16,604	322,577	-	339,181	267,233
	\$ 114,906	\$ 322,577	\$ -	\$ 437,483	\$ 336,945

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, 2010, with comparative figures for 2009

	Restricted Funds			2010 Total	2009 Total
	Operating Fund	Capital Fund	Special Purpose Fund		
(Unaudited)					
<b>Revenue:</b>					
The Corporation of the District of Saanich grant	\$ 290,000	\$ -	\$ -	\$ 290,000	\$ 280,650
Donations re capital campaign	-	78,320	-	78,320	-
Victoria Natural History Society grant	4,000	-	-	4,000	4,000
Public gaming funds	31,696	-	-	31,696	27,506
Other grants	34,986	-	-	34,986	11,063
Society memberships	6,460	-	-	6,460	5,240
Donations	25,522	-	-	25,522	35,800
Facility rental	2,916	-	-	2,916	2,084
Native plant sales	56,563	-	-	56,563	70,244
Gift shop and grain sales	8,338	-	-	8,338	4,764
Interest	1,330	-	-	1,330	3,922
Property rent	37,606	-	-	37,606	36,491
School programs	37,566	-	-	37,566	33,775
Public programs	24,266	-	-	24,266	19,218
HST commission	285	-	-	285	200
	561,534	78,320	-	639,854	534,957
<b>Expenses:</b>					
Site salaries	89,703	-	-	89,703	75,581
Site materials and services	41,750	-	-	41,750	46,804
Program salaries	91,400	-	-	91,400	86,998
School and public contracts	12,130	-	-	12,130	12,734
Program materials and services	6,693	-	-	6,693	8,527
Native plant sales	34,424	-	-	34,424	38,974
Rental property expenses	1,272	-	-	1,272	6,695
Other events	5,420	-	-	5,420	5,250
Administrative salaries and wages	150,366	-	-	150,366	140,952
Janitorial and security	12,371	-	-	12,371	12,855
Administrative materials and services	51,923	-	-	51,923	47,148
Fundraising	34,654	-	-	34,654	-
Amortization	-	35,800	-	35,800	32,370
	532,106	35,800	-	567,906	514,888
<b>Excess of revenue over expenses</b>	<b>\$ 29,428</b>	<b>\$ 42,520</b>	<b>\$ -</b>	<b>\$ 71,948</b>	<b>\$ 20,069</b>

See accompanying notes to financial statements.

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

## Statement of Changes in Fund Balances

Year ended December 31, 2010, with comparative figures for 2009

	Operating Fund	Capital Fund	Special Purpose Fund	2010 Total	2009 Total
					(Unaudited)
Fund balance, beginning of year	\$ 91,726	\$ 129,071	\$ 46,436	\$ 267,233	\$ 247,164
Excess of revenue over expenses	29,428	42,520	-	71,948	20,069
Interfund transfers re:					
Special Purpose transfer to purchase capital assets	-	46,436	(46,436)	-	-
Capital assets acquired from Operating Fund	(104,550)	104,550	-	-	-
Fund balance, end of year	\$ 16,604	\$ 322,577	\$ -	\$ 339,181	\$ 267,233

See accompanying notes to financial statements.

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

## Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
		(Unaudited)
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 71,948	\$ 20,069
Add amortization not involving cash	35,800	32,370
Changes in non-cash operating working capital (note 4)	19,140	20,805
	<u>126,888</u>	<u>73,244</u>
Investing activities:		
Additions to capital assets	(150,986)	(37,536)
Decrease in term deposits	15,000	-
	<u>(135,986)</u>	<u>(37,536)</u>
Increase (decrease) in cash and cash equivalents	(9,098)	35,708
Cash and cash equivalents, beginning of year	60,349	24,641
Cash and cash equivalents, end of year	<u>\$ 51,251</u>	<u>\$ 60,349</u>
Comprised of:		
Unrestricted	\$ 18,266	\$ 28,641
Restricted – Capital campaign	31,905	-
Restricted – Public gaming funds	1,080	31,708
	<u>\$ 51,251</u>	<u>\$ 60,349</u>

See accompanying notes to financial statements.

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2010

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The Swan Lake Christmas Hill Nature Sanctuary Society (the "Society") is incorporated under the Society Act (British Columbia). Its principal activity is the operation of the Nature House and wildlife sanctuary at Swan Lake on land owned by The Corporation of the District of Saanich. The Society operates on this land under an operating agreement with The Corporation of the District of Saanich. The Society is a charitable organization under the Income Tax Act and as such is exempt from income taxes and able to issue donation receipts for income tax purposes.

## 1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

### (a) Fund accounting:

The Society follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the Society's program delivery and administrative activities. This Fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Society's capital assets.

The Special Purpose Fund reports resources contributed for special projects.

### (b) Capital assets:

Capital assets are recorded at cost and are amortized over their estimated useful lives.

Amortization is provided on all capital assets on the straight-line method using annual rates of 10%, with the exception of the Nature House building which is amortized at 5% and computer equipment, which is amortized at 20%.

### (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.

### (d) Cash and cash equivalents and term deposits:

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. Term deposits with maturities of greater than three months are considered to be classified as term deposits.



# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2010

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## 1. Significant accounting policies (continued):

### (e) Financial instruments:

Cash and cash equivalents and term deposits are classified as held for trading and carried at fair value with changes in fair value recognized in income. Accounts receivable and accounts payable and accrued liabilities are all initially recorded at fair value and then carried at amortized cost thereafter.

The Society complies with CICA Handbook 3861, "*Financial Instruments – Disclosure and Presentation*", for the presentation and disclosure of financial instruments and non-financial derivatives.

### (f) 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.

### (g) Future accounting changes:

The Society will be transitioning to the Accounting Standards for Not-for-Profit Organizations contained in Part III of the CICA Handbook-Accounting beginning January 1, 2012. While the financial statement presentation and the accounting treatment of most items will not change from current practice, there are certain transitional provisions that the Society will apply when preparing the first financial statements under the new accounting standards. The impact of these transitional provisions on the financial statements of the Society has not yet been fully determined.

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2010

## 2. Capital assets:

			2010	2009
	Cost	Accumulated amortization	Net	Net (Unaudited)
Nature House building	\$ 377,256	\$ 302,381	\$ 74,875	\$ 15,408
Building improvements - caretakers' residences	15,870	15,628	242	303
Displays	195,646	187,353	8,293	9,873
Computer equipment	30,111	30,111	-	497
Furniture and equipment	143,718	116,450	27,268	26,904
Trucks	10,887	8,902	1,985	2,646
Boardwalks	437,146	382,192	54,954	11,274
Trails and trail signs	264,195	195,567	68,628	57,734
Teaching shelter	27,633	27,633	-	1
Native plant garden	47,909	45,645	2,264	3,098
Fencing	12,944	7,196	5,748	1,333
	\$ 1,563,315	\$ 1,319,058	\$ 244,257	\$ 129,071

## 3. Deferred revenue:

	2010	2009
		(Unaudited)
Public gaming funds	\$ 940	\$ 31,708
Victoria Foundation	7,500	5,400
Bridge project	5,000	5,000
Native plant workshops	2,560	2,400
Eradication of mosquitoes	-	5,000
Native design program	520	500
Biology Buddies and Home School Science programs	-	1,538
Others	800	1,000
Royal Bank Grant	5,000	-
Evergreen Foundation	10,000	-
HCT Grant	7,235	-
New Horizons	24,900	-
BC Hydro Climate Mitigation	5,000	-
Prepaid 2011 Programs	2,823	-
	\$ 72,278	\$ 52,546

# SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2010

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#### 4. Changes in non-cash operating working capital:

	2010	2009
		(Unaudited)
Accounts receivable	\$ (5,529)	\$ (2,809)
Prepaid expenses and deposits	501	2,779
Gift shop inventory	(4,422)	(1,039)
Accounts payable and accrued liabilities	8,858	5,023
Deferred revenue	19,732	16,851
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	\$ 19,140	\$ 20,805

#### 5. Donated labour:

Volunteers from the community work to improve the Swan Lake Christmas Hill Nature Sanctuary. In 2010 the Society estimated that volunteers provided a total of 7,800 hours of donated labour. The value of this labour, although not recorded in these financial statements, is equivalent to approximately \$174,252 using a median wage rate of \$22.34 per hour as published in *Statistics Canada Labour Force Survey*.

#### 6. Fair value of financial instruments:

The Society's cash and cash equivalents and term deposits are carried at fair value. The fair value of the Society's accounts receivable, and accounts payable and accrued liabilities approximate their fair value due to the relatively short period of time to maturity of the instruments.

It is management's opinion that the Society is not exposed to significant interest, currency or credit risk arising from these financial instruments.

#### 7. Capital management:

The Society defines capital to be its fund balances. The Society receives its principal source of capital from grants awarded by The Corporation of the District of Saanich. The Society's objective when managing capital is to provide funding for its operations and maintain long term financial viability of the Society. The Society has complied with external restrictions with respect to grants received.

#### 8. Comparative figures:

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