

Financial Statements of

**SWAN LAKE CHRISTMAS
HILL NATURE SANCTUARY
SOCIETY**

Year ended December 31, 2011



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INDEPENDENT AUDITORS' REPORT

To the Members of Swan Lake Christmas Hill Nature Sanctuary Society

Report on the Financial Statements

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, 2011, 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.

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, 2011, 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, the accounting principles applied by the Swan Lake Christmas Hill Nature Sanctuary Society in preparing and presenting the financial statements in accordance with Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants

April 26, 2012

Victoria, Canada

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Financial Position

December 31, 2011, with comparative information for 2010

	2011		2010	
	Operating Fund	Capital Fund	Operating Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 127,797	\$ 64,819	\$ 192,616	\$ 51,251
Term deposits	-	-	-	120,000
Accounts receivable	18,498	-	18,498	15,405
Prepaid expenses and deposits	588	-	588	112
Gift shop inventory	3,105	-	3,105	6,458
Receivable from (payable to) other funds	8,587	(8,587)	-	-
	158,575	56,232	214,807	193,226
Capital assets (note 2)	-	270,995	270,995	244,257
	\$ 158,575	\$ 327,227	\$ 485,802	\$ 437,483
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 28,207	\$ -	\$ 28,207	\$ 26,024
Deferred revenue (note 3)	28,239	-	28,239	72,278
	56,446	-	56,446	98,302
Fund Balances				
Invested in capital assets	-	270,995	270,995	244,257
Unrestricted	102,129	-	102,129	16,604
Internally restricted	-	9,012	9,012	-
Externally restricted	-	47,220	47,220	78,320
	102,129	327,227	429,356	339,181
	\$ 158,575	\$ 327,227	\$ 485,802	\$ 437,483

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, 2011, with comparative information for 2010

	2011		2010	
	Operating Fund	Capital Fund	Operating Fund	Total
Revenue:				
The Corporation of the District of Saanich grant	\$ 300,000	\$ -	\$ 300,000	\$ 290,000
Donations re capital campaign	-	33,443	33,443	78,320
Victoria Natural History Society grant	4,000	-	4,000	4,000
Public gaming funds	40,000	-	40,000	31,696
Other grants	52,858	-	52,858	34,986
Society memberships	6,340	-	6,340	6,460
Donations	27,521	-	27,521	25,522
Facility rental	2,796	-	2,796	2,916
Native plant sales	54,381	-	54,381	56,563
Gift shop sales	9,119	-	9,119	8,338
Interest	1,770	12	1,782	1,330
Property rent	38,282	-	38,282	37,606
School programs	42,784	-	42,784	37,566
Public programs	22,559	-	22,559	24,266
Other	-	-	-	285
	602,410	33,455	635,865	639,854
Expenses:				
Site salaries	97,289	-	97,289	89,703
Site materials and services	40,838	-	40,838	41,750
Program salaries	97,954	-	97,954	91,400
School and public contracts	8,755	-	8,755	12,130
Program materials and services	10,330	-	10,330	6,693
Native plant sale cost	32,579	-	32,579	34,424
Rental property expenses	1,109	-	1,109	1,272
Other events	9,632	-	9,632	5,420
Administrative salaries and wages	155,207	-	155,207	150,366
Janitorial and security	13,161	-	13,161	12,371
Administrative materials and services	40,292	-	40,292	51,923
Fundraising	739	-	739	34,654
Amortization	-	37,805	37,805	35,800
	507,885	37,805	545,690	567,906
Excess (deficiency) of revenue over expenses	\$ 94,525	\$ (4,350)	\$ 90,175	\$ 71,948

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Changes in Fund Balances

Year ended December 31, 2011, with comparative information for 2010

	Operating Fund	Capital Fund	2011 Total	2010 Total
Fund balance, beginning of year	\$ 16,604	\$ 322,577	\$ 339,181	\$ 267,233
Excess (deficiency) of revenue over expenses	94,525	(4,350)	90,175	71,948
Interfund transfer re restriction for future capital purchases	(9,000)	9,000	-	-
Fund balance, end of year	\$ 102,129	\$ 327,227	\$ 429,356	\$ 339,181

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Cash Flows

Year ended December 31, 2011, with comparative information for 2010

	2011	2010
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses:		
Operating Fund	\$ 94,525	\$ 29,428
Capital Fund	(4,350)	42,520
	90,175	71,948
Add amortization not involving cash	37,805	35,800
Changes in non-cash operating working capital (note 4)	(42,072)	19,140
	85,908	26,888
Investing activities:		
Additions to capital assets	(64,543)	(150,986)
Decrease in term deposits	120,000	15,000
	55,457	(135,986)
Increase (decrease) in cash and cash equivalents	141,365	(9,098)
Cash and cash equivalents, beginning of year	51,251	60,349
Cash and cash equivalents, end of year	\$ 192,616	\$ 51,251

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2011

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.

(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 in the year received or receivable.

(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 and are recorded at cost plus accrued interest. 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, 2011

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 the statement of operations. 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, 2011

2. Capital assets:

			2011	2010
	Cost	Accumulated amortization	Net	Net
Nature House building	\$ 419,370	\$ 308,434	\$ 110,936	\$ 74,875
Building improvements - caretakers' residences	15,870	15,688	182	242
Displays	195,646	188,796	6,850	8,293
Computer equipment	30,111	30,111	-	-
Furniture and equipment	153,173	122,005	31,168	27,268
Trucks	10,887	9,563	1,324	1,985
Boardwalks	441,763	391,677	50,086	54,954
Trails and signs	264,195	209,090	55,105	68,628
Native plant garden	47,909	45,739	2,170	2,264
Fencing	12,944	8,126	4,818	5,748
Floating Boardwalk in Progress	8,356	-	8,356	-
	\$ 1,600,224	\$ 1,329,229	\$ 270,995	\$ 244,257

3. Deferred revenue:

	2011	2010
New Horizons	\$ 20,074	\$ 24,900
Prepaid 2012 Programs	7,398	2,823
Others	700	800
Royal Bank Grant	67	5,000
Public gaming funds	-	940
Victoria Foundation	-	7,500
Bridge project	-	5,000
Native plant workshops	-	2,560
Native design program	-	520
Evergreen Foundation	-	10,000
HCT Grant	-	7,235
BC Hydro Climate Mitigation	-	5,000
	\$ 28,239	\$ 72,278

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Year ended December 31, 2011

4. Changes in non-cash operating working capital:

	2011	2010
Accounts receivable	\$ (3,093)	\$ (5,529)
Prepaid expenses and deposits	(476)	501
Gift shop inventory	3,353	(4,422)
Accounts payable and accrued liabilities	2,183	8,858
Deferred revenue	(44,039)	19,732
	<u>\$ (42,072)</u>	<u>\$ 19,140</u>

5. Donated labour:

Volunteers from the community work to improve the Swan Lake Christmas Hill Nature Sanctuary. In 2011 the Society estimated that volunteers provided a total of 6,514 hours of donated labour. The value of this labour, although not recorded in these financial statements, is equivalent to approximately \$145,523 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 information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted for the current year.