

Financial Statements of

**SWAN LAKE CHRISTMAS
HILL NATURE SANCTUARY
SOCIETY**

Years ended December 31, 2012 and 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 statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, the statements of operations, changes in fund balances and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in our audits 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, 2012, December 31, 2011 and January 1, 2011 and its results of operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.



Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia) we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The letters are slanted and connected, with a long horizontal stroke underneath the entire signature.

Chartered Accountants

April 11, 2013

Victoria, Canada

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statements of Financial Position

December 31, 2012, December 31, 2011 and January 1, 2011

	Operating Fund		Capital Fund		December 31, 2012 Total	December 31, 2011 Total	January 1, 2011 Total
Assets						(Schedule 1)	(Schedule 2)
Current assets:							
Cash and cash equivalents	\$	83,185	\$	40,947	\$ 124,132	\$ 192,616	\$ 51,251
Term deposits		-		60,154	60,154	-	120,000
Accounts receivable		11,329		-	11,329	18,498	15,405
Prepaid expenses and deposits		-		-	-	588	112
Gift shop inventory		4,907		-	4,907	3,105	6,458
Receivable from (payable to) other funds		89,042		(89,042)	-	-	-
		188,463		12,059	200,522	214,807	193,226
Property and equipment (note 2)		-		313,772	313,772	270,995	244,257
	\$	188,463	\$	325,831	\$ 514,294	\$ 485,802	\$ 437,483
Liabilities							
Current liabilities:							
Accounts payable and accrued liabilities	\$	14,070	\$	-	\$ 14,070	\$ 28,207	\$ 26,024
Deferred revenue (note 3)		8,031		-	8,031	28,239	72,278
		22,101		-	22,101	56,446	98,302
Fund Balances							
Invested in property and equipment		-		313,772	313,772	270,995	244,257
Unrestricted		166,362		-	166,362	102,129	16,604
Internally restricted		-		-	-	9,012	-
Externally restricted		-		12,059	12,059	47,220	78,320
		166,362		325,831	492,193	429,356	339,181
Commitment (note 4)		-		-	-	-	-
	\$	188,463	\$	325,831	\$ 514,294	\$ 485,802	\$ 437,483

See accompanying notes to financial statements.

Approved by the Board:

_____ Director

_____ Director

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statements of Operations

Years ended December 31, 2012 and 2011

	Operating Fund	Capital Fund	2012 Total	2011 Total
				(Schedule 3)
Revenue:				
The Corporation of the District of Saanich grant	\$ 310,000	\$ -	\$ 310,000	\$ 300,000
Donations re capital campaign	-	32,122	32,122	33,443
Victoria Natural History Society grant	4,000	-	4,000	4,000
Public gaming funds	40,000	-	40,000	40,000
Other grants	43,854	-	43,854	52,858
Society memberships	4,540	-	4,540	6,340
Donations	24,354	-	24,354	27,521
Facility rental	2,569	-	2,569	2,796
Native plant sales	31,396	-	31,396	54,381
Gift shop sales	12,953	-	12,953	9,119
Interest	1,707	612	2,319	1,782
Property rent	39,840	-	39,840	38,282
School programs	26,221	-	26,221	42,784
Public programs	36,359	-	36,359	22,559
	577,793	32,734	610,527	635,865
Expenses:				
Site salaries	93,031	-	93,031	97,289
Site materials and services	27,209	-	27,209	40,838
Program salaries	110,048	-	110,048	97,954
School and public contracts	7,314	-	7,314	8,755
Program materials and services	6,843	-	6,843	10,330
Native plant sale cost	18,044	-	18,044	32,579
Rental property expenses	536	-	536	1,109
Other events	10,455	-	10,455	9,632
Administrative salaries and wages	145,031	-	145,031	155,207
Janitorial and security	13,501	-	13,501	13,161
Administrative materials and services	77,884	-	77,884	40,292
Fundraising	-	-	-	739
Amortization	-	37,794	37,794	37,805
	509,896	37,794	547,690	545,690
Excess (deficiency) of revenue over expenses	\$ 67,897	\$ (5,060)	\$ 62,837	\$ 90,175

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statements of Changes in Fund Balances

Years ended December 31, 2012 and 2011

	Operating Fund	Capital Fund	2012 Total
Fund balance, January 1, 2012	\$ 102,129	\$ 327,227	\$ 429,356
Excess (deficiency) of revenue over expenses	67,897	(5,060)	62,837
Interfund transfer re restriction for future capital purchases	(3,000)	3,000	-
Interfund transfer	(664)	664	-
Fund balance, December 31, 2012	\$ 166,362	\$ 325,831	\$ 492,193

	Operating Fund	Capital Fund	2011 Total
Fund balance, January 1, 2011	\$ 16,604	\$ 322,577	\$ 339,181
Excess (deficiency) of revenue over expenses	94,525	(4,350)	90,175
Interfund transfer re restriction for future capital purchases	(9,000)	9,000	-
Fund balance, December 31, 2011	\$ 102,129	\$ 327,227	\$ 429,356

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statements of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses:		
Operating Fund	\$ 67,897	\$ 94,525
Capital Fund	(5,060)	(4,350)
	62,837	90,175
Add amortization not involving cash	37,794	37,805
Changes in non-cash operating working capital:		
Accounts receivable	7,169	(3,093)
Prepaid expenses and deposits	588	(476)
Gift shop inventory	(1,802)	3,353
Accounts payable and accrued liabilities	(14,137)	2,183
Deferred revenue	(20,208)	(44,039)
	72,241	85,908
Investing activities:		
Additions to property and equipment	(80,571)	(64,543)
Increase (decrease) in term deposits	(60,154)	120,000
	(140,725)	55,457
Increase (decrease) in cash and cash equivalents	(68,484)	141,365
Cash and cash equivalents, beginning of year	192,616	51,251
Cash and cash equivalents, end of year	\$ 124,132	\$ 192,616

See accompanying notes to financial statements.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Years ended December 31, 2012 and 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.

On January 1, 2012, the Society adopted Canadian Accounting Standards for Not-For-Profit Organizations ("ASNFP") in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with ASNFP.

In accordance with the transitional provisions in ASNFP, the Society has adopted the changes retrospectively. The transition date is January 1, 2011 and all comparative information provided has been presented by applying ASNFP.

There were no adjustments to fund balances at January 1, 2011 or excess (deficiency) of revenue over expenses for the year ended December 31, 2011 as a result of the transition to ASNFP.

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CICA Handbook 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) Property and equipment:

Capital assets are recorded at cost and are amortized over their estimated useful lives. Contributions of property and equipment are recorded in the Capital Fund at fair value at the date of contribution.

Amortization is provided on all property and equipment 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%.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Years ended December 31, 2012 and 2011

1. Significant accounting policies (continued):

(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. Investment income is reported as revenue in the period earned.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. 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 carries its cash and cash equivalents at fair value with changes in fair value recognized in the statement of operations. Term deposits, accounts receivable and accounts payable and accrued liabilities are all initially recorded at fair value and then carried at amortized cost thereafter.

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.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Years ended December 31, 2012 and 2011

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

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 materials and services:

The Society receives contributions of materials and services, however because of the difficulty of determining the fair value, contributed materials and services are not recognized in these financial statements.

(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. Property and equipment:

December 31, 2012	Cost	Accumulated amortization	Net book value
Nature House building	\$ 419,370	\$ 314,488	\$ 104,882
Building improvements - caretakers' residences	74,070	15,748	58,321
Displays	195,646	190,162	5,484
Computer equipment	33,971	30,304	3,667
Furniture and equipment	157,433	127,956	29,477
Trucks	10,887	10,224	663
Boardwalks	441,763	401,162	40,602
Trails and signs	278,448	222,141	56,307
Native plant garden	47,909	45,784	2,125
Fencing	12,944	9,056	3,888
Floating Boardwalk in Progress	8,356	-	8,356
	\$1,680,797	\$ 1,367,025	\$ 313,772

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Years ended December 31, 2012 and 2011

2. Property and equipment (continued):

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

January 1, 2011	Cost	Accumulated amortization	Net book value
Nature House building	\$ 377,356	\$ 302,381	\$ 74,875
Building improvements - caretakers' residences	15,870	15,628	242
Displays	195,646	187,353	8,293
Computer equipment	30,111	30,111	-
Furniture and equipment	143,718	116,450	27,268
Trucks	10,887	8,902	1,985
Boardwalks	437,146	382,192	54,954
Trails and signs	264,195	195,567	68,628
Teaching shelter	27,633	27,633	-
Native plant garden	47,909	45,645	2,264
Fencing	12,944	7,196	5,748
	\$1,563,315	\$ 1,319,058	\$ 244,257

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Notes to Financial Statements

Years ended December 31, 2012 and 2011

3. Deferred revenue, operating fund:

	December 31, 2012	December 31, 2011	January 1, 2011
New Horizons	\$ -	\$ 20,074	\$ 24,900
Prepaid programs	4,763	7,398	2,823
Others	3,268	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
	\$ 8,031	\$ 28,239	\$ 72,278

4. Commitment:

In November 2012, the Society entered into a contract for building improvements totaling \$78,900, of which \$43,395 was paid or accrued at December 31, 2012. Renovations are expected to be complete by June 2013.

5. Donated labour:

Volunteers from the community work to improve the Swan Lake Christmas Hill Nature Sanctuary. In 2012 the Society estimated that volunteers provided a total of 6,500 hours of donated labour. The value of this labour, although not recorded in these financial statements, is equivalent to approximately \$144,105 using a median wage rate of \$22.17 per hour as published in *Statistics Canada Labour Force Survey*.

6. Financial risks and concentrations of risk:

The Society's financial instruments consist of cash and cash equivalents, term deposits, 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.

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Financial Position

Schedule 1

December 31, 2011

	Operating Fund	Capital Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 127,797	\$ 64,819	\$ 192,616
Term deposits	-	-	-
Accounts receivable	18,498	-	18,498
Prepaid expenses and deposits	588	-	588
Gift shop inventory	3,105	-	3,105
Receivable from (payable to) other funds	8,587	(8,587)	-
	158,575	56,232	214,807
Property and equipment (note 2)	-	270,995	270,995
	\$ 158,575	\$ 327,227	\$ 485,802
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 28,207	\$ -	\$ 28,207
Deferred revenue (note 3)	28,239	-	28,239
	56,446	-	56,446
Fund Balances			
Invested in property and equipment	-	270,995	270,995
Unrestricted	102,129	-	102,129
Internally restricted	-	9,012	9,012
Externally restricted	-	47,220	47,220
	102,129	327,227	429,356
	\$ 158,575	\$ 327,227	\$ 485,802

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Financial Position

Schedule 2

January 1, 2011

	Operating Fund	Capital Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 19,346	\$ 31,905	\$ 51,251
Term deposits	120,000	-	120,000
Accounts receivable	15,405	-	15,405
Prepaid expenses and deposits	112	-	112
Gift shop inventory	6,458	-	6,458
Receivable from (payable to) other funds	(46,415)	46,415	-
	114,906	78,320	193,226
Property and equipment (note 2)	-	244,257	244,257
	\$ 114,906	\$ 322,577	\$ 437,483
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 26,024	\$ -	\$ 26,024
Deferred revenue (note 3)	72,278	-	72,278
	98,302	-	98,302
Fund Balances			
Invested in property and equipment	-	244,257	244,257
Unrestricted	16,604	-	16,604
Externally restricted	-	78,320	78,320
	16,604	322,577	339,181
	\$ 114,906	\$ 322,577	\$ 437,483

SWAN LAKE CHRISTMAS HILL NATURE SANCTUARY SOCIETY

Statement of Operations

Schedule 3

Year ended December 31, 2011

	Operating Fund	Capital Fund	Total
Revenue:			
The Corporation of the District of Saanich grant	\$ 300,000	\$ -	\$ 300,000
Donations re capital campaign	-	33,443	33,443
Victoria Natural History Society grant	4,000	-	4,000
Public gaming funds	40,000	-	40,000
Other grants	52,858	-	52,858
Society memberships	6,340	-	6,340
Donations	27,521	-	27,521
Facility rental	2,796	-	2,796
Native plant sales	54,381	-	54,381
Gift shop sales	9,119	-	9,119
Interest	1,770	12	1,782
Property rent	38,282	-	38,282
School programs	42,784	-	42,784
Public programs	22,559	-	22,559
Other	-	-	-
	602,410	33,455	635,865
Expenses:			
Site salaries	97,289	-	97,289
Site materials and services	40,838	-	40,838
Program salaries	97,954	-	97,954
School and public contracts	8,755	-	8,755
Program materials and services	10,330	-	10,330
Native plant sale cost	32,579	-	32,579
Rental property expenses	1,109	-	1,109
Other events	9,632	-	9,632
Administrative salaries and wages	155,207	-	155,207
Janitorial and security	13,161	-	13,161
Administrative materials and services	40,292	-	40,292
Fundraising	739	-	739
Amortization	-	37,805	37,805
	507,885		545,690
Excess (deficiency) of revenue over expenses	\$ 94,525	\$ (4,350)	\$ 90,175