

**Sooke Region Historical Society
Financial Statements
Year Ended October 31, 2018**

Independent Practitioner's Review Engagement Report

To the Members of Sooke Region Historical Society

We have reviewed the accompanying financial statements of Sooke Region Historical Society which comprise the statement of financial position as at October 31, 2018 and the statements of operations, changes in net assets and cash flow for the year then ended, and 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.

Practitioner's Responsibility for the Financial Statements

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Sooke Region Historical Society as at October 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Dusanj & Wirk

Victoria, British Columbia
January 30, 2019


Chartered Professional Accountants



Sooke Region Historical Society
Statement of Financial Position
October 31, 2018

	2018	2017
	\$	\$
Assets		
Current		
Cash and term deposits	205,819	204,035
Internally restricted cash (Note 7)	213,697	236,119
Accounts receivable	3,416	34,262
Accrued interest receivable	1,282	1,281
Inventory	49,777	43,036
	<u>473,991</u>	<u>518,733</u>
Property and equipment (Note 3)	1,085,161	1,046,816
Historical collection (Note 4)	<u>2,810,325</u>	<u>2,810,325</u>
Total assets	<u>4,369,477</u>	<u>4,375,874</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	15,192	12,004
Government remittances payable	<u>5,623</u>	<u>5,473</u>
	20,815	17,477
Deferred capital contributions (Note 5)	<u>117,034</u>	<u>124,574</u>
Total liabilities	<u>137,849</u>	<u>142,051</u>
Net Assets		
Unrestricted	175,479	201,137
Invested in property and equipment (Note 6)	3,842,452	3,796,567
Internally restricted funds (Note 7)	<u>213,697</u>	<u>236,119</u>
	<u>4,231,628</u>	<u>4,233,823</u>
Total liabilities and net assets	<u>4,369,477</u>	<u>4,375,874</u>

Approved on behalf of the Board


 _____ Director

The accompanying notes are an integral part of these financial statements

Sooke Region Historical Society
Statement of Operations
Year Ended October 31, 2018

	2018	2017
	\$	\$
Revenue		
Amortization of deferred capital contributions <i>(Note 5)</i>	7,540	10,047
Donations and corporate contributions	10,133	12,438
Fundraising	20,460	21,871
Gift shop	124,903	124,821
Government grants and funded programs <i>(Note 8)</i>	91,698	86,873
Interest income	4,079	3,889
Memberships	660	480
Public programs and exhibitions	15,373	14,455
Tax levies	178,130	170,720
	<u>452,976</u>	<u>445,594</u>
Expenses		
Administration	8,178	6,422
Amortization	24,892	27,709
Exhibits and curatorial	5,789	3,693
Fundraising	14,322	12,228
Gift shop	67,443	66,646
Insurance	16,760	15,796
Interest and bank charges	3,922	3,514
Management salaries	63,360	63,360
Office	10,002	7,713
Professional fees	6,048	5,638
Programs	6,706	6,286
Repairs and maintenance	14,960	14,542
Salaries and wages	193,168	167,808
Telephone and fax	1,699	1,297
Utilities	17,922	20,282
	<u>455,171</u>	<u>422,934</u>
Excess (deficiency) of revenue over expenses	<u>(2,195)</u>	<u>22,660</u>

The accompanying notes are an integral part of these financial statements

Sooke Region Historical Society
Statement of Changes in Net Assets
Year Ended October 31, 2018

	Unrestricted \$	Invested in Property and Equipment (Note 6) \$	Internally Restricted Funds (Note 7) \$	2018 \$	2017 \$
Net assets - beginning of year	201,137	3,796,567	236,119	4,233,823	4,218,663
Excess (deficiency) of revenue over expenses	(4,523)	-	2,328	(2,195)	22,660
Property and equipment additions	(63,237)	63,237	-	-	-
Amortization of property and equipment	24,892	(24,892)	-	-	-
Amortization of deferred capital contributions (Note 5)	(7,540)	7,540	-	-	-
Interfund transfer	25,000	-	(25,000)	-	-
Memorial donations	(250)	-	250	-	-
Contributions to Victoria Foundation endowment fund	-	-	-	-	(7,500)
Net assets - end of year	175,479	3,842,452	213,697	4,231,628	4,233,823

The accompanying notes are an integral part of these financial statements

Sooke Region Historical Society
Cash Flow Statement
Year Ended October 31, 2018

	2018	2017
	\$	\$
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	(2,195)	22,660
Items not affecting cash:		
Amortization of property and equipment	24,892	27,709
Amortization of deferred capital contributions	(7,540)	(10,047)
	<u>15,157</u>	<u>40,322</u>
Changes in non-cash working capital:		
Accounts receivable	30,846	(30,735)
Accrued interest receivable	(1)	32
Inventory	(6,741)	(6,166)
Accounts payable and accrued liabilities	3,188	(1,264)
Government remittances payable	150	216
	<u>27,442</u>	<u>(37,917)</u>
Cash flows from operating activities	<u>42,599</u>	<u>2,405</u>
Investing activities		
Purchase of property and equipment	(63,237)	(12,984)
Endowment fund contribution	-	(7,500)
Cash flow used by investing activities	<u>(63,237)</u>	<u>(20,484)</u>
Financing activity		
Deferred capital contribution	-	64,000
Increase (decrease) in cash flow	(20,638)	45,921
Cash - beginning of year	<u>440,154</u>	<u>394,233</u>
Cash - end of year	<u>419,516</u>	<u>440,154</u>
Cash and term deposits consist of the following:		
Cash and term deposits	205,819	204,035
Internally restricted cash	213,697	236,119
	<u>419,516</u>	<u>440,154</u>

The accompanying notes are an integral part of these financial statements

Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2018

1. Purpose of the organization

Sooke Region Historical Society (the "Society") was incorporated provincially under the Society Act of British Columbia and transitioned to the New Societies Act on February 1, 2017. The Society is a registered charity under the Income Tax Act and, as such is not subject to taxation. The purpose of the Society is to establish and maintain a Museum which gathers, preserves, and communicates information, records, and objects of educational, historical and cultural value associated with the area for public employment.

2. Significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO). The Society's significant accounting policies are as follows:

Revenue recognition

The Society uses the deferral method of accounting for grants and contributions received, whereby revenues are matched with expenses. Externally restricted contributions, if any, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collections reasonably assured.

Gift shop revenues are recognized when the title passes to the customer, which generally coincides with the delivery and acceptance of goods.

Inventory

Inventory consists of the gift shop items held for sale and is stated at the lower of cost and net realizable value, with cost being determined using the first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

Property and equipment

The building is carried at an appraised market value as was established by the board for insurance purposes in 1997, the time the Society adopted accounting standards for not-for-profit organizations. Amortization is not recorded on this value. Building additions since 1997 are subject to amortization.

All other property and equipment are stated at cost or deemed cost less accumulated amortization and are amortized over its estimated useful life on a straight-line basis at the following rates:

Buildings and lighthouse	20 years
Equipment	5 years
Computer software	1 year
Web design	5 years
Signage and murals	10 years

In the year of acquisition only one-half the normal rate is applied.

(continues)

Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2018

2. Significant accounting policies (continued)

Historical collection

Certain assets are held for public exhibition and education. These assets are protected, cared for and preserved. Additions to artifacts and the historical collection are capitalized based on the appraised fair market value. Items greater than \$1,000 in value, for which an income tax receipt is issued, are subject to an independent appraisal.

These items are not amortized.

Contributed services and materials

The operations of the Society depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Financial instruments

The Society initially measures all its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transactions costs directly attributable to the instrument.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Transaction costs are recognized in income in the period incurred, except for financial instruments that will subsequently be measured at amortized cost.

Financial instruments measured at amortized cost include accounts receivable, accounts payable and accrued liabilities.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have an impact on future periods.

Allocated expenses

The society allocates expenses between different programs as follows:

- Wages and benefits are allocated based on hours worked by employees
- Supplies and services consumed are allocated based on specific cost where determinable
- Insurance and utilities are allocated to the Visitor Information Centre based on the relative floor space used
- Facility costs are not allocated to the gift shop

Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2018

3. Property and equipment

	2018		2017	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land	267,549	-	267,549	-
Buildings not subject to amortization	626,400	-	626,400	-
Buildings and lighthouse	551,867	360,655	488,630	336,873
Equipment	58,928	58,928	58,928	58,928
Signage and murals	36,200	36,200	36,200	35,090
Computer software	4,930	4,930	4,930	4,930
Web design	3,200	3,200	3,200	3,200
	<u>1,549,074</u>	<u>463,913</u>	<u>1,485,837</u>	<u>439,021</u>
Net book value	<u>1,085,161</u>		<u>1,046,816</u>	

4. Historical collection

The value of the Society's historical collection comprises the following:

	2018 \$	2017 \$
Artifacts collection	1,292,623	1,292,623
Lighthouse project	1,517,702	1,517,702
	<u>2,810,325</u>	<u>2,810,325</u>

The artifacts collection includes artifacts, photographs, archives and books as part of the Society's library collection. The lighthouse project includes the Triangle Island Lighthouse and its foundation.

Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2018

5. Deferred capital contributions

Deferred capital contributions represent contributions externally restricted to acquire property and equipment. Deferred capital contributions are amortized on the same basis as the related property and equipment. The balance of each account represents the unamortized balance of the contributions, to be amortized over the useful life of the related assets.

The Lighthouse Project capital contributions are made up of cash donations, a grant from Human Resources Development Canada (HRDC), and a grant from the Gaming Policy and Enforcement Branch of the Provincial Government.

Signage and Interpretation is a grant from BC Gaming Policy and Enforcement Branch for the interpretive heritage and signage exhibit.

Pavilion and Storage is a grant from Human Resources Development Canada (HRDC) and was approved for a total of \$54,020 for the purpose of enhancing resources and facilities available to the community through the provision of upgrades to the Sooke Region Museum and the creation of a fine art program.

The Western Diversification Grant of \$27,500 was received in 2013 and is used for building improvements.

The Outdoor Artifact Display Grant of \$64,000 was received in 2017 and is used for creating an outdoor presentation.

The changes in deferred capital contributions balance for the year are as follows:

	Opening \$	Amortization \$	2018 \$	2017 \$
Lighthouse Project: cash contributions	3,466	(670)	2,796	3,466
Lighthouse Project: HRDC Grant	19,795	(2,329)	17,466	19,795
Lighthouse Project: BC Gaming	6,299	(830)	5,469	6,299
Signage and Interpretation: BC Gaming	1,113	(1,113)	-	1,113
Pavilion and Storage: HRDC Grant	9,276	(1,223)	8,053	9,276
Western Diversification Grant	20,625	(1,375)	19,250	20,625
Outdoor Artifact Display	64,000	-	64,000	64,000
	<u>124,574</u>	<u>(7,540)</u>	<u>117,034</u>	<u>124,574</u>

6. Net assets invested in property and equipment

Net assets invested in property and equipment represent the original cost of property and equipment and the historical collection less related debt and amortization to date. The Society's investment in property and equipment is calculated as follows:

	2018 \$	2017 \$
Property and equipment (Note 3)	1,085,161	1,046,816
Historical collection (Note 4)	2,810,325	2,810,325
Less amounts financed by:		
Deferred capital contributions (Note 5)	(117,034)	(124,574)
Project in progress	64,000	64,000
	<u>3,842,452</u>	<u>3,796,567</u>

Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2018

7. Internally restricted cash

Cash is internally restricted at the discretion of the Board of Directors and is comprised of the following funds:

	2018 \$	2017 \$
Memorial donations	22,187	22,065
Capital contingencies	191,510	214,054
	<u>213,697</u>	<u>236,119</u>

8. Government grants and funded programs

	2018 \$	2017 \$
Canada Summer Jobs	6,774	9,515
Young Canada Works	13,064	7,923
BC Arts Council	30,000	30,000
Provincial - BC Tourism	18,210	18,210
Municipal	23,650	21,225
	<u>91,698</u>	<u>86,873</u>

9. Financial risks and concentration risks

The Society has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, currency risk, interest rate risk and liquidity risk. There have been no significant changes in the Society's risk exposure from the prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society does not face significant credit risk exposure.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society does not face significant currency risk exposure.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society does not face significant interest rate risk exposure.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society does not face significant liquidity risk exposure.

Sooke Region Historical Society
Notes to Financial Statements
Year Ended October 31, 2018

10. Endowment fund

In 2017, the Society established an endowment fund, the Sooke Region Museum Fund (the "Fund") with The Victoria Foundation. The Fund is managed for the benefit of the Society and is held permanently. Gifts are made from time to time as determined by the Society or in accordance with the wishes of the contributors. The Fund earns investment income in accordance with the Investment Policy of The Victoria Foundation. Distributions from the Fund are determined by the Distribution Policy of The Victoria Foundation.

The endowments are reported in the Sooke Region Museum Fund by The Victoria Foundation and are not reflected in the Society's net assets.

At October 31, 2018, the balance in the Sooke Region Museum Fund is \$15,630 (2017: \$15,322).